

IMMIGRATION AND THE SMALL BUSINESS WORKFORCE

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IMMIGRATION AND THE SMALL BUSINESS WORKFORCE

WEDNESDAY, MAY 22, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,

Washington, DC.

The committee met, pursuant to call, at 11:32 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Kim, Crow, Davids, Chu, Veasey, Evans, Schneider, Espaillet, Delgado, Houlahan, Craig, Chabot, Balderson, Hern, Hagedorn, Stauber, Burchett, and Spano.

Chairwoman VELÁZQUEZ. Good morning, everyone. The committee will come to order. We are just waiting for the Ranking Member who has an amendment on Judiciary, and as soon as he finishes with that amendment he will be joining us.

I thank everyone for joining us this morning, and I want to especially thank the witnesses for being here today.

Today's hearing on immigration and the small business workforce is a reminder that the immigrant story is the American story, and it is a story that has fueled entrepreneurship in this country for centuries. Without the arrival of countless waves of immigrants throughout American history, our economy would not be nearly as dynamic or as advanced as it is today. This is because entrepreneurs have come to our shores and our borders from around the globe, all with the conviction that America is a land of opportunity, a place where if you work hard you can build a better life, not just for yourself but for your children, your family, and your community.

Today, when we sit here as members of this committee, we cannot forget that immigration and entrepreneurship have long stood together as pillars of the American dream. So when we consider proposals to reform our broken immigration system, let us not overlook the unique challenges facing our labor market, and ultimately, the families who dream of working hard to build a better life in this country.

For small businesses, finding and retaining qualified and skilled workers often presents its own set of challenges, and we see this across many different sectors of the economy, such as agriculture, construction, and health care. Without a large human resources department, small firms are put at a disadvantage in the task of finding qualified workers. And whether we talk about the highly-skilled labor market or planning for temporary seasonal labor for

the summer, small employers are seeing firsthand the challenges of our evolving workforce. Often, there just aren't enough domestic workers to meet the needs of small companies, and therefore, are forced to rely on foreign-born workers to fill permanent and temporary jobs no matter the skill level.

Small firms who are intimately tied to their local economies simply cannot find the workers with the technical expertise to meet their needs. Ultimately, when small firms cannot hire the workers they need, small businesses cannot reach their full potential, and neither can our economy. Clearly, the system can, and should, be working better.

These are all the reasons why we need comprehensive immigration reform. For one, small businesses need certainty to thrive. Unfortunately, our immigration system does not provide the certainty and confidence our small business owners deserve.

Take the unprecedented backlog at United States Citizenship Immigration Services. Last fall, the backlog exceeded 2.3 million cases with average processing times for petitions nearly three times higher in 2018 than in 2014. That is 2.3 immigration cases ranging from pending green cards to work visas that sat unprocessed.

But these are not simply cases. These are people. People who bring fresh ideas and energy. People that are ready, willing, and able to come here, work hard, and contribute to our economy. And our economy and small business sector community are desperate for these workers. The Bureau of Labor Statistics projects an additional 11.5 million new jobs will be created by 2026 with new opportunities in health care leading the way. Yet, during that same timeframe, we will only add 7.9 million new domestic employees to the workforce. That is 4 million new job openings we cannot fill.

This should not be hard. If we cannot come together to address this issue through comprehensive and common sense immigration reform, our small businesses and economy will suffer. For years now, lawmakers on both sides of the aisle have struggled to turn comprehensive immigration reform into a reality. But the hard truth is that inaction is only exacerbating labor shortages on our family farms. Inaction is only deepening the lack of workers in key sectors for small firms including construction and housing. And inaction is deterring talented entrepreneurs with the idea that could even one day become the next Google.

But this does not have to be the case. We are here today to discuss steps to change the reality facing too many immigrant workers and the small employers who rely on them. It is my hope that today's discussion can help identify not only issues of concern but serious solutions for small businesses.

With that, I thank each of the witnesses for joining us today, and I look forward to your testimony.

I would now like to yield to the——

Mr. BALDERSON, Substitute Ranking Member.

Chairwoman VELAZQUEZ. Correct. Mr. Balderson, for an opening statement.

Mr. BALDERSON. Thank you, Madam Chair. And thank you for the witnesses being here. I will be reading you the opening statement from my colleague, Ranking Member Chabot, who is stuck doing an amendment, I believe, in his Committee.

So thank you, Madam Chairwoman, for holding this hearing today.

When we speak to small business owners, both here in D.C., and at home in our districts, we hear a similar message. The workforce shortage we are currently experiencing is having a negative impact on small businesses across the country and across industries.

According to a study conducted by the NFIB, 86 percent of employers with job openings reported finding few or no qualified applicants for the positions they were seeking. Without access to local qualified employees, employers are looking to temporary foreign workers to fill the workforce gaps.

I will add one statement from myself to go off Ranking Member Chabot's statement here, is that he and I were walking down the street this morning and talked about the unemployment rate of the State of Ohio is now at 3.3, and how hard it is right now to find workers who are unemployed. So that is a good issue to have but it is also a negative for not having employees. So I was going to say in my statement, Ranking Member Chabot and I, had that discussion walking down the street this morning.

For example, employers in STEM fields in need to highly-skilled workers in specialty occupations often petition for H-1B visas of the 40,000 companies that submitted H-1B visa applications in fiscal year 2016, the top 20 sponsors accounted for 37 percent of all visa approvals.

Given this trend, how can small businesses manage to secure visas when they have to compete against industry giants and Fortune 500 companies? This also affects employers in seasonal labor-intensive industries who rely on H-2B visas to ensure that they have the workforce needed to meet their industry's seasonal demands. H-2B employers are often bogged down in the bureaucratic red tape and struggle to comply with conflicting guidance from DOL and DHS.

In the 114th and 115th Congress, I introduced the Strengthen Employment and Seasonal Opportunities Now, otherwise known as the SEASON Act, to provide greater marketplace certainty and to make it easier for employers to meet the demands of their respective industries and our growing economy. I am confident that reforms to streamline and simplify temporary employment visa programs can alleviate some of the strains caused by the workforce shortages.

Today, we will hear about the economic impact of temporary foreign workers on small businesses and the U.S. economy. As we discuss these issues, I will be focused on one question: are these visa programs a viable option for resource-strapped small businesses?

Thank you to our witnesses for participating today. I yield back, Madam Chair.

Chairwoman VELÁZQUEZ. The gentleman yields back.

If committee members have an opening statement, we will ask that they be submitted for the record.

I would like to take a minute to explain the timing rules. Each witness gets 5 minutes to testify and the members get 5 minutes for questioning. There is a lighting system to assist you. The green light will be on when you begin, and the yellow light comes on when you have 1 minute remaining. The red light comes on when

you are out of time, and we ask that you stay within the timeframe to the best of your ability.

I would now like to introduce our witnesses.

Our first witness is Mr. Dan Wallace. Mr. Wallace is the Director of Special Projects at New American Economy, a bipartisan coalition that advocates for smart federal, state, and local immigration policies that will create jobs for all Americans. Prior to joining New American Economy, he served as a Policy Advisor on Immigration in the New York City Mayor's office. Mr. Wallace holds a master of education in community development and a bachelor of arts in political science from Vanderbilt University in Nashville, Tennessee. Welcome, sir.

I would like now to yield to Ms. Sharice Davids from Kansas, to introduce our second witness.

Ms. DAVIDS. Thank you, Madam Chair.

Our second witness today is Mr. Derek Shoare. Mr. Shoare is a native of Wolverhampton, England, and graduated from St. Mary's College in London with a bachelor's degree in physical education. He spent 7 years teaching secondary students in and around London before immigrating with his wife and 1-year-old daughter to the United States in 1987. They began their lives in the U.S. and Connecticut, working for what at the time was the largest soccer educational company in the country where Derek was the head of sales and recruitment. Ten years later, Mr. Shoare and his family, which had grown at that time to include a son, relocated to the Kansas City area, which I was excited about, to start Challenger Sports with a mission to spread the love of the game of soccer to the U.S. and put smiles on children's faces. He spent the last 22 years growing the company from a few camps in the Midwest to a total soccer company, providing day and overnight camps, seasonal training programs, tournament management, oversee soccer tours, coach education, and uniforms and equipment. Mr. Shoare has also been involved in coaching soccer since his stint at St. Mary's where he was both the team captain and the coach, leading his team to two consecutive national finals. Congratulations. Mr. Shoare has 28 years of experience dealing with immigration and work visas for his previous employer and now for Challenger Sports. He is one of the key people involved with the H-2B program at Challenger Sports since the company began using the visas in 2002. He and his wife Linda officially became U.S. citizens in June of 2013.

Thank you for being here, Mr. Shoare.

I yield back.

Chairwoman VELÁZQUEZ. Thank you, Ms. Davids.

And now I recognize the Ranking Member, Mr. Chabot, to introduce the last two witnesses.

Mr. CHABOT. Thank you very much. I appreciate that.

I would first like to introduce Nick Sabino, who is the president and founder of Deer Park Roofing, Inc., which provides residential and commercial roofing services. Deer Park Roofing has offices in both Cincinnati, Ohio, and Florence, Kentucky. Nick currently serves as Chairman of the Board-Elect of the National Roof Contractors' Association and is slated to serve as NRCA Chairman of the Board in 2019 and 2020. He earned a bachelor's of science de-

gree in mathematics from Xavier University in Cincinnati, Ohio, and we welcome you here today.

And I would also like to introduce Mr. Daniel Griswold. He is a nationally recognized and highly public expert on trade and immigration policy. Mr. Griswold is a senior research fellow at the—is it Mercatus? Mercatus Center at George Mason University and co-director of its Trade and Immigration Project. He earned a bachelor's degree in journalism from the University of Wisconsin at Madison, and a masters in the politics of world economy from the London School of Economics and Political Science. So we welcome you here as well.

And I want to apologize for being a little bit late. I had an amendment over in Judiciary and it was my amendment so I could not leave in the middle of it. So I apologize to everybody.

And thank you, Mr. Balderson, for filling in for me there.

Chairwoman VELAZQUEZ. Thank you, Mr. Chabot.

And now, Mr. Wallace, you are recognized for 5 minutes.

STATEMENTS OF DAN WALLACE, DIRECTOR OF SPECIAL PROJECTS, NEW AMERICAN ECONOMY; DEREK SHOARE, SENIOR VICE PRESIDENT, CHALLENGER SPORTS; NICK SABINO, PRESIDENT, DEER PARK ROOFING, INC., DANIEL GRISWOLD, SENIOR RESEARCH FELLOW, CO-DIRECTOR, TRADE AND IMMIGRATION PROJECT, MERCATUS CENTER AT GEORGE MASON UNIVERSITY

STATEMENTS OF DAN WALLACE

Mr. WALLACE. Thank you, Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee, thank you for the opportunity to appear before you today and provide testimony on behalf of New American Economy (NAE). NAE is a bipartisan coalition of more than 500 mayors and business leaders from all 50 states and every sector of the economy united in demonstrating the importance of immigration to America's economic growth and advocating for smart Federal, state, and local policies that will create jobs for all Americans.

In our capacity as a research organization, NAE analyzes data from the American Community Survey (ACS) and other publicly-available data sources to understand national economic and workforce challenges and opportunities, as well as the role of immigrants in industries and occupations across the country. As this body of research continues to grow, one thing remains abundantly clear: immigration is one of America's greatest competitive advantages, helping to keep our workforce younger and more adaptive to the changing needs of U.S. businesses in the 21st century economy.

Immigrants not only help fill shortages in the labor market, they also create jobs for Americans at every skill level. Although they represent just 13.7 percent of the U.S. population, immigrants account for more than 20 percent of all entrepreneurs. And they start more than one-quarter of all businesses in seven of the eight highest growth sectors, including construction, transportation, and utilities, and health care.

From Silicon Valley to Main Street, immigrant business owners are creating jobs and adding value to our economy. Between 2006

and 2012, 43.9 percent of high-tech Silicon Valley firms were founded by immigrants. Immigrants also start 28 percent of Main Street businesses like restaurants, grocery stores, and retail shops that make local communities more vibrant.

Immigrants also play an indispensable role in the American workforce for large and small businesses alike, and as the U.S. economy continues to grow, employers are beginning to sound the alarm. In many industries, there are not enough workers to get the job done.

In 2018, nearly half of U.S. employers reported that they were struggling to find enough workers, up from 14 percent at the height of the recession in 2010. Among many reasons, the primary challenge for the employers surveyed was simply a lack of applicants. This is true across a variety of key sectors.

Between 2002 and 2014, the number of field and crop workers in America declined by 146,000, causing major labor shortages on U.S. farms. A rapidly aging U.S. population is also straining our healthcare workforce. 62.8 percent of home health aide administrators cited “caregiver shortages” as one of the top three threats facing their business in 2015. There are structural reasons for this. As more young people are going on to college, the size of the U.S.-born population with a high school degree or less has decreased. Among workers ages 25-44, there was a decline of 12.3 million people with less than a high school degree between 1990 and 2010, but the number of jobs for workers with that education level held steady. Thus, real and persistent gaps in the American workforce have opened up. There will be an estimated shortage of 3.6 million workers in labor-intensive occupations by 2024.

Immigration is not a silver bullet that can fix all of these challenges, but it should be part of the solution. First, the foreign-born are more likely than the U.S.-born to fall within the prime working-age range.

Second, immigrants’ education and skill levels are complementary to the U.S.-born. They are more likely to hold graduate degrees, but also more likely to have less than a high school degree, allowing them to help fill jobs in labor-intensive and service industries, like the tourism and hospitality sector, in which 84 percent of all jobs require less than a college degree. In construction, foreign-born workers frequently take on the most physically demanding roles, while U.S.-born workers prefer positions that require more English-language skills or experience in management or customer service. Finally, immigrants are also more likely to work unusual hours and be willing to relocate for jobs than the U.S.-born.

Especially in industries like tourism and hospitality that rely heavily on seasonal labor, immigration is a lifeline that supports small businesses and the American workers they employ. In fact, one-third of businesses in this sector report that they would be forced to reduce their operations or close altogether if they could not hire workers through temporary visa programs.

Threats to programs that provide opportunities for immigrants with work authorization to remain in the U.S., such as DACA and TPS, will only exacerbate current labor shortages and make it even more difficult for small businesses to grow. Legislation introduced in this Congress would protect DACA and TPS-holders and give

American business owners more certainty about their employees' futures. The bipartisan Fairness for High School Immigrants Act would eliminate arbitrary country caps that cause lengthy backlogs in the employment-based immigration system.

Expanding avenues for immigrants with education and skills backgrounds that complement American workers would help ease the acute shortages felt in a variety of sectors. Such reforms should be part of a comprehensive overhaul of America's outdated immigration system. We must ensure that our laws reflect the needs of our economy and keep with our tradition as a Nation that welcomes hard-working immigrants from around the world. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Wallace.

Mr. Shoare, you are recognized for 5 minutes.

STATEMENT OF DEREK SHOARE

Mr. SHOARE. Dear Chairwoman Velázquez, Ranking Member Chabot and members of the Committee, thanks for allowing me to speak to you today about Challenger Sports, which I helped found 22 years ago.

We are based in Lenexa, Kansas, in Congresswoman Davids district, and we are a multifaceted sports company. Our mission is simply to put smiles on kids' faces through all of the services we try and provide. Today, my focus is on our spring programs and the fall programs where we use the H-2B program. We have been using this program for 15 years. We have grown it due to the needs of the clients we serve to approximately \$10 million. This year, we are needing 300 workers across 27 locations across the country. This training program is the most important service we provide to our clients. They run their programs, they set them up, and then we provide them coaches to deliver the mission that they provide. Unfortunately, when we cannot provide the most important service to them, they now turn around to us and say we are not running your tournaments, we are not running your camps, we are not buying your apparel, and we will not be going on your tours. A pretty devastating effect.

We employ 160 full-time workers. In the last year and a half, we reduced our full-time workforce by over 10 percent. You may say recruit U.S. coaches. That will solve your problem. We go way above and beyond what the DOL asks. We advertise in all the cities that we are looking for on platforms like Indeed.com. We deal with the largest soccer membership in the country, over 18,000 coaches, and due to our relationship, we send emails to every single member of that group to ask, come and work for Challenger Sports.

We pay significantly above what the prevailing wage is advertised by the DOL. We just cannot find U.S. workers. We believe it is due to the unemployment presently now, but also, these positions are multifaceted and often it is a split day. They work in the morning. Then they will work in the evening. And they do weekend work as well. Maybe not very attractive.

So we go to the H-2B program. This year, we ran 27 locations. Before April 1st start date, we got approved 8 of our 12. We then went ahead, called all the clients in the other four areas and told them we will not be delivering your coaches in approximately 6

weeks' time. The remaining 15 locations were after April 1 start dates. We received approval on five of those 15 on May 15. We received 45 percent of the required need.

When we apply for those April 1st visas, we applied at 12:01 January 1st. Unfortunately, the DOL website crashed. We applied exactly at the same time as every other company, and there were 95,000 visa applications for 33,000 visas.

The reputation of our company after being a leader in the industry is becoming extremely tarnished. The clients do not trust us. The workers we offer work do not trust us anymore. And this year we estimate there will be 80,000 youngsters not being coached by us.

Congress needs to act now. We cannot go forward promising our clients and our workers something we cannot guarantee. It is embarrassing. It is unprofessional.

With the economy rebound and more need for seasonal workers, the current regulations do not allow companies like us to fulfill our need.

Congress must act now to raise the cap to a level that helps businesses like ours plan and fulfill the needs of the youth of today. If this does not occur, we have a strategic meeting in 4 weeks. We certainly do not expect an answer in 4 weeks but we are already looking at downsizing significantly the company that we have grown.

I appreciate your time and appreciate your consideration.

Chairwoman VELAZQUEZ. Thank you, Mr. Shoare.

Mr. Sabino, you are recognized for 5 minutes.

STATEMENT OF NICK SABINO

Mr. SABINO. Madam Chair Velázquez, Ranking Member Chabot and members of the Committee, my name is Nick Sabino and I am president of Deer Park Roofing in Cincinnati, Ohio. I now serve as Chairman of the Board-Elect of the National Roofing Contractors Association and am testifying on behalf of NRCA today. I greatly appreciate the opportunity to discuss the need for immigration reform that meets the workforce needs of small businesses and the consumers we serve.

Deer Park Roofing was founded in 1996, and we currently employ 125 professionals. Our goal is to grow our business and meet the needs of our customers, but the biggest obstacle to growth is the inability to find qualified applicants.

We currently recruited several new employees through our career and technical outreach program, but still need 10 to 15 more to keep up with our record backlog of work. We have worked hard to develop innovative solutions to the challenges of recruiting new employees. We created an employee development program, which focuses on skills assessments, mentoring, promotion from within, and providing career paths for all associates. We now work with three technical schools, three high schools, and seven recruiting partners.

Chronic and widespread shortages of qualified workers are the most significant limitation that my company and other roofing contractors face to grow our businesses.

According to the Bureau of Labor Statistics, job openings in construction increased to 360,000 in March, the highest level ever re-

corded. NRCA estimates workforce shortages cause an estimated \$7.5 to \$15 billion in annual lost economic activity. This problem will become even more severe in the future due to an aging workforce and other demographic trends.

The large number of job openings that we are face has a negative impact on production and wages across our supply chain. Manufacturing and distribution were basically flat in 2018, primarily due to the lack of workforce. We are being forced to turn down work, which is causing slowdowns in both residential and commercial construction.

To address this situation, NRCA is pursuing a two-track strategy. First, expanding and improving career and technical educational opportunities, and second, supporting immigration reform that meets workforce needs.

Regarding the first strategy, NRCA has developed ProCertification, a comprehensive program that aims to promote professionalism and expand career paths for new and existing workers. We believe the success of ProCertification will help attract more Americans to a career in roofing.

But no matter how successful this effort is, we know it will not be enough to fully address our workforce needs given the demographics our country faces. This is why NRCA supports immigration reform that addresses the workforce needs of small businesses like Deer Park Roofing.

I will outline a few steps Congress can make to meet this goal.

NRCA supports the workforce for the Expanding Economy Act, H.R. 1740, legislation designed to meet workforce needs in roofing and other industries that require critical skilled workers. It would establish a two-track system that matches willing employers with willing temporary workers and provide more visas in times of economic strength and less during downturns. It will ensure employers undertake vigorous recruitment to hire U.S. workers first, while also enabling job creators to obtain the workers needed to meet consumer demands and grow their businesses. NRCA believes H.R. 1740 is vital to the future workforce needs of the roofing industry and urges members to co-sponsor this innovative legislation. NRCA also urges Congress to provide a permanent solution for employees now working under temporary protected status and individuals who came to the U.S. as minor children and are now undocumented, many of whom are in the DACA program.

I especially want to thank Chair Velázquez for her leadership to address the TPS issue through the Dream and Promise Act (H.R. 6). My written statement contains more details on why the need for TPS reform is important to the roofing industry and many hard-working individuals.

To conclude, workforce shortages are the single biggest challenge facing the roofing industry today. NRCA urges lawmakers to work on a bipartisan basis in support of reforms to our immigration system that address both the workforce and security needs of the American people.

Thank you for the opportunity.

Chairwoman VELAZQUEZ. Thank you, Mr. Sabino.

Mr. Griswold, you are now recognized for 5 minutes.

STATEMENT OF DANIEL GRISWOLD

Mr. GRISWOLD. Thank you, Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee. Thank you for holding this hearing today on the very urgent need to reform the U.S. visa system to meet our needs in the 21st century.

High-skilled immigration is a fundamental driver of wealth and job creation in the United States. The H-1B visa has been an integral part of a U.S. immigration system that for all its shortcomings has been the on ramp for immigrants to become permanent contributors to American society.

H-1B immigrants are more likely than native-born workers to file for patentable technologies. Immigrants constitute 18 percent of the adult workforce and yet they account for 28 percent of the high-quality patents that are filed each year—patents that raise the productivity and wages of native-born Americans.

Attracting skilled foreign-born workers is especially important for America's healthcare industry. One in four doctors in America today is foreign-born. That ratio is higher in rural areas. With baby boomers like me retiring in large numbers, our Nation is going to need something like 90,000 new doctors between now and 2025. Without adequate doctors and nurses, Americans are going to face longer waiting lines and inferior service for health care.

And yet, our H-1B visa system, only 4 percent of the visas go to workers in the medicine and health field.

Immigration is an important issue for small business, as we have just heard this morning. Small business owners face the same challenges as employers in all your districts in finding workers under these tight labor conditions. Immigrants play a key role in meeting the workforce needs in such important small business sectors as hotels and restaurants, construction, landscaping, retail and services, not to mention family farms. Yet small enterprises typically lack the expertise they need to navigate the complexities of the immigration system.

The immigration system has become noticeably more restrictive in recent years. Approval rates for H-1B visas awarded in the lottery have dropped significantly and as a result, applications for H-1B visas have been trending downward. Meanwhile, the existing cap of 65,000 regular H-1B visas is the same as it was in 1990 when Congress established the program. The number of employment-based green cards has been frozen since 1990 as well at 140,000. That is despite the growth of the U.S. labor force, and the rising growth of the information technology economy.

Since 1990, our economy has added 38 million additional new jobs. The number of jobs in professional, scientific, and technical services has more than doubled since then to 9.4 million. The number of jobs in the healthcare field—hospitals, ambulatory care—has almost doubled to 12.9 million since 1990. Yet, the number of H-1B visas and employment-based green cards is still frozen where it was when Congress set it in 1990.

Let me suggest three important reforms today. One, the H-1B cap should be raised to meet the demands of the U.S. labor market. The number of regular H-1B visas should, at a minimum, be doubled to 130,000. That would meet the growth in the labor force of those sectors that are most in need of high-skilled labor. A tripling

of the number of visas would be even better, to 195,000. That would meet the amount of revealed demand each year. You would avoid the lottery allotment where small business often comes out on the short end of getting those visas. A higher cap should contain an annual escalator tied to the growth of the high-skilled labor force. And the cap should be repealed all together for the healthcare sector as it is in the university and nonprofit sector already.

Two, the number of employment-based green cards should be increased. The cap of 140,00 should be at least doubled to reflect the growth of the labor force that is most in need of high-skilled workers. On top of that, the spouses and minor children of the primary green card worker should be exempt from the cap.

And finally, the per-country quotas on employment-based green cards should be repealed. The quotas discriminate against immigrants based solely on their place of birth. They deny legal permanent resident status to well-qualified candidates who have already proven their value to their employers, the U.S. economy, and society.

In closing, America is competing for the best talent in the world. And without reforms, we are increasingly in danger of losing that competition. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Griswold.

And now I recognize myself for 5 minutes.

Let me take this opportunity to thank all of you for being here and for making sure that when we debate immigration, that people see more than just the border issue and look at this in terms of an economic issue, and that is exactly what we are doing here today.

Mr. Wallace, it is often said that low-skilled immigrants put downward pressure on wages, thereby hurting American workers. However, according to the latest figures, we see that these low-skilled workers are in higher demand than ever, and in some cases driving up wages. Is there space in the economy to both bring in low-skilled workers and raise wages for blue collar Americans to fill these open positions?

Mr. WALLACE. Yes, I believe there is. And I have seen additional research showing that looking in metropolitan areas, when the share of less educated immigrants in a metropolitan area raises by 10 percent, there is a growth in the number of new businesses established in those areas of more than 2 percent, including more than 2 percent for small business establishments. So actually, growth in this population spurs growth in the business sector, which ultimately creates jobs for more Americans. There is also, I think, an understanding that businesses that are not able to find workers to fill certain roles may be left with the only choice to them is to take their businesses offshore. And so certainly having access to a workforce, whether that includes U.S.-born or immigrants, would allow those companies to remain in the U.S. and to employ more Americans here.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Sabino, the roofing industry is one of the hardest industries to work in and has an ongoing shortage of workers which you discuss. You mentioned the challenges the industry is having finding

younger workers to join the industry. Without the use of a temporary visa program, would your company or industry be able to meet its workforce needs?

Mr. SABINO. No, we would not. And I would say that we have a comprehensive career and technical education outreach. And when we are in these schools, we have three full-time employees dedicated to these types of outreach programs. We have a training manager who on-boards employees. Roofing industry safety is of critical importance. So somebody cannot just get on a roof on day one. They have to go through training. We have to teach them manufacturers' details. We have an administrator, we have an H.R. director. So a staff of three with all these recruiting partners. We have partnered with construction management schools. But when we are in the career and technical education section and there are 40 students in there, 20 of these students are going to join the trades.

Chairwoman VELÁZQUEZ. So let me ask—

Mr. SABINO. Sorry.

Chairwoman VELÁZQUEZ. I am sorry. Please finish.

Mr. SABINO. I am getting to my point here. We might get a piece of that pie that is 10 percent of those individuals. So we are going to get two out of that recruiting partner. One of those employees is going to be with us after 90 days. We need 10 to 15 people. When we did our budget this year, we understand how many people we need. We are doing everything we can, and there is a positive return on investment there, but we cannot get to that number without—

Chairwoman VELÁZQUEZ. Has the industry tried raising wages or increasing the benefits you provide to attract younger workers?

Mr. SABINO. Absolutely. Absolutely. Our wages have gone up significantly over the last 3 or 4 years, 40 percent, 50 percent. The wage range for a roofing installer is anywhere from \$16 to \$35 an hour. I think that that is probably as much as one of your staffers is getting paid or more, but we do not see a wave of staffers coming to join the roofing industry.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Shoare, can you please speak to the uncertainty that the current employment-based visa creates when annual caps are reached or when there are backlogs at the agency, for example?

Mr. SHOARE. Hopefully, I stressed the frustration. We are very fortunate we have a great person working for our company that every morning will get up and she will look at the announcement from DHS on where they are in the cap. Thus, just waiting for that morning to know that this year 10 of our applications did not get through. Obviously, this just is really very poor for the morale of the whole company because our regional salespeople out in the field, they are the people who have to get on the telephones and tell these clubs when they have got 1,000 youngsters all set up for their program they are not going to get any professional coaches. Oh, and by the way, we will still be running our camp in the summer where we get 100 youngsters.

Chairwoman VELÁZQUEZ. Thank you.

Mr. SHOARE. So it is just very, very difficult.

Chairwoman VELÁZQUEZ. Thank you, Mr. Shoare.

My time has expired, and if there is a second round, Mr. Griswold, I have questions for you.

The gentleman from Ohio, Ranking Member Mr. Chabot is recognized for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair.

And since we did not get to Griswold, I will go there first and go down this way with a question I would like to ask everybody.

I have been a supporter, the principal supporter on the Republican side on the H-2B program over the years and also in support of H-1Bs. And considering an increase, et cetera.

I have gotten some criticism from folks who will argue a couple things. One thing, that if we just paid folks more, you know, we have a little under 4 percent which is a lot better than it usually is, 4 percent unemployment, so we have been heading in the right direction, but there is still almost 4 percent of the people that are not employed. So their argument will go why I should not be supportive of programs like this is because (a) all you have to do is pay people more, pay Americans more and they will take the work or they get the training, et cetera. And (b) they will say that our, for lack of a better term, our safety net is too generous. We allow people to get unemployment too long or we allow housing, whether it is section 8 housing or others or food stamps or health care. We have a lot of things that we will give people who are not working and so they will take advantage of those things and therefore not work. I am not saying that this is the case. I am saying that these are arguments that were used against those of us that have supported these types of programs.

So what would your response to those things be? Mr. Griswold, I will start with you there.

Mr. GRISWOLD. And Congressman, thanks for those questions and for your support over the years for good immigration reform.

Well, first off, wages have been going up. But there is a limit. If wages go up too high, the business is not profitable and investment goes elsewhere. In some businesses, they have the option of offshoring, importing the goods. If wages go up, price then also go up and consumers will look elsewhere for other products.

And let me echo what Mr. Wallace said a moment ago. If companies can hire more workers, they will hire more middle managers and salespeople and others, middle class jobs for native-born Americans that complement that. For engineers and hi-tech workers, wages have been going up and the unemployment rate is not 4 or 3 percent, it is 2 percent. It is rock bottom low.

About the welfare and the safety net, you are a good fiscal conservative, and I understand the question. You know, immigrants do not qualify for a lot of welfare programs. If you become a green card holder, for 5 years you do not qualify for those programs. Your relatives have to sign an affidavit that they will support you. And we all know from experience, immigrants come here to work. They do not come here to go on welfare. Recent BLS figures showed that the labor force participation rate of male immigrants is 10 percentage points higher than native-born Americans. It is 77 percent versus 67 percent. Immigrants come here to work and to save and to build a better life and we should facilitate that. Thank you.

Mr. CHABOT. Thank you.

Mr. Sabino?

Mr. SABINO. Sure. I would agree with what Mr. Griswold said, and I would also say that we have been increasing our wages across industry wide. One thing that also is increasing is our backlog. Our backlog is at record levels and it is really unfair to consumers that have to wait. If you call for a roof leak, you have to wait 6 weeks. If you want a new roof, you are going to wait 12 weeks. So that is increasing.

We have two employees. Shane Gibson, an employee at Deer Park Roofing. He worked 60-plus hours last week. His coworker, Bo Huff, he has worked 60-plus hours the last 2 weeks. These American workers, the immigrant complements these American workers, and these guys would like to spend time with their family. They do not want to work 60-plus hours a week. So.

Mr. CHABOT. Thank you.

Mr. Shoare?

Mr. SHOARE. Yeah. We would actually love to pay more money to the American worker if we could find them because all the extra expense that we actually have bringing in the foreign workers is significant. Our challenge is, as I said in the statement, our typical work is not the 9:00 to 5:00 day. It might be 2 hours in the morning and then 3 hours in the evening, and then obviously, the youngsters play weekends and it is weekend work. So that is really the biggest challenge that we have.

Mr. CHABOT. Thank you very much.

Mr. Wallace, I do not have a whole lot of time left, but go ahead.

Mr. WALLACE. Sure, thank you.

So I think at both ends of the skills spectrum, so in terms of STEM companies, often they are looking for people with very specific skills. Not being able to find someone for a specific role which be already paying quite well can hinder them from being able to grow further and hire more American workers here. Additionally, sort of in the agriculture sector, we worked with a farmer in Texas, in Lubbock, Texas, who had to destroy 10,000 acres of crops because he could not find enough workers. Certainly, I know that he would have paid workers more if he could find them. And now, other people in transportation who are sort of moving those goods across the country have lost their jobs as a result.

Immigrants are also consumers. So they hold \$1.1 trillion in consumer spending power, so it is not just that they are filling key roles but that they actually can create more jobs by spending to support local businesses.

Mr. CHABOT. Thank you.

My time is expired, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

Now we recognize the gentleman from Colorado, Mr. Crow, Chairman of the Subcommittee on Innovation and Workforce Development for 5 minutes.

Mr. CROW. Thank you, Madam Chair.

Mr. Sabino, thank you for being here and sharing about the specific issues that the roofing industry faces. In my district, Curt and Suzie Boyd own Academy Roofing. I think you might know them.

Mr. SABINO. I do.

Mr. CROW. And they have shared many of the similar concerns that you raised here today. In fact, just last week, Curt went to complete an estimate at a condominium community and determined the project would cost \$500,000 to \$750,000. That would be business for his company. And sadly, he said, and I quote his words, he said, "It would have been a perfect fit for our company and it was absolutely painful to pass on the opportunity" because he just simply did not have the employees to complete the job.

So Academy Roofing has actually recently gone for 85 to 50 field employees because they have not had any success in attracting new employees for all the reasons you described.

So it is my understanding that the Strengthening Career and Technical Education for the 21st Century Act or Perkins, did not contain any provisions to train immigrants, and it is pretty clear after hearing what you and some of the others have said that we are leaving value on the table here. You know, we are not growing businesses. We are not contributing and giving back to the economies of our communities in the way that we can, and that we cannot address our labor shortage without immigrants.

So how could we strengthen Perkins to include training for immigrants? And do you see that as a viable solution here?

Mr. SABINO. Yeah, I do. Curt is a friend of me, so I feel his pain. We have similar situations where we are turning down work. We are raising prices. There are long wait times for roofing services. So what the NRCA has done is created a program called ProCertification. And we are working with career and technical education now. We have had meetings over the last month with leadership of these organizations to get our ProCertification program in, to give roofing workers across the country a certification, a symbol. We need to start respecting ourselves. We need to start respecting the American trade.

The Career and Technical Act, thank you for everyone that supported that. We really appreciate it. I think that what we are doing with our ProCertification is really going to make a big impact on the individuals, but that would fit perfectly into what you are saying.

Mr. CROW. I would welcome others' thoughts as well.

Mr. Griswold?

Mr. GRISWOLD. Not on that particular program. Thanks.

Mr. CROW. Mr. Shoare?

Mr. SHOARE. No.

Mr. CROW. Okay. Mr. Shoare, you mentioned, you talked about the challenges of seasonal work. I actually held a roundtable just a few weeks ago with a number of farmers, fruit and vegetable growers in my district who expressed similar concerns and that there are challenges in not only getting the quantity of H-2 visas but getting them in the times when you need them. And one of the solutions they proposed, and I know that you are not in the agriculture industry, but they had proposed moving the process from Department of Labor and DHS to USDA. So trying to better situate it in a place where they could understand the nature of seasonal work.

Do you think there is a lack of kind of understanding of the seasonality and the temporal element of the visa program? And if

so, would moving the programs to areas that would better understand that help? Or do you have any other solutions?

Mr. SHOARE. Yeah. I think Congress should take the lead in this and not DHS. It is quite interesting that the cap for the first part of the year, which is October 1, where that starts which are mostly the ski companies, there is never a cap issue in that. But then April 1st, when obviously there is not—we are pretty unusual in this field, but you have got the agricultural people. You have got the landscapers. The weather is better for the roof people. That cap is obviously met within 24 hours. So personally, I think it should be Congress's decision, and I think they can look at the need and obviously this year, to receive 95,000 applications for 33,000 to me is a pretty simple solution. That is three times the need of what we get. And then when we actually got the additional visas, it actually took DHS 11 weeks to give a further 30,000 visas. And at that point they limited it to return workers. So companies like ours, when we realized there could be a shortage, we used our first visas on our more experienced people, and then when the cap relief was given we scrambled, and we have managed to find 45 other return workers. So it is just not a very good understanding of the situation.

Mr. CROW. Thank you.

I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

The gentleman from Oklahoma, Mr. Hern, Ranking Member of the Subcommittee on Economic Growth, Tax, and Capital Access is recognized for 5 minutes.

Mr. HERN. Thank you, Madam Chairwoman, Ranking Member Chabot, and our witnesses for being here today to testify on immigration and small business workforce.

As a small business owner and businessman for over 34 years, I know firsthand how valuable legal immigration practices are to our workforce. I feel your pain.

This includes knowledge about various visa programs like H-1, H-2 visas. Like several of my colleagues, I fully support these programs and think they are a great tool to supplement our forces in various industries such as hospitality and agricultural industries.

First question is just simple yes or no. Each of you discussed these programs in your testimony and it is something I would like to ask you about now. Would each of you support legislation which increases the number of H-1, H-2 work visas, expands the number of green cards, and lengthens the DACA eligibility?

We will start, Mr. Wallace?

Mr. WALLACE. I believe so, yes.

Mr. SHOARE. Yes.

Mr. SABINO. Yes.

Mr. GRISWOLD. Yes. To qualify it, as a 501(c)3, we do not endorse specific legislation, but those are great ideas.

Mr. HERN. Okay. So I thank you for all your answers, and I find it interesting you say this because this exact proposal was included in legislation last Congress. This legislation was introduced by former Judiciary Chairman Bob Goodlatte. It was known as Goodlatte 1, Goodlatte 2, and we jokingly say Goodlatte 3, kind of an amalgamation of all. It was voted on last year and many of my col-

leagues on the other side of the aisle had the opportunity to vote on these specific reforms and voted against them. It is strange to me that people who claim to be so supportive of certain policies but then vote them down when presented them in legislation. It is the craziness of this place. Unfortunately, it was not strange to my colleagues who did this last year.

I want to ask you another question. Again, being a businessperson that has almost 1,000 employees that are kind of across all the industries, entry level to executive level, about E-Verify, a program that I have always supported and wish, you know, I have used it a lot in all my small business for a number of years. E-Verify is the very successful program which allows enrolled employers to confirm the eligibility of their employees who work in the United States, and it has helped me to easily verify the identity and employment eligibility of new employees. I know it sometimes seems contradictory that you would want to do something other than I-9, but I think you all would agree as people who represent the business, who hire the employees, know that I-9s are a fallacy if we think we are keeping illegal workers out of the workforce in America.

You do not have to answer that; I know.

This also helps to ensure that best labor practices are for those jobs, and legal worker are usually given better conditions than illegal workers. Not by the employer. For the most part there are some bad actors, but certainly, how they are housed and how they figure out how to stay illegal.

Would each of you agree that tools like E-Verify can be beneficial in ensuring legal employment and the best working conditions for Americans?

What are your thoughts on E-Verify? Mr. Shoare, I will start with you.

Mr. SHOARE. I think it is a great system as long as it does not become like many of our systems, it is so clunky to deal with that small businesses have to add employers to deal with that situation. I agree the I-9 system for us in the next 4 weeks, we actually bring in J-1 visa people to work on our camps and to have our local people fill an I-9 in, forward it to our corporate office, have them locked away is a challenge to say the least. But what we have to be careful is we do not make the new system so clunky that people barely use those as well.

Mr. HERN. Yeah, I will tell you, having used E-Verify for a number of years, we need to have either/or. I-9s are a waste of time. They do not serve the purpose that was originally intended.

Mr. Sabino?

Mr. SABINO. Yes. We currently use E-Verify. But it is inconsistent. It is not necessarily used across all construction industries. So, but we currently use it.

Mr. HERN. So to your point, it is really a disadvantage for somebody who wants to do a better job of understanding who is here legally, and those who do not use it may have a propensity to have people come to work for them, even though we are all required Federally to use I-9, people come to work for them that could possibly be not legal in the United States.

Mr. SABINO. It is not required, so a lot of people do not use it. If you are working on a government project it is required. So again, it is just inconsistent throughout all construction.

Mr. HERN. So you would advocate for it to be consistent across everybody so we have a level playing field?

Mr. SABINO. Sure.

Mr. HERN. Okay.

Let me just conclude here because I do not want to go over my time here. I thank you all again for being here. As I said, I feel your pain, regardless. You know, no politics are being played when you are a small business person. You are trying to survive, figure out the nuances. You live on the other side of the legislation that comes out of this place, the statehouses. It is very, very difficult to create jobs. All you want to do is you come up here, tell your story, create jobs, put Americans to work, and just live a prosperous life for you and your employees.

So I really appreciate you. I have said this many, many times before. I really appreciate the witnesses regardless of which side of the aisle they are representing because you tell us what really matters in America, that 70 percent of jobs in America are created by people like yourselves. I thank you so much for what you do.

I yield back my time.

Chairwoman VELAZQUEZ. The gentleman yields back.

Ms. Davids, the gentlelady from Kansas, is recognized for 5 minutes.

Ms. DAVIDS. Thank you, Madam Chairwoman.

Well, I am especially excited today to have Mr. Shoare here from Challenger Sports, which is a successful small business in the Third District in Kansas. Mr. Shoare has spoken to an issue that I have heard about from a lot of constituents in Kansas. And businesses in my district are definitely suffering due to the Department of Homeland Security's slow and inefficient, insufficient releases of the H-2B visas which Mr. Shoare already touched on a little bit.

Local economies suffer when small businesses cannot provide the goods and services that happen because of these long waits and insufficient visa releases. And we need a better, more efficient system for admitting temporary, non-U.S. workers to combat the shortage that many of the businesses and folk who are testifying today have spoken about.

Mr. Shoare mentioned in his testimony that the portal had an issue and actually crashed during the attempt to get his visas on January 1st at 12:01, that there was a crash at that point. And I feel like that actually highlights this constant disruption that business owners are facing, whether it is landscaping, roofing, companies like Challenger Sports.

And so Mr. Shoare, I would love to hear you speak a little more as a small business owner who is in Lenexa, Kansas. Can you elaborate on, in addition to the crash of this site, some of the other challenges that you are facing? I am particularly interested in how this business that is in Kansas is impacting local economies across the country.

Mr. SHOARE. Yeah. Obviously, as time goes, the H-2B is an interesting beast that we deal with. And we have an incredible attorney that works for us. They had 35 of their employees sitting in

their office at midnight on New Year's Eve. I am not sure too many people would have done that. So that they could literally press the electronic button to put through all our visas. Unfortunately, as time goes on, everybody is doing that and just the amount of stuff that went through the system, it just could not cope with it. So it literally crashed. It took them 7 days to correct that, and then obviously, at that point, that is when that day there were 95,000 applications.

As Congressman Davids said, we work across 27 parts of the country. We work in Colorado. We work in Oklahoma. We work in Florida. And our impact is really nationwide. We are corporately based in Kansas, but then we have satellite offices in the other areas. So we believe we are providing great services for the whole country as a whole but as we have said, it is getting to a point that we are feeling unless we have a guarantee this year that we will get the H-2B visas that we require, then we will be discussing stopping the program totally because it is just harming our reputation significantly. And that would greatly affect the company as a whole and layoffs would be significant, not just in Kansas but across the country.

Ms. DAVIDS. Thank you.

And then Mr. Shoare, you made a great point earlier about the timing of the caps for the visas and the seasonality of that.

Mr. SABINO, I am curious if you have thoughts about the timing of the caps, and even if it were increased to 100,000 H-2B visas, if they were split evenly, would that cause any issues for your company or your type of company?

Mr. SABINO. So our companies, NRCA companies, our member companies, there are a lot of contractors that are currently using H-2B visas. My company, we are in Cincinnati and we work year-round, so the H-2B is more of a seasonal issue for us. So, but H-2B is important for us but it does not meet the workforce needs that the cap is so small that the amount of increases for H-2B is so minor that it is not making a significant impact and benefit to small business.

Ms. DAVIDS. Thank you.

I yield back.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

And now we recognize the gentleman from Minnesota, Mr. Hagedorn for 5 minutes.

Mr. HAGEDORN. Madam Chair, thank you for the opportunity. Witnesses, appreciate you being here.

I would like to first acknowledge a good friend of mine who is in the audience, Kirk Garrison, who I grew up with in Truman, Minnesota. Kirk is a small businessman. He is a teacher, educator, and also a veteran of the Air Force of the United States. And he plays trumpet for the Gary Sinise Lieutenant Dan Band, and they do wonderful things for our troops, raising money and entertaining them. So it is good to see you, Kirk. Thanks for that.

I support a lot of these programs and am supportive of the concepts of what you are trying to accomplish. But I think that sometimes what gets lost is the problems are exacerbated because of bad government policies, mostly at the Federal level. You talk about you want to bring in more people on visas and that is fine. But we

have a problem in our Nation with people overstaying their visas. We do not criminalize people like they do in almost every other country around the world for overstaying visas. And we do not even know who is here years later, who is left. And I talked to some people just this morning from the Department of Homeland Security and said we need to do a better job on that. I know the President has been working on that, and I am going to support him in any way possible, but I think that would be helpful to gaining support for what you are trying to do.

Also, we have a problem on the border, and there are a lot of folks that do not just want temporary people coming here to work, they want permanent folks to be recognized to stay in America for the rest of their lives. And yet, if you do not have a secure border, everybody can keep just running over the border or flying into the country and overstaying visas and undercutting the programs, the ideas, the concepts that you are trying to get forward that could help people. So I do not get that too much. We need support for these things across the board and across the aisle.

And lastly I would say it sounds like—and my friend Mr. Hern brought up E-Verify. That is not really biometrically applied at this time. Employers like you should be able to know who you are dealing with, and if it is somebody who is not lawfully to be in that job, then you should not be penalized for going along with the program when others do not. So that needs to be more uniform as well.

But the President, last week I believe it was, came out with a new, an updated program for immigration based on merit. And it seems like what he is trying to do would be helpful to what your needs are. To have more people coming to America legally, and we do that a million times every year. We are the most generous country in the world. Come here legally based upon merit with skills, speak the language, assimilation, all these things that are going to help them be good Americans right from the beginning, contribute to our society, sustain themselves, not be on social welfare programs down the line.

Do any of you have any thoughts about the President's policy on merit-based immigration?

Mr. GRISWOLD. Congressman, thanks for that question. I think the President's proposal was a step in the right direction. We do need more high-skilled workers. I would say let us proceed with some caution on the merit-based system. Canada and Australia have merit-based systems and they have run into some issues where there is a mismatch between who comes in and the needs of industry. We have a demand-driven, industry-driven system where a person's principal merit is that an American company wants to hire them and put them to work.

The other aspect of the President's plan, is that it did not really address, the workers that could work for Mr. Sabino's company, who may not meet the President's test of merit, and yet, they have a lot of merit for small businesses trying to expand and meet their customers' needs. So I think there is some real caution due in proceeding in that area.

Mr. HAGEDORN. Yep.

Mr. SABINO. We appreciate the fact that we are taking steps and we are talking about immigration. But the President's plan would be exclusive of a typical roofing installer. So it would not—

Mr. HAGEDORN. The President's plan though does not call for 100 percent merit-based. It just moves it up the ladder to about three-quarters. Not excluding people that you are talking about.

Mr. SABINO. It is for highly skilled. My understanding, it is a preliminary plan, but my understanding is that it is for highly-skilled individuals. We need critical skills. So it would not benefit us as currently presented.

Mr. HAGEDORN. That is not my understanding. But anyway, go ahead, sir.

Mr. SHOARE. Today, that would have no bearing on why I am here on the H-2B program, so.

Mr. HAGEDORN. Okay.

Mr. WALLACE. In addition to some of the comments that were already raised, I would be curious to see more details about the proposal. I think there is a lot of evidence that folks who arrive without full fluency in English are able to acquire English and learn that over time as they are here, but are able to work and contribute in the meantime.

To your earlier points about sort of tracking, I definitely think things like an entry/exit system, for example, border security, should be part of an overall package like the one that was passed back in 2014 through the Senate Comprehensive Immigration Reform. The comment I hear most often from employers about E-Verify is that, you know, it is no secret that there are undocumented workers in our economy. Roughly, a third of agricultural workers are undocumented. Without pairing that with a way for workers to arrive through a legal process, it would not really address the underlying challenges. And in addition, sometimes E-Verify may misidentify folks who are U.S. citizens as unauthorized to work.

Mr. HAGEDORN. Well, we should have a legal program to have people here fill those jobs. And so I appreciate that. Thank you.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

We now recognize the gentlelady from California, Ms. Chu, Chairwoman of the Subcommittee on Investigation, Oversight, and Regulations for 5 minutes.

Ms. CHU. Mr. Griswold, I was impressed by your knowledge of the employment visa system.

Each year only 140,000 permanent employment-based visas are available under the Immigration and Nationality Act. But the backlog is enormous. Currently, there are 395,000 individuals residing in the U.S. whose applications for a permanent employment-based visa has been approved by USCIS but who are still waiting for an adjustment of status and there is an additional 113,000 individuals outside the U.S. who are waiting for a status adjustment. Clearly, something needs to be done to clear the backlogs, and even though there is this backlog, the visas that are not used are not rolled over into the next year. Instead, they are dropped.

So next month, I plan on reintroducing my Reuniting Families Act which has a provision to recapture unused employment-based visas from 1992 to 2016, and allows unused visas in future years

to automatically roll over into the next year. And the data shows that this would make 326,000 permanent employment-based visas available.

In your opinion, what impact would this provision have on small businesses?

Mr. GRISWOLD. Thank you, Congresswoman.

It would be beneficial for small business. They need workers just as larger businesses do. Combined with raising the number of employment-based visas, I support excluding spouses and minor children from the cap. And Congresswoman, we need to be able to get rid of these per-country quotas where a lot of those backlogs come from. The quotas limits green cards for any one country to about 25,000, which is a binding constraint on immigrants from Mexico, the Philippines, China, and India. And so people are turned away from green cards, not because they are not qualified or lack merit but solely on the country that they are from. There is majority bipartisan support, there were over 300 cosponsors in the House for a bill that would have done away with those quotas. All of that, together along with that idea you outlined would be a giant step forward.

Ms. CHU. And I really want to thank you for addressing the per-country cap issue. In fact, my Reuniting Families Act would raise the per country cap from 7 percent to 20 percent, and I think it would help to solve this backlog problem in a very big way. So thank you for that.

Mr. Wallace, I wanted to address the merit-based system. Of course, President Trump's system would drastically reduce family-based visas in favor of a merit-based program. Right now, the visas are 66 percent family-based and 12 percent employment-based. But Trump wants to reverse this so that 66 percent of the visas are merit-based, but merit-based as defined by President Trump meaning they would all be highly skilled with high education, with high English proficiency and have also passed a civics test.

So first of all, I would like to point out that our current family-based visa system, the people that are coming over are more highly educated than the average American, and I have also observed that those coming from family-based visas create significant jobs. Even those who do not have English proficiency, I always remember the story of Jerry Yang, who did not speak a word of English except for the word "shoe," but went on to found Yahoo and countless jobs.

So I wanted to ask you, you mentioned in your testimony that immigrants not only feel shortages in the labor market but also create jobs for Americans at every job level. Can you expand on the variety of labor needs in this country?

Mr. WALLACE. So I understand your question is about the role of immigrants as entrepreneurs. Yeah? So I mean, if you look at the sort of share of the population overall, as I said, about 13 percent of the U.S. is foreign-born. Immigrants are overrepresented as entrepreneurs, so they are about 20 percent of our entrepreneurs. And that is true across all types of industries. So in terms of STEM, I think I shared a statistic about the fact that close to half of Silicon Valley hi-tech firms were founded by immigrants, but also Main Street businesses. So if you look at communities across the country, if you look at Dayton, Ohio, if you look at Anchorage,

Alaska, if you look anywhere across the country, immigrants are starting grocery stores, restaurants, retail businesses. That creates a lot of economic activity and makes those places more interesting and more vibrant and grows their economies. And as I also said, you know, immigrants are not only coming in as job creators and not only as workers but as consumers. And so they have a lot of spending power that can contribute to that economic growth as well.

Ms. CHU. Thank you.

I yield back.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

And Mr. Stauber from Minnesota, Ranking Member of the Subcommittee on Contracting and Infrastructure, is recognized for 5 minutes.

Mr. STAUBER. Thank you very much, Madam Chair. And to Ranking Member Chabot, I could not agree with you more on the visas, the H-1 and the H-2s.

So Northern Minnesota, we have a lot of seasonal workers, a lot of resorts. If you go to the North Shore of Lake Superior, it is extremely vibrant for about 7 months out of the year. And I have been told by those small businesses, the owners, of which I am also a small business owner in the city of Duluth, but they are talking about that seasonal worker, they need that workforce. In fact, one resort had talked about they were not able to expand because they did not have the workers to support the expansion.

So I would just say, this is more of a comment to the H-2B temporary worker visas. I know in our district, and I am hearing across the country, that we need more of that, the seasonal workers that do a fantastic job not only with our farmers on the western edge of the district but our resort area, resort owners. And then on North Shore of Lake Superior. So am hearing, would it be safe to say, that all four of the witnesses today would support the extension of the H-2B visas, the allocation, the additional allocation?

Mr. SHOARE. Yeah, without a doubt that needs to be done. But again, this has been talked about for the past 2 years, and every year as we go into the preparing phase, which for us the preparing phase is September 1st, it is just so difficult to plan if Congress does not take hold of the situation and say this is what the need is, this is what we will do.

Mr. STAUBER. So you want certainty from Congress?

Mr. SHOARE. Yes.

Mr. GRISWOLD. Congressman, I would suggest a series of reforms. Issue more H-2B visas so that we do not have to have this ridiculous scrum on the application date and small businesses will always come out on the short end of that. Secondly, reduce the paperwork, which again puts small businesses at a disadvantage. A big company can hire more lawyers and people to process it. Congress should look at expanding it beyond the seasonality. Some businesses have a seasonal nature, but roofing, as we have just heard, that is not seasonal in a lot of the country, and so it is a bit of a mismatch there. Dairy farmers—I am from the Midwest—Wisconsin and Minnesota—that is not a seasonal enterprise, and they cannot find the workers they need. So those would be some great reforms for small businesses across America.

Mr. STAUBER. Thank you.

Mr. Sabino?

Mr. SABINO. We would obviously like to see more H-2B visas issued. However, we would also like to see a more comprehensive approach to immigration reform. I mentioned H.R. 1740 earlier. We have to address the TPS issue. We have to address DACA. There has got to be a broader approach because, you know, one of the problems with H-2B visas, roofers tend to migrate within the country and that we are not able to do that on an H-2B visa. So if somebody owned a roofing company in Minnesota and they were going down to Iowa or Nebraska to do some work over the wintertime, that H-2B visa is useless for them, so.

Mr. STAUBER. Mr. Wallace?

Mr. WALLACE. Yeah. I would just echo the point about DACA and TPS in particular, in addition to some of these temporary worker programs, that there are more than a million people already working at all skill levels, and so obviously, taking those folks out of the economy could be disastrous.

Mr. STAUBER. And Mr. Griswold, you talk about the certainty. As a small business owner myself and hearing from others, that is what they are looking for from the Federal Government, certainty. The uncertainty is the apprehension for not hiring or not even going in business, or leaving the business altogether. And I think, I really appreciate your comments from your experience. It just follows what Ranking Member Chabot talked about, the ability to have the discussion on allowing these workers to come in legally. I mean, every one of you talked about legally, and I think that is what we can agree on. And we do have work to do, but I appreciate all your comments. Thank you.

And I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

And Mr. Evans from Pennsylvania, Vice Chair of the committee, is recognized for 5 minutes.

Mr. EVANS. Thank you, Madam Chair. Again, appreciate you for showing your leadership on this issue, for leading this. And then I would like to thank all of the witnesses who are presenting to us today.

An issue that I am very much interested in and we discussed it on the Ways and Means Committee, is concern regarding workers' protections, which we talk about in the trade agreement.

As you look at ways to improve our Nation's immigration system and address labor shortages through these programs, how can we incorporate workers' rights and protections in this discussion? I am interested in. Through the whole panel we can go through.

Mr. GRISWOLD. Congressman, thank you for that question. I am not going to weigh in to the details of that, but I will say that I think the best worker protection for immigrant workers is being legal and being able to move from one employer to another. So if the conditions and the pay are not good, they can move to another employer and enjoy that competition. Also, I know it is a thorny issue, but finding some way to legalize the 10 million here who are undocumented. Two-thirds of them have been here for 10 years or more. They are woven into the fabric of their workplace and their community. And by becoming legal, research shows that their pay

goes up, their protections in the workplace are enhanced, and that lifts the whole lower pay segment of the workforce.

Mr. SABINO. So when you are talking about worker protections, again, I am back to H.R. 1740, there are worker protections in the bill itself. I think also one of the things in regard to workers' protection is our ProCertification program which we are training employees on how to be safe, on how to do things properly. So I think the compressive training and education that we are doing at the National Roofing Contractors Association and the protections in H.R. 1740 would address your concerns.

Mr. SHOARE. I think the present H-2B program has an inordinate amount of protection for the worker, and I think the DOL managed that well. The unfortunate thing is often it is not everybody's situation to pay those workers the way they should be paying them. So I think with our company it is almost that we are the largest at what we do so we get under the microscope. And I think the protection for the H-2B workers we bring in is actually very good.

Mr. WALLACE. And I would just echo Mr. Griswold's comment that helping folks and allowing them to legalize their status here in the U.S. would provide a number of protections. And also to reinforce one of the points I made earlier, which is that in terms of U.S.-borne workers, an increase in diversity in metropolitan areas is associated with higher wages and more job creation both for large and small businesses. So I think we need to stop thinking about this as a zero sum game and think about the opportunity that is created by an influx of workers into a lot of these metro areas.

Mr. EVANS. I come from the city of Philadelphia, which is the home of the leading health facilities, Children's Hospital, University of Pennsylvania, Temple Hospital, Einstein, Jefferson. Healthcare professionals and the people it serves are very important to me.

The question I want to ask is can you please explain to us what do we risk by losing in our healthcare industry if we do not find effective ways to address this shortage?

Mr. GRISWOLD. Yes, Congressman. Immigration is very important to the U.S. healthcare sector. I had a minor heart procedure a couple of months ago and it just reminded me of the diversity of the health care from the nurses to the doctors and the staff. And as I mentioned, we have the H-1B program, and we have a J-1 visa waiver for doctors. Congress should look to expand those programs, maybe do away with the cap for H-1B visas in the healthcare sector as we do in my field of education and nonprofits. Nursing is an important category. Some of the nurses may not qualify under H-1B, and yet they have critical skills. So I think Congress should look at all of that. We have growing healthcare needs in this country as the baby boomers retire. You are exactly right. This is something important we need to do to deliver high-quality health care to the American people.

Mr. EVANS. Thank you, Madam Chair. I yield back the balance of my time.

Chairwoman VELÁZQUEZ. The gentleman yields back.

And the gentleman from Illinois, Mr. Schneider, is recognized for 5 minutes.

Mr. SCHNEIDER. Thank you. And I want to actually pick up on the comments of my colleague from Pennsylvania on the healthcare shortage. We are also seeing a severe shortage of physicians. Expected to be as many as 120,000 by the year 2030. And I would like to say some of my friends who are doctors are saying I am reaching the time in my career where I am ready to retire. And as a baby boomer, I say to them, I am reaching the point in my life where I am just hitting my stride as a patient. You cannot retire. We need to have these doctors. But, you know, I live in Chicago. It is one issue. In rural communities and other medically underserved areas, this is reaching potentially crisis levels.

And immigration may be an excellent way to find this talent, especially because so many of the world's best and brightest are coming to our shores, to our schools to get their education. But our immigration laws, our outdated laws stifle industries like the ones you have been talking about. They force us to turn away so many qualified, good people, including physicians every year who want to stay in the United States, whether it is starting their business or developing their health care, their physician's practice.

Today, I actually reintroduced legislation, the Conrad State 30 and Physician Access Act with my colleague from Iowa and fellow Committee member, Ms. Finkenauer. The Conrad State 30 program allows foreign doctors studying in medical schools, it grants them a visa if they serve in some of these medically underserved areas for at least 3 years. The legislation would extend the program and expand the number of physician slots in each state. But it would also ensure that these communities have access to the qualified, talented workforce that they so desperately need.

So to the panelists here today, I want to thank you for sharing your perspective, and I know we have to do so much more to develop this, and health care is just a piece of it with the baby boomers aging.

I know that, Mr. Wallace, you mentioned it in your opening remarks. Mr. Griswold, you touched on it. I am happy to open it up to anyone on the panel if you want to touch on this.

Mr. WALLACE. I could just add a couple of things. Looking at the role of immigrants in some of these occupations, actually, if you look at both physicians and surgeons, as well as nursing and home health aides, immigrants are twice as likely as the U.S.-born to be in those occupations. And that in some rural counties across the country there are fewer than 10 doctors for every 100,000 residents. So it certainly is reaching crisis levels.

Mr. SCHNEIDER. Great. Thank you.

Mr. Griswold?

Mr. GRISWOLD. Expanding the Conrad visa waiver, J-1 visa waiver is a good approach. Both expanding the number, and I understand that has to be re-approved by Congress each year, and maybe adding to the certainty by a longer approval period.

Also, this is where the per-country quotas start to bite. You have qualified, for example, Indian doctors who have every qualification for a green card to continue to practice medicine here and they have to go back solely because they were born in India and we

have reached the green card cap on that. So doing away with the per-country quotas or raising it at least would also address critical health care needs.

Mr. SCHNEIDER. Great.

Mr. Sabino, did you want to say something?

Mr. SABINO. Yes, certainly. Obviously, we recognize the diversity in the healthcare field. We also should recognize the diversity have you had a roof put on or any kind of construction projects lately? There is a lot of diversity in the roofing industry as well. So we want immigration to be inclusive of our industry as well.

Mr. SCHNEIDER. Well, let me shift gears and touch on that. And I appreciate your comment.

It is not just the roofing industry. Before this hearing I was at a meeting, conversation, talking about the work, the importance of franchising. But, you know, franchises are a way for entrepreneurs to enter into the business world by starting a business with the help of a franchisor. Many of these often are immigrants as well. So, so many of the fields we have, whether it is looking for employees or entrepreneurs starting to get the kick start, immigrants are critical to that.

Mr. Shoare, go on and jump in.

Mr. SHOARE. I would just like to add, and maybe this is just too commonsensical, right now we have an OPT program. We also apply for H-1Bs. This year, 200,000 applications for 85,000 slots, and these people who have been in the United States 34 years, got a degree, because they do not get through the lottery, now they have on other option apart from going back to school and now doing a fake master's degree on their second master's degree. So to me, it would be simple to look at that situation, and while the cap is such a problem, maybe extend that CPT program for a 2-year program so at least they have an opportunity.

Mr. SCHNEIDER. Great. Thank you.

My time has expired. I yield back.

Mr. EVANS. I recognize the gentleman who is Chairman of the Subcommittee on Economic Growth, Tax, and Capital Access from the great state of New Jersey, Mr. Kim.

Mr. KIM. Thank you. I appreciate it. And thank you to the gentleman from Pennsylvania for yielding over to me.

I just wanted to, first of all, thank the panel for coming out and sharing your insights here. I mean, certainly from my district's point of view, everything we can do to try to help small businesses, you know, fill these critical job needs is so important.

And I wanted to just kind of hone in on the temporary visa program, and I will keep this brief. But I am just trying to get a sense from my own and just some of the different perspectives that are out there, certainly as a district that has the Jersey shoreline. You know, I hear about this from some of the businesses on that end.

But Mr. Sabino, you kind of added a different perspective I have not heard from before. So I just kind of wanted to ask for your insights as someone who is a small business owner of a roofing company, some of the concerns that I hear about, especially from certain labor groups about the temporary visa program is about the downward pressure that it might put on wages and working conditions. And this is something that I have talked about to some of

the businesses in my district and hear from them their perspectives. But I just wanted to hear from you since this is, you know, your business is a different one than the ones I have had a chance to talk to. What is your perspective on that? And in particular, on the roofing industry, which utilizes a fair and sizable number of temporary visas. You know, what are some of the steps that are being taken so that we are trying to do what we can to look out for American jobs, American workers as well?

Mr. SABINO. Sure. So when it comes to American workers, again, I testified earlier about the complement that immigrants do for this. Our pay is based on merit. Can you perform the work safely? Can you do it productively? Do you have good interactions with the customer? Can you install something in a quality manner as a craftsman? So we have merit-based pay systems, not pay based on national origin or anything like that.

I will say, American wages, the downward pressure on American wages, I hear that a lot, and I just want to comment. I had a conversation with our commercial sales manager about 3 weeks ago. And I talked to him and I said, you cannot sell anything. Your entire team, you cannot sell anything for the rest of the summer because we are full. And when you talk about wages, that is money right out of their pocket. That is sales commissions that they are not getting because they are not going to sell anything. Our production capacity is full. Also, up and down our supply chain, when you talk about American wages being affected, American wages are being affected through our distributors and our manufacturers who were flat last year. The economy is booming. Our backlog is growing. The demographics just do not support where American workers are going to get this work done.

So our supply chain, we came to Washington, D.C. in April. We came with our Roofing Day in D.C., and we came with one voice. Manufacturers, distributors, contractors all speaking towards the immigration issue and towards career and technical education. So we had over 400 people come to D.C., and the entire industry is united around this, but that is what is affecting American wages, the inability for us to get the roof projects completed.

Mr. KIM. Well, thank you. Thank you for that perspective.

I always just want to make sure that when we are having these discussions here on the Hill and, you know, as I am having these discussions in my own district that we are really able to make sure that we are reflecting your voices and your perspectives on this going into it. So that was just important for me to hear directly from you of just how it has been affecting your industry and certainly it will be something that I would kind of wrap into some of the other discussions that I have been having. So I appreciate that.

I yield back.

Mr. EVANS. I thank the gentleman for yielding back.

And now I go to the Ranking Member of the Subcommittee on Innovation, Workforce Development, Ranking Member Balderson from Ohio.

Mr. BALDERSON. Thank you, Chairman Evans. It is good to see you in the big chair there. So thank you. We are up here having fun, are we not?

Again, I spoke to all of you earlier before Representative Chabot got here and just, you know, I want to express to you, thank you all for being here very much. I really appreciate it. And I will not repeat it again but I really want to emphasize this today and the concern that is out there for workforce development. And that is one of the biggest things that I face back in the district, and I have a great relationship with Chairman Crow. Jason and I are going to work together on this Innovation and Workforce Development, and we need your help in coming up with some of these solutions. As I said earlier, you know, Ohio now has a 3.3 percent unemployment, which is the same as the national average here in this country, and that is a good problem to have. But we need more workers for jobs to get filled.

So I understand the need for raising the caps on H-1B and employment-based green cards, but I think this only addresses half of the problem. Mr. Sabino brings up a good point that a solution to the labor shortage would ideally be fixed through a two-track approach. As Ranking Member of the Innovation and Workforce Development Subcommittee, I am also a big supporter of career and technical education as it means so much added to our domestic workforce.

So my question for Mr. Griswold and Mr. Sabino is how do we here in Congress balance the development and enhancement of both our domestic and foreign workforces so that we have healthy growth and opportunity in each, rather just than one dominating the other?

Mr. GRISWOLD. Congressman, I think you put your finger on exactly the issue Congress should be focusing on not restricting immigration but equipping Americans to take full advantage of the opportunities being created in our 21st century economy. And workforce development and all that.

I will just echo what has been said here several times. Immigrant workers tend to complement American workers. American workers have certain native advantages, such as language skills. And as immigrants come in, even lower skilled Americans have opportunities to move up and be, say, the manager of the roofing team or something like that. Studies show that as the presence of immigrants rises, Americans are more likely to stay in school. You know, just by getting a high school diploma and going out in the workforce, you are giving yourself a 35 percent pay increase from what you would be given going out without a high school degree. And immigration helps encourage Americans to do that. So that is the right conversation to be having. How can we equip ourselves through education? Everybody does not need a college degree, but perhaps instead an associate degree, technical training, that sort of thing. That is exactly what Congress and the Committee should be focusing on. Thank you.

Mr. SABINO. I will say that our native-born population is trending away from the trades. It is really sad. Tradesman are sometimes treated as second rate individuals. I can promise you the people that I go to work with every day, the men and women are not second rate citizens. So the more we can do on that front is certainly welcome. And we are doing a lot. And we are talking with those people. However, the demographics do not look good. No

matter how hard we try with career and technical education, and promoting the trades for American workers, still, in this country, American parents are having 1.8 children per household. We are at a 32-year low birth rate in this country. So native-born workers are becoming less and less. They are joining our industry less and less. So again, we have to look at this as a two-track approach.

Mr. BALDERSON. Okay. Thank you. I am going to come back on you just for a second because you said something that you are trying to do some different things. Is there one thing in particular that you and your organization and your company that are doing to attract? I mean, are you going down to the middle school? Are you starting in the high schools? I mean, I will give you an example of something that I encountered with a gentleman from Medina, Ohio, with manufacturing that actually hired a firm to help him think outside the box. But Mr. Sabino, what would be a good example of one thing that you do that you feel is successful?

Mr. SABINO. Sure. So we are in all kinds of schools. We are in high schools. We are in career and technical schools. We are in vocational schools. We are in construction management programs. We have three interns right now. Our three interns are going to be the next project managers. So we are doing a lot on that front. Again, training. If an American worker wants a job, we will train you. We will onboard you for 6 weeks. We will pay you good. We will provide you benefits. We will provide health insurance, 401(k). You know, we will do everything we can for an American worker. We just do not get the applicants. And we spend more money advertising for employees than we do for customers. We do not advertise for customers. Why would you when your backlog is 12 weeks?

Mr. BALDERSON. Okay. All right. Well, thank you. I look forward to working with you.

Mr. Chairman, I apologize for going over.

Mr. EVANS. Thank you. Thank the gentleman.

The next person is from the great state of Texas, Mr. Mark Veasey.

Mr. VEASEY. Thank you, Mr. Chairman.

I wanted to ask a question related to what Mr. Sabino mentioned before, and that is the population rate, the birth rate that has happened in our country. Nobody is really talking about that that often, particularly when the debates around immigration come up. And so I wanted to ask anybody on the panel what sort of detail have you looked into that issue? I mean, I think that one of the things that has astonished me that I think people miss was that during the housing bust that happened in the early 2000s, the Mexican-American birth rate plummeted to below the 2.1 that you need in order to repopulate your society. And right now there have been a lot of discussions in Russia, for instance, about their population decline that they have had there, and they have done everything they could to try to encourage people to have more kids. It is not working. I think that everyone has probably seen the news stories about Japan, about how they actually sell more adult diapers in Japan than they do kids' diapers now. And that could happen here if we do not really start looking at this issue from all different facets.

So if you could just sort of touch on that a little bit more, anybody on the panel.

Mr. Griswold? Please.

Mr. GRISWOLD. Congressman, thank you. That is a huge issue. Our problem is not as severe as in Japan and Russia, but we do have a problem. The Pew Research Center recently came out with a report that showed that the pool of native-born Americans who have native-born parents, that is actually shrinking and will shrink by 8 million over the next 15 years or so. So any growth that we have in our population is going to be from immigrants, first and second generation immigrants.

Another recent study by Moody Analytics found that 80 percent of U.S. counties have shrinking working-age populations. And it is especially intense in a lot of Midwestern states and New England. Not so much Texas, but so we literally have a shrinking pool of native-born workers in this country, and we need immigrants if our businesses are going to be able to continue to expand and invest and meet the demands of customers here in the United States and around the world.

Mr. VEASEY. I think that you are absolutely right.

Mr. Sabino, I wanted to ask you, because you talked about the stigma and parents sort of moving their kids away from certain trades and jobs. Have you had a chance to like look at the German model? And I do not like everything about that model because I do not really necessarily like the tracking, but it seems like with the pay discrepancies that they have there, they are much smaller there than they are here. So a lot of people think that that is one of the reasons why the trades do not have as much of a stigma in Germany as they do here. Have you looked at pay scale? And you know, when we saw a decline in labor unions, for instance, in this country, we saw a big decline in what people brought home in their checks at the end of the week or at the end of the month. Have you like looked at the pay discrepancies and how that sort of affects how people feel about these jobs?

Mr. SABINO. Sure. Sure. To the German model, we actually went to the Roof and Timber Show in Germany last year and we have had a chance to meet with our German counterparts. So I will say the German model is very successful. Germany, roofing is the number one recognized trade in Germany. They are the most respected trade. They also start roofing at the age of 14. They start early. The current technical education starts very early there.

In terms of the pay discrepancies, we are seeing wages go up across the board. I am not seeing a huge gap in pay. We are seeing wages go up, so.

Mr. VEASEY. There is one good book, if you have a chance, there are several good books out, but there is a book that was written by two professors in the Northeast. It is called Rescaling America: Learning to Labor in the 21st Century. It is an outstanding book if you have a chance to read it. But that was one of the things that they pointed out was that the white collar professions and the blue collar professions in Germany, there is much less of a gap between what people bring home at the end of the month than there is with the white collar and blue collar gap here in America. And so that is something that we should definitely look at in the future.

Mr. SABINO. I will say we do have foreman that make \$75,000 a year or more. So again, it is based on skill. But there are great opportunities in the roofing industry.

Mr. VEASEY. Good. Good. Thank you.

Mr. Chairman, I yield back.

Mr. EVANS. Thank the gentleman.

First, I want to thank all of the witnesses for taking time out of your very busy schedules. We really appreciate you coming before this particular Committee.

As I said at the onset, I am glad we are having this discussion. Our current immigration system is broken and out of sync with the realities of our workforce. Small businesses and farmers are unable to make decisions and are left bidding among themselves. This is no way of treating our small business community. And as we continue this discussion, it is vital that we not forget the challenges they face every day.

I hope this conversation yields thoughtful solutions so that the Nation's small employers get the workforce they need to thrive and our country continues its long history recognizing the contribution immigrants bring to our economy.

I would ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before this Committee, we are adjourned.

[Whereupon, at 1:16 p.m., the Committee was adjourned.]

APPENDIX



Statement of Dan Wallace, Director of Special Projects at New American Economy

House Committee on Small Business

Hearing “Immigration and the Small Business Workforce”

May 22, 2019

Introduction

Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee, thank you for the opportunity to appear before you today and provide testimony on behalf of New American Economy (NAE). NAE is a bipartisan coalition of more than 500 mayors and business leaders from all 50 states and every sector of the economy united in demonstrating the importance of immigration to America’s economic growth and advocating for smart federal, state, and local policies that will create jobs for all Americans.

In our capacity as a research organization, NAE analyzes data from the American Community Survey, the Survey of Business Owners, and other publicly-available data sources to understand national economic and workforce challenges and opportunities, as well as the role of immigrants in various sectors, industries, and occupations in communities across the country. As this body of research continues to grow, one thing remains abundantly clear: immigration is one of America’s greatest competitive advantages, helping to keep our workforce younger and more adaptive to the changing needs of U.S. businesses in the 21st century economy.

Immigrants as entrepreneurs and small business owners

Immigrants not only help fill shortages in the labor market, they also create jobs for Americans at every skill level. Although they represent roughly 13.7 percent of the U.S. population¹, immigrants account for more than 20 percent of all entrepreneurs.² And they start more than one quarter of all businesses in seven of the eight highest-growth sectors, including 31.8 percent of

¹ Migration Policy Institute, Frequently Requested Statistics on Immigrants and Immigration in the United States, March 2019, accessed online: <https://www.migrationpolicy.org/article/frequently-requested-statistics-immigrants-and-immigration-united-states#Now>

² New American Economy, Reason for Reform: Entrepreneurship, October 2016

all construction businesses, 29.4 percent of transportation and utilities businesses, and 28.7 percent of healthcare and social assistance businesses.³

From Silicon Valley to Main Street, immigrant business owners are creating jobs and adding value to our economy. Between 2006 and 2012, 43.9 percent of high-tech Silicon Valley firms were founded by immigrants.⁴ At the same time, immigrants also start 28 percent of main street businesses like restaurants, grocery stores, and retail shops that make local communities more vibrant. In fact, without immigrants, the U.S. would have seen a loss of 30,000 main street businesses between 2000 and 2013; instead, we saw a net gain of approximately 60,000 businesses.⁵

Labor shortages in key industries and challenges for business owners

Immigrants also play an indispensable role in the American workforce for large and small businesses alike, and as the U.S. economy continues to grow, employers are beginning to sound the alarm: in many industries, there are not enough workers to get the job done. In 2018, 46 percent of U.S. employers reported that they were struggling to find enough workers – up from just 14 percent at the height of the recession in 2010.⁶ Among many reasons, including lack of relevant skills and experience, the primary challenge for the employers surveyed was simply a lack of applicants. This is true across a variety of key sectors.

Between 2002 and 2014, the number of field and crop workers in America declined by 146,000, causing major labor shortages on U.S. farms.⁷ A rapidly aging U.S. population is also straining our healthcare workforce, a problem likely to worsen as more Baby Boomers retire. 62.8 percent of home health aide administrators cited “caregiver shortages” as one of the top three threats facing their business in 2015.⁸

There are larger, structural reasons why these shortages are becoming so acute. As more young people are completing high school and going on to college, the size of the U.S.-born population with a high school degree or less has significantly decreased. This trend is particularly evident among workers ages 25-44, the group typically most capable of doing physically demanding work. Among this group, there was a decline of 12.3 million people with less than a high school

³ New American Economy, Open For Business: How Immigrants Are Driving Small Business Creation In The United States, August 2012 (see Appendix A, Table 1)

⁴ Kauffman Foundation, America's New Immigrant Entrepreneurs: Then and Now, October 2012, accessed online: <https://www.kauffman.org/what-we-do/research/immigration-and-the-american-economy/americas-new-immigrant-entrepreneurs-then-and-now>

⁵ David Dyssegaard Kallick, “Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow,” *New York: Fiscal Policy Institute and Americas Society/Council of the Americas*, 2015.

⁶ Manpower Group, Solving the Talent Shortage: Build, Buy, Borrow and Bridge, 2018

⁷ New American Economy, Labor-Intensive Industries, accessed online May 2019: <https://www.newamericaneconomy.org/issues/labor-intensive-industries/>

⁸ Home Care Pulse, “2015 Private Duty Benchmarking Study,” April 2015.

degree between 1990 and 2010.⁹ As this population declined, however, the number of jobs for workers with that education level held steady. Thus, real and persistent gaps in the American workforce have opened up, especially in agriculture, hospitality, and meatpacking. There will be an estimated shortage of 3.6 million workers in labor-intensive occupations by 2024.¹⁰

Immigrants complement U.S.-born workers and address workforce challenges

Immigration is not a silver bullet that can fix all of these challenges, but it should be part of the solution. First, the foreign-born are significantly more likely to fall within the prime working-age range (25-64) than the U.S.-born (72.4 percent vs. 49.5 percent). In states like Texas, Utah, Nevada, Arkansas, and Nebraska, this gap is even wider.¹¹

Second, immigrants' education and skill levels complement the U.S.-born. They are more likely to hold graduate degrees, but also significantly more likely to have less than a high school degree¹², allowing them to help fill jobs that would otherwise remain vacant, particularly in labor-intensive and service industries, like the tourism and hospitality sector, in which 84 percent of all jobs require less than a college degree.¹³ In construction, foreign-born workers frequently take on the most physically demanding roles, while U.S.-born workers prefer positions that require more English-language skills or experience in management or customer service. In specific occupations like plasterers (72 percent), drywall and ceiling tile installers (52.8 percent), and painters (51.4 percent), immigrants make up more than half of the workforce.¹⁴

Finally, immigrants are also more likely to work unusual hours¹⁵ and be willing to relocate for jobs than the U.S.-born.¹⁶ Especially in industries like tourism and hospitality that rely heavily on seasonal labor, immigration is a lifeline that supports small businesses and the American workers they employ. In fact, one third of businesses in this sector report that they would be forced to reduce their operations or close altogether if they could not hire workers through temporary visa programs.¹⁷

⁹ New American Economy, "A Crucial Piece of the Puzzle: Demographic Change and Why Immigrants are Needed to Fill America's Less-Skilled Labor Gap," March 2014

¹⁰ Ibid

¹¹ New American Economy, Voting & Demographics, accessed online May 2019:

<https://www.newamericaneconomy.org/issues/voting-&-demographics/>

¹² New American Economy, Labor-Intensive Industries, accessed online May 2019

<https://www.newamericaneconomy.org/issues/labor-intensive-industries/>

¹³ Author's calculations of a straight-line projection using data from the Current Population Survey, 2002-2015. ⁵ Bureau of Labor Statistics (BLS), "Industry employment and output projection to 2024," Monthly Labor Review, December 2015

¹⁴ New American Economy, Labor-Intensive Industries, accessed online May 2019

<https://www.newamericaneconomy.org/issues/labor-intensive-industries/>

¹⁵ New American Economy, On the Clock: How Immigrants Fill Gaps in the Labor Market by Working Nontraditional Hours, July 2017

¹⁶ New American Economy, Are Immigrants More Likely to Move Within the United States for a Job? Examining Data from 2009-2015, June 2017, accessed online: <https://research.newamericaneconomy.org/report/are-immigrants-more-likely-to-move-within-the-united-states-for-a-job/>

¹⁷ "Immigration Myths and Facts," U.S. Chamber of Commerce, April 14, 2016

Conclusion and recommendations

Threats to these and other programs that provide opportunities for immigrants with work authorization to remain in the United States, such as DACA and TPS, will only exacerbate current labor shortages and make it even more difficult for businesses of all sizes to continue to grow. Legislation introduced in this Congress would protect DACA and TPS-holders, who are lawfully present and authorized to work, and give American business owners more certainty about their employees' futures. Expanding legal avenues for immigrants with education and skills backgrounds that complement American workers, such as temporary/seasonal workers as well as high-skilled workers, would help ease the acute shortages felt in a variety of sectors. The United States also currently lacks a startup visa that would make it easy for foreign-born entrepreneurs with a proven idea and funding to remain here, which results in many young business owners struggling to stay—at a cost to our economy and its workers. Such reforms should be part of a comprehensive overhaul of America's outdated immigration system. We must ensure that our laws reflect the needs of our economy and businesses of all sizes, and keep with our tradition as a nation that welcomes hard-working immigrants and refugees from around the world.



May 22, 2019

Dear Chairwoman Velázquez, Ranking Member Chabot and Members of the Committee,

I want to thank you for giving me the opportunity to come and speak to you on behalf of a company that I helped to found 22 years ago.

Challenger Sports is a Lenexa, KS based corporation, in Congresswoman Davids district, that focuses on soccer camps and training programs for children ages 2-18. The majority of our coaches come from the United Kingdom and Brazil on either J-1 exchange visitor visas for the summer period, or H-2B visas for a period of approximately 9 months. Over the past 15+ years of utilizing the H-2B program, we have grown it into an approximate \$10 million revenue source, with over 300 foreign workers. This year, our anticipated need for H-2B workers was 322, in 27 locations nationwide.

This division of our company is critical to the entire company's success, as many of our clients depend on us for not only their seasonal training programs, but also summer camps, uniforms, tournament management, coach education and even for our cultural soccer tours abroad. If we cannot deliver the trainers that we've promised our clients, then they will not only look elsewhere for their coaches, but also for the other services we provide.

Every year, we make attempts to recruit qualified US coaches, without much luck, thus we depend on the H-2B program. For the past three years, in addition to the mandated recruitment efforts that take place during the H-2B application process, we also placed full page advertisements in Soccer Journal, United Soccer Coaches' official magazine, sent email blasts looking for qualified coaches to every member of USC, emailed every NCAA/NAIA soccer coach looking for current or former players who would like to coach, placed ads online in every major metropolitan area in the US and did anything else that we could think of in order to find American soccer coaches. We advertise and pay wages well over the prevailing wage issued by the Department of Labor.

The fact is, there just are not enough American workers available to work full time on seasonal programs. Jobs are not being taken away from US workers by Challenger Sports' H-2B workers. In fact, jobs are being created by them. The few US based coaches that we do have on our staff, are coaches because they came up through our programs as kids and learned about the game from our foreign workers and the many, many coaching clinics we run across the country.

Issues with the cap the past few years, and especially this year, are having a devastating effect on our company. Revenues are down, and expenses are up...we're facing layoffs, and not replacing workers who resign, because the company cannot provide promised training services to our clients, which means they stop utilizing our other services, as well. Challenger Sports, across the soccer services division and the uniform division, currently employs 160 individuals on a full time, year-round basis. This number is down about 10% in the past three years, largely due to our struggle to provide organizations with the seasonal training services they require.

Of our 27 locations, 12 of them had start dates prior to April 1st, meaning they were a part of the first half fiscal year cap of 33,000. Of those 12, we were lucky enough to get eight petitions on file with USCIS before the cap closed. We had to cancel programs in the other four sites, which will result in lost revenues in the hundreds of thousands for the Academy division alone, not to mention lost revenue for clients who will go elsewhere for their uniforms, equipment, camps, tournament management, etc.

The remaining 15 locations would have been filed on January 1st, at 12:01am, were it not for the Department of Labor once again being unprepared for the deluge of applications they received. As such, they were filed the minute iCert reopened the week following, along with applications for 95,000 other workers, trying desperately to fit into the 33,000 slots allotted to H-2B workers for the second half cap.

On Tuesday, February 19th, USCIS announced that they had receipted enough petitions to close the cap, with only five of our 15 applications, representing 56 workers, on file. This meant that we would get only 147 of the 322 visas that we need to run our programs. By our conservative estimates, this will result in a loss of revenue of nearly \$4MM from our seasonal training division alone, with approximate additional revenue losses of \$2MM across the other divisions, that are affected by our inability to deliver core business services to our largest clients. This represents a 17% reduction in revenue from last year.

An example of this situation is a contract with a club, where we have asked for only one H-2B worker. Because we cannot provide them with the trainer they need to run their program for 8 months, we'll lose not only the \$40,000 in revenue for that trainer, but also a camp contract that last year, saw 403 children participate over the course of two weeks, and grossed \$42,385 in revenue. Additionally, this club had provisionally agreed to purchase \$250,000 in uniforms and equipment. Because we cannot provide them with the one thing they really want, they will turn elsewhere for all of the goods and services we provide.

Our Chicago office runs camps and training programs in the Upper Midwest. They needed 21 visas in the greater Chicago area and 15 in Wisconsin. The clubs that they service are all large, elite level clients, who utilize multiple trainers and are highly profitable relationships for Challenger. We've now had to explain to one of our top salesmen in that office – a US worker – that his commission potential has gone down to near zero, because he doesn't have staff he needs to run those programs.

In addition to the lost revenues, which are pretty black and white, we're facing other issues, which could have long lasting repercussions that we may not know the full effect of for years. We're struggling to recruit not just US based staff, but also our foreign workers. We've promised our foreign staff positions over the past couple of years that we cannot fulfill, because the cap is reached before we obtain the visas needed to employ them. This is damaging to our reputation, as an employer. We're also disappointing tens of thousands of children - an estimated 80,000 - who depend on our professional staff to coach their teams.

Once again, in February, Congress authorized the Secretary of Homeland Security, to release an additional 69,320 H-2B visas. Nearly three months later, after millions of dollars in revenue was lost by small businesses across the country, DHS finally released less than half the amount authorized, but to returning workers only. For us, this was much too little and far too late. We have already brought out the vast majority of our returning workers on the visas that got on file before the cap closed, leaving us with only 45 staff eligible to return this summer, well short of the 175 visas we missed out on because of the cap.

Conservatively, our business earns \$33,000 in revenue per H-2B worker. If you use that figure, to represent lost revenue for every other business that applied for H-2B workers through the Department of Labor in January, that could be \$2 billion nationwide. The trickle-down effect of that is enormous. The current administration keeps touting the low unemployment rate in the United States. If we are to be prideful of that, we must also understand that there are not workers who want to perform the seasonal H-2B jobs. Challenger Sports struggles to find youth soccer coaches. I cannot imagine how difficult it must be to find people who want to do backbreaking landscaping work, process seafood or travel the country as carnival workers.

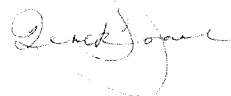
Finally, Congress must also act now. Businesses like ours cannot keep going, year after year, with this uncertainty of whether or not we will be able to meet the demands of our clients and business needs. As the economy has rebounded over the past few years, the demand for seasonal foreign labor has skyrocketed, and the current regulations do not allow companies to fill this demand for their workers.

As Acting Secretary of Homeland Security Kevin K. McAleenan stated, "Congress is in the best position to establish the appropriate number of H-2B visas that American businesses should be allocated without harming U.S. workers. Therefore, Congress – not DHS – should be responsible for determining whether the annual numerical limitations for H-2B workers set by Congress need to be modified and by how much, and for setting parameters to ensure that enough workers are available to meet employers' temporary needs throughout the year."

Congress must act now to raise the cap to a level befitting our current economy. Please stop leaving this to last minute, delayed, pushed back appropriations bills and work to enact legislation that will provide for permanent and lasting cap relief.

Thank you for your time and consideration in this matter, and for the support you give to businesses like ours. Please let me know if I can provide you with any additional information.

Sincerely,



Derek Shoare
Senior Vice President
Challenger Sports Corp.



Statement of Nick Sabino

President, Deer Park Roofing

On behalf of the National Roofing Contractors Association

"Immigration and the Small Business Workforce"

House Committee on Small Business

May 22, 2019

Madam Chair Velazquez, Ranking Member Chabot and members of the Committee;

My name is Nick Sabino and I am founder and president of Deer Park Roofing Inc., a roofing contractor located in Cincinnati, Ohio. I also currently serve as Chairman of the Board-elect of the National Roofing Contractors Association and am testifying on behalf of NRCA today. I greatly appreciate the opportunity to provide my perspective on the need for immigration reform that meets the workforce needs of small businesses and the American consumers we serve.

Established in 1886, NRCA is one of the nation's oldest trade associations and the voice of the professional roofing industry worldwide. NRCA's nearly 4,000 member companies represent all segments of the industry, including contractors, manufacturers, distributors, consultants and other employers in all 50 states. NRCA members are typically small, privately held companies with the average member employing 45 people and attaining sales of about \$4.5 million per year.

Deer Park Roofing was founded in 1996 and provides commercial and residential roofing products, including repairs and maintenance. We currently employ 125 professionals and have offices in Cincinnati and Florence, KY. It is our goal to continue improving our products and services in an effort to meet the growing demand of our customers, but the biggest obstacle to growth is the inability to find qualified applicants to meet demand. We recently hired several new employees through our career and technical education outreach program, but still need 10-15 more immediately in order to keep up with our backlog, which has now reached record levels.

We have worked very hard to develop innovative solutions to the challenges of recruiting new employees. We created a successful employee training and development program called *Recruit – Train & Retain* which focuses on skills assessment and improvement, mentoring, promotion from within, and providing career paths for all associates. We emphasize providing internship opportunities for students in career and technical education programs. As part of this effort, we now work with three local technical schools, three high schools and seven recruiting partners. Our efforts to meet workforce needs require substantial investments of time and money. Deer

NATIONAL ROOFING CONTRACTORS ASSOCIATION | WASHINGTON OFFICE

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Park Roofing has three full-time employees dedicated to workforce initiatives, including a full-time training manager.

Workforce Shortages in the Roofing Industry

Chronic and widespread shortages of qualified workers are the most significant limitation on the ability of my company and other NRCA members to grow our businesses. With unemployment at its lowest level in decades, virtually all NRCA members indicate they could increase production by 10 to 20 percent or more if they could fill vacant positions, which translates to an estimated \$7.5 to \$15 billion in annual lost economic activity. Despite providing good, family-sustaining jobs (the mean hourly wage for roofers was \$21.09 in 2018 according to the BLS), workforce shortages are becoming more acute every year. This problem will become even more severe in the future due to an aging workforce, educational trends and ongoing rebuilding efforts resulting from recent hurricanes and other natural disasters across the U.S.

Data from the Bureau of Labor Statistics (BLS) provides ample evidence of the severity of workforce shortages in the construction industry. According to the BLS Job Openings and Labor Turnover Survey (JOLTS) for March, job openings in construction increased to 360,000, the *highest level ever* since this data started being collected by BLS in 2000. This figure is a 54% increase over the 234,00 job openings in construction measured in March 2018. The open position rate (job openings as a percentage of total employment plus current job openings) increased to 4.6% in March, also a post-recession high.

The large number of job openings that we are currently facing in reality is having a negative impact on production and wages across our supply chain. Manufacturing and distribution in the roofing industry were basically flat in 2018 due to the lack of workers and limited production capacity that prevents contractors from keeping up with consumer demand. Also, the compensation for our sales people and project managers would certainly increase if our work expanded in line with demand. We are being forced to turn projects down for lack of workforce which is causing slowdowns in commercial and residential construction. Construction schedules are stretching out due to the shortages, which increases costs that are ultimately passed on to consumers. Customers continuously voice complaints about the difficulty of getting construction work scheduled and completed in a timely manner.

To address the chronic workforce shortages that have now reached crisis proportions, NRCA is pursuing a two-track strategy: 1) expanding and improving career and technical education opportunities and 2) supporting immigration reform that meets workforce needs. First, I will provide a brief overview of our CTE related efforts and then discuss the need for immigration reform that meets the needs of our company and other small businesses.

In 2018, NRCA worked with Congress to reform and expand career and technical education as it enacted the Strengthening Career and Technical Education for the 21st Century Act. This legislation is now being implemented at the state and local level and will provide more opportunities for American students to pursue rewarding careers in roofing and other trades over the next decade.

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NRCA is also working proactively on strategies to enable roofing industry employers to address our workforce development challenges. We are spending millions of dollars to develop and implement ProCertification, a comprehensive program that aims to certify over 100,000 workers over the next decade to promote professionalism and expand career paths for new and existing workers. ProCertification provides a state-of-the-art, standardized industry training curriculum along with a correlating series of system-specific professional certifications. This new model delivers a streamlined and affordable approach to workforce development with a clearly-defined industry career path and encourages on-going training to achieve higher levels of skill and compensation through structured earn-and-learn work opportunities. We believe the success of ProCertification and related training programs to attract more Americans to a career in the roofing industry is vital to meeting future workforce needs.

We are excited about the prospects for ProCertification and related training programs now being developed which are designed to get more people interested in pursuing careers in roofing. However, no matter how successful this effort is, we know it will not be enough to fully address our needs given the demographics we face. The BLS projects employment demand for roofers will grow by 11 percent between 2016 and 2026 (faster than average), and it is clear this demand cannot be met by native born workers alone given current demographics. So the second component of addressing long-term workforce needs in roofing is ensuring a sufficient level of legal immigration to meet economic demand.

NRCA has long supported immigration reform that addresses both the security and economic needs of the American people. This includes strengthened border security; improved workplace enforcement to combat illegal immigration; reforming our visa system to allow workers to enter the U.S. legally when our economy needs them; and addressing the issue of undocumented workers in a balanced manner. We believe that providing for sufficient legal immigration to meet workforce needs is vital to the future prosperity of the roofing industry and the broader U.S. economy. I will now outline a few specific steps that Congress can take to ensure that immigration policy meets the workforce needs of small businesses such as Deer Park Roofing.

Workforce for an Expanding Economy Act

It is critical that Congress establish a visa system that allows foreign workers to enter our country legally when warranted by economic conditions. This system should be adaptable to rapidly changing markets, ensure employers undertake vigorous recruitment to hire U.S. workers first, and enable job creators to obtain the workers needed to meet demand and grow their businesses.

NRCA supports the Workforce for an Expanding Economy Act (H.R. 1740), legislation introduced by Reps. Lloyd Smucker (R-PA) and Francis Rooney (R-FL) and recently cosponsored by Susan Wild (D-PA) and Henry Cuellar (D-TX). The bill is designed as a pilot program to meet workforce needs in sectors of the economy such as roofing that require critical skilled workers in accord with economic conditions. It would establish a two-track visa system that matches willing employers with willing temporary workers and provides more visas in times of economic strength and fewer during downturns. Employers may apply only if they operate in counties or metropolitan areas where the unemployment rate is lower than 5 percent.

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Here is a brief overview of how such a visa system would work. When an employer is unable to hire a U.S. worker after undergoing the required market tests, they are granted a 3-year permit to hire an H-2C worker for the position. The worker receives a visa under a separate process and may not enter the country until they are hired through an online system. Once they enter the workforce, they may work for any approved employer in a position with a valid approval for the program. The bill establishes a market-based cap on the annual number of approved visas that may be issued, so when the economy slows, the cap floats downward, but when the economy is strong the cap can increase to a maximum of 85,000 positions. Workers may renew the three-year visa twice conditional to unemployment rates and will be tracked as they move from job to job under a system similar to that which is now being used to track student visa holders. The bill requires that wages of visa holders are the same as other employees with similar experience and qualifications. Additionally, to help combat illegal immigration, participating employers are required to use E-Verify to verify the work status of all new hires in their company.

NRCA strongly supports H.R. 1740 because this new, innovative visa system is vital to addressing the future workforce needs of our industry. It is designed to protect workers and is streamlined and easy for employers to use. We are pleased to see the bill is gaining bipartisan support in the House, and we encourage members of this committee to cosponsor the legislation.

Temporary Protected Status and Deferred Action on Childhood Arrivals

NRCA also urges Congress to provide a permanent solution for employees now working legally in the U.S. under Temporary Protected Status (TPS), including many in the roofing industry, as well as individuals who were brought to the U.S. as minor children, many of whom are enrolled in the Deferred Action for Childhood Arrivals program. NRCA supports a permanent solution for individuals in both categories employed in the roofing industry, but today my comments will focus on the situation with TPS.

Given the chronic workforce shortages already confronting our industry, it is counterproductive to end TPS designations for the estimated 325,000 employees working legally with this status. The Trump administration's decision to rescind TPS will exacerbate workforce shortages now facing employers, thus making it even more difficult for our members to meet consumer demand, grow their businesses and contribute to increased economic growth. This is especially true in the construction industry, in which roughly 51,700 individuals with TPS are now legally employed, the most of any U.S. industry. This will also cause severe disruption for many hard-working individuals and families who have been contributing to their communities for many years.

I wanted to provide just one example of an individual with TPS employed by an NRCA member company. Dhjyms Joseph is employed by Advanced Roofing in Fort Lauderdale, FL under the TPS designation. He came to the U.S. from Haiti after an earthquake hit the island nation in 2010. Through hard work, Dhjyms has become a foreman at Advanced Roofing where he now leads and trains other employees within the company. He is married and has five children who are U.S. citizens and was in the process of buying a home when he was notified that his TPS status had been rescinded, thus virtually forcing him to return to his native country within 18 months. This would be devastating not only for him and his family but also for his colleagues at Advanced Roofing.

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We understand there is a need for reform of a program entitled "temporary" for persons who have been here legally working for many years. However, terminating TPS for individuals such as Dhjym Joseph without a reasonable alternative, given the workforce needs of our industry, makes no sense from an economic perspective, and it is also unfair to persons who have worked successfully and legally for many years.

During the 115th Congress, NRCA supported bipartisan legislation to allow qualifying TPS individuals from El Salvador, Haiti and Honduras who have been working legally in the U.S. for many years to adjust to legal permanent resident status, so they may continue contributing to their communities and our economy. TPS holders from these countries have a workforce participation rate of over 80 percent and are vital employees for roofing contractors and many other U.S. employers.

NRCA urges Congress to work on a bipartisan basis to address this urgent issue by approving legislation to allow TPS individuals who have a demonstrated track record of working legally in the U.S. to adjust to permanent legal resident status. We appreciate the introduction of the Dream and Promise Act (H.R. 6) by Chair Velazquez and other lawmakers, which would provide a permanent solution for both qualifying TPS workers and DACA individuals. We urge Congress to move forward on this issue in a bipartisan manner as soon as possible. While we are aware that the administration's orders to rescind TPS for various countries are now under injunction due to pending legal challenges, Congress should address this issue with legislative reforms. NRCA looks forward to working to bring about a bipartisan legislative solution to this vital issue in which the lives of so many hard-working individuals are at stake.

Conclusion

To conclude, workforce shortages are the single biggest challenge facing roofing industry employers in today's economy. NRCA urges lawmakers to work on a bipartisan basis in support of immigration reforms that address our industry's workforce needs along with the security needs of the American people. We urge you to support increased economic growth by enacting the Workforce for an Expanding Economy Act and legislation to provide a permanent solution for TPS and DACA individuals. We look forward to the opportunity to work with Congress on these issues which are of critical importance to the roofing industry.

Thank you again for the opportunity to provide NRCA's perspective on the importance of immigration reform to small businesses at today's hearing. I would be pleased to answer any questions from committee members.



TESTIMONY

REFORM AND EXPAND THE US VISA SYSTEM FOR HIGH-SKILLED WORKERS

Daniel Griswold

Senior Research Fellow and Codirector, Trade and Immigration Project, Mercatus Center at George Mason University

House Committee on Small Business
Immigration and the Small Business Workforce

May 22, 2019

Thank you, Chairwoman Velázquez, Ranking Member Chabot, and members of the committee for the opportunity to talk about the urgent need to reform the US visa system to better serve our nation in the 21st century. I'm a senior research fellow and codirector of the Trade and Immigration Project at the Mercatus Center at George Mason University. The Mercatus Center is the world's premier university source for market-oriented ideas—bridging the gap between academic ideas and real-world problems.

Today, I would like to suggest the following three takeaways:

1. The H-1B visa program and the high-skilled immigration it facilitates are key to the prosperity of the US economy, including the healthcare sector.
2. Small businesses as well as large businesses have a stake in a more modern, streamlined, and market-driven immigration system.
3. Key reforms should include raising the cap on annual H-1B visas and employment-based green cards and repealing the antiquated per-country quotas on green cards.

High-skilled immigration to the United States has been and continues to be a fundamental driver of wealth and job creation. If the United States is to avoid losing an ever-greater pool of talent to other developed nations, then it needs to ensure that its talent-based visa system continues to attract the best and brightest that the world has to offer.

H-1B VISAS ARE INTEGRAL TO THE US ECONOMY

The H-1B visa program, created by Congress in 1990, has played a fundamental role in promoting innovation and business growth in the United States for almost 30 years. The work-focused visa allows US companies to hire high-skilled workers, predominantly in the computer and information technology sectors. Under the H-1B visa program, 65,000 new visas are issued every year, with an additional 20,000 available to workers with a master's degree or higher from a US institution. These temporary visas last for three years and can be extended for an additional three years.

The H-1B visa is an integral part of an immigration system that, for all its shortcomings, has been an effective on-ramp for immigrants to become permanent contributors to the American economy and society. Under the US system, foreign-born students can study in the United States under an F-1 visa,

For more information or to meet with the scholar, contact

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The ideas presented in this document do not represent official positions of the Mercatus Center or George Mason University.

qualify for one to three years of employment after graduation under the Optional Practical Training (OPT) program, work under the H-1B program for up to six additional years, apply for legal permanent residency status through an employment-based green card, and eventually apply for citizenship.

Welcoming immigrants with talents, skills, and ambition has been a blessing to the US economy and the nation as a whole. As Mercatus Center scholars find in a recently published policy brief,¹ the economic benefits of the H-1B visa program go beyond the foreign-born workers themselves to boost investment and innovation in ways that create significant opportunities for Americans. Recent research has demonstrated that H-1B immigrants to the United States tend to generate more patentable technologies than natives: though they constitute 18 percent of the 25-and-older workforce, immigrants obtain 28 percent of high-quality patents.² Other research examining short-run fluctuations in the number of H-1B visas similarly concludes that immigrants add to aggregate innovation.³ The greater number of patents contributes to productivity gains for American workers.⁴ The more productive American workers become, the more their wages are likely to rise.

Academic research has also demonstrated that H-1B visa holders actually increase the wages of Americans because of the complementary nature of their skills. Matthew Slaughter, former member of President George W. Bush's Council of Economic Advisers, noted in a survey of immigration and productivity growth, "Skilled immigrants tend to complement, not substitute for, native-born workers in U.S. companies. Companies that hire more skilled immigrants tend to hire more native-born workers as well."⁵ Another study revealed "that a rise in the growth of foreign STEM workers by one percentage point of total employment increases growth in the wages of native college educated workers by a statistically significant 7-8 percentage points."⁶

Attracting skilled foreign-born workers is especially important for America's healthcare sector. One in four medical doctors in America is foreign born, and that share is often much higher in underserved, rural areas.⁷ With an average of 10,000 baby boomers reaching age 65 each day, the demand for doctors in America is expected to grow by 90,000 new physicians by 2025.⁸ Without an adequate number of doctors, patients will face longer waiting times and inferior service. Foreign-born doctors graduating from US medical schools and the top graduates from accredited foreign medical schools are readily available to fill the gap.

Yet only 4.1 percent of approved H-1B visas in fiscal year (FY) 2017 (14,884) were issued to workers in medicine and health. Just over half of those visas were for physicians and surgeons (7,704), according to the Department of Homeland Security's most recent report on the H-1B workforce.⁹ The J-1 visa waiver program for international medical students is another channel, but that program requires congressional reauthorization each year. Doctors from India are typically forced to wait for years or

¹ Daniel Griswold and Jack Salmon, "Attracting Global Talent to Ensure America Is First in Innovation" (Policy Brief, Mercatus Center at George Mason University, Arlington, VA, April 2019).

² Jay Shambaugh, Ryan Nunn, and Becca Portman, *Eleven Facts about Innovation and Patents* (Washington, DC: Brookings Institution, 2017).

³ William R. Kerr and William F. Lincoln, "The Supply Side of Innovation: H-1B Visa Reforms and US Ethnic Invention," *Journal of Labor Economics* 28, no. 3 (2010): 473-508.

⁴ Saul Lach, "Patents and Productivity Growth at the Industry Level: A First Look," *Economics Letters* 49, no. 1 (1995): 101-8.

⁵ Matthew J. Slaughter, "The Contributions to America of Skilled Immigrant Workers" (White Paper, AC Alliance, Washington, DC, October 2016), 8.

⁶ Giovanni Peri, Kevin Y. Shih, and Chad Sparber, "Foreign STEM Workers and Native Wages and Employment in US Cities" (NBER Working Paper No. 20093, National Bureau of Economic Research, Cambridge, MA, May 2014).

⁷ Miriam Jordan, "Rural Areas Brace for a Shortage of Doctors Due to Visa Policy," *New York Times*, March 18, 2017.

⁸ Rao Kamran Ali, "Congress Must Remember the Critical Role Foreign Medical Graduates Play in Serving Americans," *The Hill*, March 23, 2018.

⁹ US Department of Homeland Security, "Characteristics of H-1B Specialty Occupation Workers: Fiscal Year 2017," April 2018, tables 8A and 9A.

even decades to receive a green card because of the antiquated 7 percent cap the United States still imposes on visas for workers from any one country.

Many high-skilled foreign-born workers in the US workforce begin their journey as students at US universities and colleges enrolled under the F-1 student visa program. In 2018, 1,094,792 international students studied at US colleges and universities, representing roughly 1 in 20 college students. These international students contributed \$39 billion in economic activity and supported more than 455,000 jobs in the US economy during the 2017/18 academic year.¹⁰ In New York, for example, during the 2017/18 academic year, 121,260 international students were enrolled in postsecondary institutions. Those students generated \$5 billion in economic activity and created or supported 58,095 jobs in the state. In Ohio, 37,583 international students were enrolled, generating \$1.2 billion in economic activity and creating or supporting 14,474 jobs.¹¹

IMMIGRATION AND SMALL BUSINESS

Immigration is just as important to small businesses as it is to large corporations. With the unemployment rate less than 4 percent and job openings exceeding available workers, small business owners across America are facing the same tight labor conditions as other employers. A recent survey of small business owners found that more than a quarter of them identified immigration policy as their top concern.¹² Immigrant workers play a key role in meeting the workforce needs of such small-business sectors as hotels and restaurants, construction, landscaping, retail, and services, not to mention family farms. Immigrants are also more likely than native-born Americans to become entrepreneurs and small business owners themselves.¹³ One recent demographic study found that immigrants account for 40 percent of new businesses in California, New York, and New Jersey.¹⁴

The current US immigration system can pose big challenges for small business. Small enterprises typically lack access to the legal and human resources expertise necessary to navigate the complexities of US immigration law. They are less able to bear the expenses and compete successfully to secure the limited H-1B visas for the most skilled foreign workers. The cost of processing an H-1B visa or green card can be prohibitive for a small enterprise. A survey by the Government Accountability Office found that 60 percent of small businesses “incurred significant business costs resulting from petitions denied due to the cap, delays in processing H-1B petitions, and other costs.”¹⁵ Unlike large multinational companies, small businesses do not have the options of locating certain operations off-shore or of transferring employees from abroad through the L-1 visa.

THE US VISA SYSTEM NO LONGER MEETS CURRENT NEEDS

The H-1B Visa

Despite the growing workforce needs of the US economy and the economic opportunities that the H-1B visa program has brought to the United States, the program has become noticeably more restrictive in recent years. Historically, H-1B visa approval rates for visas awarded in the lottery have fluctuated between 75 percent and 87 percent since 2007; however, in 2017 the percentage of H-1B visa applications that were approved fell to just 59 percent. US Citizenship and Immigration Services

¹⁰ NAFSA: Association of International Educators, “NAFSA International Student Economic Value Tool,” accessed February 25, 2019, https://www.nafsa.org/Policy_and_Advocacy/Policy_Resources/Policy_Trends_and_Data/NAFSA_International_Student_Economic_Value_Tool/#stateData.

¹¹ NAFSA: Association of International Educators, “NAFSA International Student Economic Value Tool.”

¹² Lori Ioannou, “The \$4.8 Trillion Immigration Issue That Is Being Overlooked by Washington,” CNBC, February 13, 2019.

¹³ Fiscal Policy Institute, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy*, June 2012.

¹⁴ Lori Ioannou, “The \$4.8 trillion immigration issue that is being overlooked by Washington.”

¹⁵ Government Accountability Office, *H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program*, January 2011, quoted in David Bier, “H-1B Visa Quotas Greatly Restrain Small Business Expansion,” *Forbes*, June 17, 2012.

(USCIS) received 190,098 H-1B visa applications in FY 2018, a 4 percent drop from 2017, when 199,000 applications were filed. That is also a sharp decline from the peak in 2016, when the government received 236,000 applications. The dramatic increase in denials and Requests for Evidence (RFEs) is having a negative effect on the number of high-skilled workers applying for H-1B visas.

In order to avoid stifling the great innovation and financial investment in the United States that comes with having a highly skilled migrant labor force, the existing H-1B visa program will need to expand its tight cap of 85,000 visas. The number of existing visas under the H-1B visa program represents less than half the revealed demand for H-1B visas in 2018. Last year, US companies filed 190,098 applications for H-1B workers, but the maximum allocated number of H-1B visas under the current lottery system was only 42 percent of the visas requested by US employers.

The existing cap of 65,000 regular H-1B visas was originally set by Congress in the Immigration Act of 1990. Congress temporarily raised the cap to 195,000 in FY 2001 to 2003, but then it was allowed to drop back to 65,000. In 2004, Congress exempted an additional 20,000 H-1B visas a year from the annual limit for foreign-born workers with a master's degree or higher from a U.S. university.

The 65,000 cap on regular H-1B visas remains where it was in 1990 despite the growth of the US labor force and the advent of the information technology economy, where 70 percent of H-1B workers are employed. In 1990, when Congress set the still-binding cap, there was no World Wide Web available to the general public, no Google, Facebook, or Amazon, and no ecosystem of high-tech startups and “unicorns” that exist today employing high-skilled workers to innovate and create new products.¹⁶

Meanwhile, since 1990, while the H-1B visa cap has remained stuck at 65,000, the US workforce has grown by 38 million, from 119 million to 157 million. The number of jobs in “professional, scientific, and technical services,” which includes computer and information technology workers, has doubled from 4.6 million to 9.4 million. The number of jobs in healthcare, including hospitals and ambulatory care, has nearly doubled, from 6.5 million to 12.9 million.¹⁷

Employment-Based Green Cards

Another layer of the US immigration system that has been frozen in time since 1990 is the number of employment-based “green cards” for legal permanent residents. Despite the growth in the US economy and labor demand in the past three decades, the number of employment-based green cards remains fixed at 140,000 as set by the Immigration Act of 1990. About half of the green cards issued each year are not for primary workers, but for spouses and minor children. The visas are also limited by per country quotas, which bars more than 7 percent of the visas from going to immigrants from any one country, contributing to the long backlogs. The green cards are closely linked to the H-1B program, since the H-1B is a “dual intent” visa that allows the holder of the temporary “nonimmigrant” visa to apply for permanent status.

REFORMING THE VISA SYSTEM FOR THE 21ST CENTURY

The US visa system needs to be reformed at multiple levels to function in the best interest of our nation. Based on our research at the Mercatus Center and the changes in the economy outlined above,¹⁸ the following reforms would help bring the US visa system in alignment with current needs:

¹⁶ Stuart Anderson, *The World Has Changed Since 1990, U.S. Immigration Policy Has Not* (Arlington, VA: National Foundation for American Policy, September 2015).

¹⁷ Bureau of Labor Statistics, “All Employees, Thousands, Ambulatory Health Care Services,” accessed May 14, 2019, <https://data.bls.gov/timeseries/CES6562100001>; Bureau of Labor Statistics, “All Employees, Thousands, Hospitals,” accessed May 14, 2019, <https://data.bls.gov/timeseries/CES6562200001>.

¹⁸ Griswold and Salmon, “Attracting Global Talent”; Daniel Griswold, “Reforming the US Immigration System to Promote Growth” (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, October 2017).

Raise the H-1B cap to meet the demands of the US labor market. The number of regular H-1B visas should at a minimum be doubled to 130,000, which would generally reflect the growth since 1990 in the sectors of the workforce (such as information technology and healthcare) where high-skilled workers are most in demand. A tripling of the number of visas to 195,000 would be even better, roughly matching the current level of demand for visas as revealed each April when the application process opens. The higher cap should contain an annual escalator tied to the growth of the overall workforce or ideally those sectors where H-1B workers are more likely to be employed. In addition to more regular H-1B visas, an additional 20,000 visas should be maintained for foreign-born students who earn a postgraduate degree from a US institution. The cap could be repealed altogether for H-1B workers in the healthcare field, just as the cap has been lifted for H-1B workers at universities and nonprofits.

Congress should not worry about setting the H-1B cap too high. The experience of the early 2000s showed that the market itself sets a cap on the number of visas by the labor force demand in the economy. When the dot-com bubble burst in 2000/01, the number of H-1B visa petitions issued fell to 79,100 in FY 2002 and 78,000 in FY 2003, even though Congress had temporarily raised the cap to 195,000 in those same years. The more than 100,000 unclaimed H-1B visas in each of those years demonstrated that visa applications are highly responsive to labor market conditions.¹⁹ A much higher cap would also reduce or even eliminate the need to apportion H-1B visas by the lottery system and would instead ensure that visas would not be arbitrarily denied to the most skilled and economically valued workers.

Increase the number of employment-based green cards. The 1990 cap of 140,000 should be at least doubled to reflect the growth in the sectors most in need of high-skilled workers. As an alternative or additional reform, the spouses and minor children of the primary green card worker should be exempt from the cap. The additional visas could be increased proportionately among the major employment-based preference categories or realigned according to more specific needs of industry and the US labor market. Such an increase would, for the reasons outlined above, boost US economic growth, innovation, and productivity while slowing the decline of US labor-force growth and improving the fiscal position of the US government. And by matching any growth in H-1B visas, the increase in the number of employment-based green cards would avoid aggravating the existing backlogs for skilled-immigrant green cards.

Repeal the per-country quotas on employment-based green cards. Under the quotas, the number of family and employment preference visas that can be issued to people from any one country is limited to 7 percent of the annual total. That is an effective cap of about 25,000 per country. The cap is currently binding for potential immigrants from China, India, Mexico, and the Philippines, which creates long waiting lines for employment visas even when an employer is ready to hire the potential immigrant, who may have proven to be a productive employee while on a temporary visa.²⁰ The caps have the effect of discriminating against potential immigrants based solely on their place of birth while having the practical effect of denying legal permanent resident status to well-qualified candidates who have already proven their value to their employers and the US economy.

¹⁹ Anderson, *The World Has Changed Since 1990*, 8.

²⁰ Pia M. Orrenius and Madeline Zavodny, *Beside the Golden Door: US Immigration Reform in a New Era of Globalization* (Washington, DC: AEI Press, 2010), 20.

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

CHRISTEL SLAUGHTER, PhD, CHAIR
SMALL BUSINESS COUNCIL

TOM SULLIVAN, EXECUTIVE DIRECTOR
SMALL BUSINESS COUNCIL

June 7, 2019

The Honorable Nydia Velazquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Statement for the Record; Hearing on Immigration and the Small Business Workforce

Dear Chairwoman Velazquez and Ranking Member Chabot:

Thank you for holding a hearing on May 22, 2019 on immigration and the small business workforce. I ask that this statement be included in the Committee's official hearing record.

My name is Ian MacLean, President of Highland Landscaping based in Southlake, Texas and Vice Chairman of the U.S. Chamber of Commerce's Small Business Council. The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Over 99% of private sector businesses in the United States are defined as small.¹ Similarly, the vast majority of Chamber member companies are small businesses and the Small Business Council works to ensure their views are considered as part of the Chamber's policy-making process.

Our Small Business Council Executive Director, Tom Sullivan, outlined the Chamber's small business priorities during a hearing before your Committee earlier this year.² In his testimony, Tom explained that the Chamber has long supported common sense reforms to our broken immigration system, and he stressed that reforming America's immigration system is an economic necessity due to the worker shortage that I personally experience every day as a small business owner.

² *Small Business Priorities for the 116th Congress*, U.S. House of Representatives, Committee on Small Business (February 13, 2019), viewable at: <https://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=367>.

The focus of our business is the installation of landscaping, irrigation, and drainage in commercial new construction. We have a tremendous and growing need for year-round workers, drivers, and crew managers at our company. The new construction opportunities in North Texas are abundant. However, we are missing many of these opportunities because we do not have the manpower to perform on all of the bids and contracts that are within our grasp. We have been in business for 17 years and only in the last few years has this issue grown into a severe problem. We want to continue to grow our business because the market and opportunities are there, but my inability to find enough workers is the single biggest hindrance preventing me from expanding my operations.

Businesses all over North Texas, and in many other areas of the country, are fighting the same battle. Talk with any developer or general contractor and they will tell you the difficulties they face due to the shortage of workers. Many construction industry companies have unwillingly downsized because they cannot find workers. The worker shortage extends far beyond the construction industry and inhibits business growth in many industries across North Texas.

If businesses like mine across the United States can access workers, we are poised for growth that would benefit our communities. When we grow, we buy vehicles, trailers, tools, equipment, materials, and supplies. Then, we add office staff to manage the additional business, and buy desks, computers, phones, and other office equipment. Then, we upgrade and repair systems and services, renovate buildings, build a new building or move to a bigger one, buy more office lunches and dinners, take more trips, buy new cars, build new houses for our families, and other actions that improve the quality of life for us and our employees.

Immigration reform is key to generating the growth to keep our economy strong. The Chamber believes that efforts to fix our broken immigration system should prioritize the following elements:

- Improving our border security efforts;
- Reforming our employment-based green card system and implementing temporary worker programs to ensure that American businesses can meet their workforce needs;
- Updating the employment verification system in a manner that not only works for businesses of all sizes, but vastly improves upon our ability to verify that workers are authorized for employment in the U.S., and;
- Responsibly addressing the issue of the 11 million people who are living in the U.S. without authorization by providing them with an opportunity to obtain legal status.

We understand that immigration issues are politically contentious and we acknowledge that there are many different ways for Congress to move forward and effectively address these issues. Not every issue must be addressed in one fell swoop. For example, the Chamber supports H.R. 6, the American Dream and Promise Act, which would provide qualifying Dreamers and Temporary Protected Status (TPS) recipients with the opportunity to obtain lawful permanent residency in the U.S.

Many businesses of all sizes across the U.S. employ Dreamers and TPS recipients, as over 1 million of these people currently possess the legal authorization to work. H.R. 6 would provide them with the certainty that they could remain in the U.S. without fear of deportation, which in turn would provide businesses with the assurance that they need not fear the loss of valued employees.

While providing protections for Dreamers and TPS recipients is critical, there are many other issues that Congress must address to ensure that the United States continues to grow economically. What is most frustrating to Main Street businesses like mine is that from our view, members of Congress seem more intent on scoring political points against their opponents than they are on addressing very serious problems facing the U.S. Border security efforts need to be improved, and the legal immigration system needs to acknowledge economic realities and provide businesses like mine with the ability to hire workers when we cannot find them domestically.

I am confident that lawmakers, working with the Chamber, can find solutions to these problems. We can improve security and provide employers of all sizes and across all industries with the ability to legally obtain the workers they need to grow and create jobs, which, in turn, will help protect the interests of American workers by preventing unauthorized employment in the future.

Thank you for the time your Committee is taking to examine these important issues and I am grateful to be working with the U.S. Chamber of Commerce to make progress on our mutual goals. Please do not hesitate to contact Tom Sullivan, who heads our Small Business Council, if you have any questions.

Sincerely,



Ian MacLean
President
Highland Landscaping
Southlake, Texas

