

Heartland Hospitality: Serving the Needs of the Midwest Economy through Immigration

Sara McElmurry

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Executive summary

The leisure and hospitality sector is a crucial part of the Midwest economy. Its vitality increasingly depends on immigrant workers and entrepreneurs, as US-born workers—with increasingly higher levels of education and shifting professional interests—seek work outside an industry that often requires long, demanding hours at relatively low hourly wages. Immigrants are a skilled, dependable, and growing part of the hospitality workforce, but limited visas—if any—for their legal hire mean that many do the work without authorization, creating challenges for employers and employees alike. As the country has grappled with immigration reform, the sector has struggled to fill jobs, particularly back-of-the-house positions in restaurant kitchens and hotel housekeeping departments.

In addition, limited visa options for immigrant entrepreneurs hamper their ability to build the independent hotels and restaurants that form the backbone of business districts in communities across the region. Lack of visas also reduces their opportunities to innovate and serve the creative cuisines that have contributed to US culinary culture.

The industry's workforce challenges are complex, and an updated immigration system offers an important step in filling labor gaps. The immigration system must be updated to provide visas that facilitate the hiring of

immigrants, protect them from exploitation, and allow them to build their businesses.

Past legislative attempts to reform the immigration system have languished in a divided Congress. And now, the Trump administration's crackdown on unauthorized immigrants and support for legislative proposals to dramatically reduce legal immigration offer little hope for a sector that relies on foreign-born workers to stay fully staffed.

It falls to Congress to create the supports and visas necessary for the sector to thrive. Midwest hospitality would benefit from a number of immigration policy changes:

- A visa system that is responsive to labor market needs;
- A process for unauthorized workers to adjust their status to legally work in their current jobs;
- A reliable and consistent employment verification system to hire new workers; and
- Visa channels that allow a wider variety of immigrant entrepreneurs to build businesses.

Immigration reforms are needed for the growing leisure and hospitality industry in the Midwest to thrive and bolster the region's economy.

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Introduction

Leisure and hospitality—a sector that includes hotels and food services along with arts, entertainment, and recreation—is the sixth fastest-growing industry in the country.¹ Restaurants employ some 14 million people nationwide, making them the second largest private-sector employer.

In the Midwest, the hospitality industry represents nearly 10 percent of all jobs across the 12-state region (see figure 1). Analysts expect the industry to grow 1 percent between 2012 and 2022, a jump that will require 1.3 million additional workers across the nation.²

Yet hospitality jobs have become more and more difficult to fill. According to a 2014 National Restaurant Association survey, 59 percent of casual dining, 51 percent of fine dining, and 47 percent of family dining establishments said recruiting and retaining employees was a significant or moderate challenge.³ An aging

Though just 13 percent of the US population, immigrants make up 31 percent of workers in the hotel and lodging industry nationally and 22 percent in the food service industry.

workforce, rising education levels, and low wages are among the reasons that workers are increasingly difficult to find, as US workers exit the sector to find better paying, less demanding jobs in other industries.⁴

Workforce gaps in this sector are especially acute in the Midwest. With its native-born population aging and declining, the Midwest has come to rely on working-age immigrants to revitalize the workforce across a variety of sectors, including hospitality.⁵ In addition, growing numbers of independently owned hotels and restaurants across the country are owned by immigrant entrepreneurs, who are key to revitalizing “Main Street” business corridors in languishing Midwest communities.⁶ Despite accounting for just 13 percent of the US population, immigrants make up 31 percent of workers in the hotel and lodging industry⁷ nationally and 22 percent (1.8 million people) in the food service industry.⁸

Despite the crucial role that foreign-born workers play in the hospitality sector, few legal channels exist to hire them under the nation’s outdated immigration system. And flaws with the employment verification

Figure 1

Leisure/hospitality jobs as a percentage of employment in Midwest states, June 2017

State	Number of jobs	Employed	Percentage
Illinois	602,100	6,160,900	9.77
Indiana	310,400	3,231,300	9.60
Iowa	144,400	1,633,100	8.84
Kansas	126,700	1,428,700	8.87
Michigan	432,900	4,677,800	9.25
Minnesota	270,300	2,925,600	9.24
Missouri	310,300	2,936,900	10.57
Nebraska	93,000	977,100	9.52
North Dakota	39,800	409,700	9.71
Ohio	554,700	5,490,900	10.10
South Dakota	48,900	443,800	11.02
Wisconsin	283,700	3,064,000	9.26
Average	3,217,200	NA	9.65

Note: Percentage of employment is equal to number of hospitality jobs in each state divided by number of employed people in each state.

Source: Chicago Council on Global Affairs analysis of US Bureau of Labor Statistics “Economy at a Glance” for 12 Midwestern states, accessed August 15, 2017, <https://www.bls.gov/eag/>.

system make hiring immigrants legally a challenge. As a result, significant numbers work without authorization. This leaves employers exposed to the threat of workplace ICE (Immigration and Customs Enforcement) raids and leaves employees vulnerable to exploitation. Additionally, no visa exists for foreign-born entrepreneurs looking to build businesses in the United States.

“Immigrants have always been the backbone of the hospitality industry,” says Billy Lawless, an Irish immigrant who has owned and operated bars and restaurants in Chicago since 1998. His successful businesses employ more than 300 people in the city, yet he struggles to find workers, especially entry-level workers, in what he calls a “tight market.”⁹ Numerous Midwest businesses have closed in recent years, citing worker shortages (see box 1).

“The system handcuffs us,” says Lou Demarchi, who manages a Hilton Hotel in suburban Chicago. “There’s a labor force out there, but we can’t legally employ them.”¹⁰

Recent immigration policy developments are poised to aggravate these workforce challenges. Increasingly restrictive immigration policies—including executive orders and a Senate proposal to cut legal immigration by as much as 50 percent¹¹—further compromise employers’ ability to hire these invaluable workers. An uptick in workplace ICE raids threatens to wipe out workforces and separate unauthorized workers from their families.

The hospitality industry urgently needs updated immigration policies that respond to labor market needs, create sustainable jobs for all workers, and facilitate the legal, regulated hiring of immigrants. It needs an expansion—not restriction—of the system to stay fully staffed and open for business.

Five key challenges to the hospitality industry will be examined in this paper.

- Challenge 1: Workforce gaps limit industry growth.
- Challenge 2: Limited visa channels create labor shortages.
- Challenge 3: Unauthorized status leaves workers and employers vulnerable.
- Challenge 4: Inconsistent, unreliable employment verification system complicates hiring.
- Challenge 5: Red tape stifles entrepreneurs.

An updated immigration system is critical for addressing the industry’s workforce challenges. The issue is complex, and a sustainable solution will require input from employers, industry associations, labor advocates, and native- and foreign-born workers alike.

Challenge 1: Workforce gaps limit industry growth

As the nation has emerged from the 2009 recession, the hospitality sector has enjoyed significant growth. American consumers with growing levels of disposable income are increasingly enjoying meals in restaurants, traveling, and vacationing.

According to industry analysts, the pace of hiring in the first half of 2015 was at its strongest since prerecession 2007, with restaurant and hotel job openings averaging 650,000 nationwide. That is an increase of 70,000 openings over the first half of 2014. The restaurant industry alone was responsible for about 31,000 new jobs each month in 2015 and about one in seven new jobs in the economy overall.¹² By 2020 the hotel industry

Restaurant and hotel jobs were the second-most difficult role to fill in the country in 2014, according to the ManpowerGroup’s annual Talent Shortage Survey.

is projected to see an increase of 141,000 jobs.¹³

Paradoxically, even though an improving economy has spurred tremendous growth in the sector, it has also contributed—along with an aging native-born workforce, rising education levels, and a sharp decline in immigration from Mexico¹⁴—to critical labor gaps in restaurants and hotels.

“When recessions come, you see people who have a high level of skills who lose their jobs. They become waitresses, waiters, baristas, cooks, whatever,” Warren Solochek, vice president of client development for food service at the NPD Group, a market research firm, explained in an interview with *The Detroit News*. “Then the economy improves, and those people go back to the jobs they once had. Then all of a sudden you have all these shortages.”¹⁵

Restaurant and hotel jobs were the second-most difficult role to fill in the country in 2014, according to the ManpowerGroup’s annual Talent Shortage Survey. Forty percent of all US employers reported they were challenged to fill open positions that year.¹⁶ And 18 percent of restaurant operators—a post-recession high—told the National Restaurant Association that recruiting and retention were their top business challenges in August 2015.¹⁷ Some regional restaurant owners report that

Employers struggle with not enough “cooks in the kitchen”

The lack of sufficient labor in Midwest restaurants has challenged—if not completely shuttered—businesses across the region. The Homestead Resort in Traverse City, Michigan, for example, closed its sports bar last summer after a job fair failed to attract even a single applicant, despite offering a \$15 starting wage, free skiing, golf, and other benefits.¹⁸ “It’s a simple game of numbers,” said a resort manager. “Supply and demand—huge demand for employees and small numbers to employ.”¹⁹

In suburban Detroit, a back-of-the-house hiring crisis moved managers to the kitchen to wash dishes at a Big Boy restaurant.²⁰ In Wisconsin, staffing challenges ushered the closure of at least three popular Green Bay-area restaurants last summer, one after a successful 20-year run in the city’s downtown district.²¹ Even an area Taco Bell scaled back its late-night drive-thru hours, citing a lack of staff.²²

Cincinnati, which has seen the addition of 10,000 restaurant seats over the past decade is also struggling to fill hospitality positions.²³ “There are more jobs available than there are talented, qualified people in the work force,” explained the co-owner of several upscale area restaurants. The lack of workers is driving up labor costs, which means that employers either work longer hours or raise prices to stay in the black.²⁴

Facing increasing hiring challenges, hospitality employers across the region have initiated recruitment efforts to attract immigrants and other groups. Hilton Garden Inn general manager Lou Demarchi has found an effective—if nontraditional—way to recruit housekeeping staff for his suburban Chicago franchise: “I hang up fliers on message boards in grocery stores right next to the for-sale ads for lawnmowers and other stuff.”²⁵

In his two decades working in the hospitality industry, Demarchi has come to depend on foreign-born workers to staff his hotels and has learned that effective recruitment means being visible in these communities. He has worked with local churches to recruit immigrant workers and offers his current staff bonuses for word-of-mouth referrals. “I’m absolutely reliant on immigrants—my staff is 70 percent foreign born,” he says.²⁶

Some groups engage high school students to build a pipeline of talent for the industry, addressing the marked decline of youth interested in industry careers. The Michigan Restaurant Association offers a two-year program, called Prostart, which teaches students kitchen skills and helps them earn industry certifications before they graduate.²⁷ The industry has also reached out to groups that often face challenges in finding employment. In 2013 Hilton Worldwide Holdings pledged to hire 10,000 military veterans in five years, a mission it completed two years ahead of schedule.²⁸

Despite these innovative recruitment initiatives and efforts to build worker pipelines, the industry faces continued challenges in finding workers to staff kitchens and hotels across the region.

they’re unable to expand as fast as they’d like because of limited workers, while others have been forced to close altogether (see box 1).

Hotel managers face similar hiring challenges.

“Finding a housekeeper used to be super easy, but now it has become the most difficult position to recruit in the whole hotel,” said Hilton’s Demarchi. He has turned to a number of grassroots recruiting tactics to find workers, ranging from hanging flyers in grocery stores to visiting churches to talk to prospective workers (box 1).²⁹ Data suggest Demarchi will have to become even more innovative in his hiring techniques: the number of available housekeeper jobs is set to increase by 183,400—nearly 13 percent—by 2022, according to the Bureau of Labor Statistics (BLS).

Workforce challenges are especially critical in the Midwest, a region where the workforce is smaller and grayer than in other parts of the country.³⁰ A recent

Deloitte Cincinnati USA survey revealed that there are 25,000 vacant jobs every day in the region.³¹

Shifting attitudes among youth

As highly skilled workers transition back into their prerecession jobs, restaurants and hotels often look to hire the teens and young adults traditionally employed in entry-level positions. But according to a survey from the National Restaurant Association, workers aged 16 to 19 comprised just 16.5 percent of industry labor in 2014, down 4.4 percent from the previous year.³² These statistics point to shifting trends among younger workers.

A 21-year industry veteran who has managed hiring for the opening of 14 casual dining restaurants in metro Chicago attributes the decline to generational differences. “Millennial workers prioritize [free time]. They don’t want to work in an industry where you don’t get

holidays off and [where] there’s a 55-hour minimum workweek,” he explained.³³

Higher levels of education among this generation are also driving their reluctance to jump into entry-level hospitality jobs. Research from Pew Research Center confirms that Millennials—youth aged 18 to 33 in 2014—are on track to be the most educated generation to date. Twenty-one percent of Millennial men and 27 percent of Millennial women were completing their bachelor’s degrees in 2014, up from 17 and 14 percent of Baby Boomers and 18 and 20 percent of Gen Xers when they were the same age.³⁴

Low wages for demanding work

Food preparation and serving-related jobs, which include a wide range of workers from cooks to dishwashers, paid a national mean of \$11.47 hourly in May 2016, or \$23,850 annually.³⁵ Industry averages rank comfortably above the federal minimum wage of \$7.25, but actual pay, access to tips, and physical demands vary widely among jobs.

“The cook [who earns no tips] has to work double or triple the amount of time a [tipped] waiter does to get the same amount of dollars,” Chef Luciano Del Signore, owner and chef at an upscale Southfield, Michigan, restaurant told *The Detroit News*. “It’s forcing restaurateurs to really create better benefits and retirement packages to retain people and to try and become more attractive in the marketplace.”³⁶

Increased demand for workers is prompting some employers to raise wages and provide paid sick days and other benefits. While the average wage for a Midwest food worker is \$10.69, many employers interviewed for this report offered hourly wages above \$12 (see figure 2).

Yet wages are not rising fast enough to keep up with the cost of living, especially in large cities, where analysts caution that low pay limits the industry’s pool of willing workers.³⁸ Industry workers, unable to afford rent in city centers, seek more affordable housing that is often far from the restaurants and hotels where they work, which cuts availability for early-morning and late-evening shifts.³⁹ Workers who are able to find jobs in more lucrative fields often leave the hospitality sector completely.

“We all have to professionalize a little more,” says Josh Kulp, owner of Chicago’s Honey Butter Fried Chicken. He participates in an industry association known as RAISE that advocates for fair wages and

Figure 2

Mean wages for food preparation and serving-related occupations in Midwest states (May 2016)

State	Mean hourly wage
Illinois	\$11.09
Indiana	\$10.18
Iowa	\$10.16
Kansas	\$9.95
Michigan	\$10.90
Minnesota	\$11.50
Missouri	\$10.35
Nebraska	\$10.93
North Dakota	\$11.70
Ohio	\$10.65
South Dakota	\$10.53
Wisconsin	\$10.33
Average	\$10.69

Source: Chicago Council on Global Affairs analysis of US Bureau of Labor Statistics “May 2016 State Occupational Employment and Wage Estimates” for 12 Midwestern states, accessed August 15, 2017, <https://www.bls.gov/oes/current/oesrcstc.htm>.

working conditions for industry workers. Honey Butter offers an average hourly wage of \$15 along with sick days, healthcare benefits, profit sharing, and paid vacation and parental leave. “People were concerned about our [food] prices when we first opened compared to fast-food fried chicken restaurants. We’ve learned that people are less concerned if they like what they paid for. The food has to be spectacular, and the service has to be incredibly good.”³⁹

Does immigrant labor depress industry wages?

Low wages are consistently cited as a source of challenges in the hospitality industry. But economists disagree as to whether the sector's reliance on immigrant workers is a cause—or effect—of those wages.

A 2016 report from the National Academy of Sciences, Engineering, and Medicine convened 14 leading national economists—immigration supporters and skeptics alike—to draft a 500-page review of how immigrants affect wages and employment for US-born workers.⁴⁰ Overall, the report found “little to no negative effects” on long-term wages and employment for native-born workers.

Harvard University economist George Borjas, part of the team behind the National Academy report, contends that while the overall effects are small, immigrants reduce the wages of native-born high school dropouts—a core part of the hospitality workforce—by as much as 5 percent.⁴¹ A 2013 study from the Congressional Budget Office, however, found that increasing the supply of unauthorized workers—via a pathway to citizenship—decreases wages by 0.1 percent in the short term but increases them by 0.5 percent in the long term.⁴²

A 2015 study demonstrated how immigrants increase the availability of services—and jobs—in the nontradable sector, including hospitality and food service.⁴³ And other research demonstrates how low labor costs for undocumented immigrant workers generate higher profits for local businesses, which improves employment options for low-skilled US workers.⁴⁴ This is especially important for restaurants and hotels, which operate on some of the narrowest profit margins of any industry. In any case, a hospitality workforce without immigrants would drive up prices significantly in an industry that says it already struggles to absorb rising labor costs.

Many Midwest employers say they offer pay well above the minimum wage but would struggle to meet growing pressure for mandated increased wages. “If I have to pay more, I have to charge more,” says David Borris, founder of Hel’s Kitchen Catering in suburban Chicago, where minimum wage is currently \$11 hourly. Borris plans to offer a minimum \$12 hourly wage by January 2018 and build up to \$15 over the next three years. “It would be a struggle to get there overnight,” he says.⁴⁵

Even generous wages are not enough to offset the physical demands of labor in some places. “The most difficult job in a hotel is housekeeper. They clean 16 rooms a day,” says Richard Brink, who, like Demarchi, runs a Hilton Hotel franchise in suburban Chicago. “You’re not going to find a 22-year-old college graduate to do that work for \$10 an hour, not even \$25.”⁴⁶ The national median hourly wage for maids and housekeeping cleaners was \$10.09 in May 2016, or \$23,640 annually.⁴⁷

In addition to calling for higher hourly wages, labor groups advocate for measures that mitigate the physical demand of industry jobs. Ashwini Sukthankar, director of global campaigns for UNITE-HERE, a labor union representing hotel and food service workers, highlights successfully negotiated union contracts that reduce room quotas, allow housekeepers to work in pairs to reduce the burden of lifting and lowering heavy mattresses

when changing beds, and provide long-handled tools and carts that allow cleaning without excessive crouching and twisting. Sukthankar underscores the need to include industry workers in much-needed conversations

The industry's combination of low wages and physical demands creates some of the highest turnover rates amongst US workers.

about appropriate compensation and working conditions given the real physical demands of the industry.⁴⁸

As is, the industry's combination of low wages and physical demands creates some of the highest turnover rates amongst US workers—4.2 percent among hotel and food service workers in November 2016—according to BLS data.⁴⁹ “Turnover is astronomical. We hire six to ten people, and we end up keeping just one,” says a suburban Chicago restaurant manager.⁵⁰

Dependence on foreign-born workers

The physical demands and relatively low pay of hospitality jobs, especially for untipped kitchen and housekeeping staff, leave the biggest workforce gaps in the “back of the house” at restaurant and hotels. “There are better options for US high school graduates, like work at the

front desk. They make more money, and it's less tedious work, less physically demanding," says Demarchi.⁵¹

As a result, back-of-the-house jobs are often filled by foreign-born workers, either temporary workers or immigrants with limited English-language skills or no work authorization. "At least 80 percent of my kitchen [staff] was not born in this country," says a suburban Chicago restaurant manager, who notes that turnover rates among immigrant, back-of-the-house workers is lower than in other parts of the restaurant. "Most of the

people in my kitchen have been with me for at least two years," he says.⁵²

Immigrants seeking better opportunities than they had in their home countries are sometimes the only applicants for a back-of-the-house job. Some employers cite a preference for foreign-born workers, lauding their dedication and strong work ethic.

"I've gone through six dishwashers in the [short time] we've been in business," says Gregory León, owner of Milwaukee-based Amilinda. "The first five were US citizens, and they were problematic—they'd complain,

Box 3

Nonimmigrant visa channels for hospitality workers

The temporary visa channels open to the leisure and hospitality sector to hire foreign-born employees are limited.

- **H-2B:** This visa is for the temporary hire of nonagricultural workers and is often used by hotels and resorts to hire a seasonal workforce, typically for summer and winter (ski) seasons. Before petitioning for an H-2B worker, an employer must demonstrate that there are not enough US workers willing or able to do the temporary work. The cap for H-2B visas is set at 66,000 annually, allocated in two cycles each fiscal year.⁵³ Industry employers maintain that the cap is not enough to meet demand and the seasonal nature of the visa falls short in helping them address year-round staffing shortages. September 2016 marked the expiration of a provision that had allowed previous H-2B workers to return to work and not be counted against the quota.⁵⁴
- **H-3 Visa:** This visa is designed for trainees in a variety of fields, including hospitality, who cannot receive professional training in their home countries. Employers must demonstrate that the trainee will not be placed in a position that regularly employs a resident worker. Trainees can stay in the United States for up to two years.⁵⁵ However, as on-the-job training is intended for work that will ultimately be performed outside of the United States, some employers are reluctant to invest time in training an employee they ultimately cannot keep on staff.
- **J-1 Visa:** Part of a federal Exchange Visitor program, this visa is extended to young people who participate in predesignated exchange and training programs. The visa allows companies to hire students and recent graduates to meet seasonal labor demands. Various J-1 programs cater to different career tracts. A four-month "Summer Work Travel" program is designed to allow foreign students to "experience and to be exposed to people and way of life in the United States."⁵⁶ "Trainee" programs are geared toward graduates, requiring five years of related work experience outside the United States.⁵⁷ Some J-1 employers are not required to pay a prevailing wage or payroll taxes, leading to concerns about worker exploitation and bypassing the hire of US workers.⁵⁸ Other documented abuses—including fraudulent job offers, substandard housing, and transportation issues—led the Southern Poverty Law Center to caution that the program "can potentially facilitate human trafficking."⁵⁹
- **L-1 Visa:** This visa is often used by international hotel chains to bring employees from abroad to work in the United States on temporary assignments.⁶⁰ As it is designed for managerial or executive-level employees, it does not address the industry's challenges in hiring entry-level workers. It is also not available for smaller, domestic employers who do not have an international presence.
- **Q-1 Visa:** This visa is issued to people who come to the United States to participate in an international cultural exchange program. As the visa allows participants to stay in the US for a maximum 15 months and cannot be extended, it does not create a consistent source of industry workers.⁶¹

These already limited visa channels may be soon be subject to additional restrictions. An executive order issued by the Trump administration in late January calls for review of "all regulations that allow foreign nationals to work in the United States," with specific mention of J-1 and L-1 visas.⁶² While updates to these visa programs are necessary—especially to address issues related to fraud and worker exploitation—employment data and employer testimonies show that the hospitality industry critically needs more, not fewer, channels to legally hire workers.

they'd arrive late, they didn't want to do the work. The sixth guy is an immigrant—he has stuck around and is doing a great job.”⁶³

In all but two of the 12 Midwest states, maid and housekeeping jobs are among the top 10 occupations that employ the largest share of foreign-born workers. Cooks ranked among the top 10 in several other states.⁶⁴ Immigration policy changes to facilitate the legal hire of workers for these positions, along with challenges related to wages and working conditions, must be addressed to help alleviate labor shortages.

Challenge 2: Limited visa channels create labor shortages

With restaurants and hotels increasingly reliant on foreign-born workers to fill gaps in their workforces, the industry has pointed to the inability of the current US visa system to accommodate demand. Temporary work visas offer a legal way for industry employers to hire foreign-born workers, often called “guest workers,” for short-term and seasonal work. But these programs are rife with challenges for employers and employees alike (see box 3).

The number of temporary visas available to employers each year is capped at a number that does not correspond with labor market needs. Seasonal visas fail to meet the needs of restaurants and hotels that experience year-round challenges in finding workers. And inconsistent oversight from the Department of Labor leaves temporary workers vulnerable to abuse, wage theft, or retaliation, as described later in this report (see box 7).

Challenges with H-2B visas

Much of the debate over visas has centered on the H-2B program, the temporary, nonagricultural visa used by hotels and resorts to hire seasonal workers (see box 3). Employer demand for H-2B guest workers far outpaces supply. At the height of the recession in FY2008 when domestic unemployment rates were climbing, American companies still filed requests for nearly 300,000 H-2B workers.⁶⁷ But these visas are capped at 66,000 annually, granted during two seasons per year.

“[Foreign workers] work hard, and they will work all the hours they can,” Bill Honerkamp, president of Black Hills, Badlands & Lakes Association told the Sioux City

Box 4

The Grand Hotel and foreign-born workers⁶⁵

Michigan's 125-year-old Grand Hotel on Mackinac Island is an iconic summer destination. Its 600-foot wrap-around porch draws tourists from across the Midwest—and across the world—to the Island every summer. But its remote location (the isolated island is 300 miles north of Detroit, accessible only by ferry), short season, and other factors make employee recruitment a challenge.

President Daniel Musser III has come to rely on H-2B workers to keep the hotel running, as do 70 other Northern Michigan resorts. Congress' 2016 decision not to renew a “returning workers” provision in the H-2B program has left many on the island scrambling to find staff. The provision made more H-2B visas available because previous H-2B holders were allowed to return to work without counting against the 66,000 annual cap.⁶⁶

Staffing has been an issue on the island for years. In 2013 Musser urged the House Subcommittee on Workforce Protections to strengthen the H-2B program. “Our American jobs depend on our H-2B workers. It would be extremely difficult, if not impossible, for us to continue to operate successfully without H-2B workers—they are the lifeblood of our seasonal business,” he said.

Musser details how his team searches “high and low” for US workers to take positions, from attending job fairs to advertising in local and regional media to building “innovative”—if ultimately unsuccessful—programs to recruit unemployed, homeless, and disabled workers from local communities. The hotel, which employs 620 people every summer, hired 280 via the H-2B program in 2012.

The hotel is a cornerstone of Northern Michigan's tourism industry, generating a \$14 million annual payroll and spending some \$1.4 million locally for professional services, including advertising and accounting. Management has invested \$32 million in capital projects with Michigan contractors over the last 15 years.

“The potential closure of Grand Hotel would have a devastating impact on Mackinac Island, Northern Michigan, and the tourist industry in general,” according to the testimony.

Journal that year. “They’ll take jobs that go begging from applicants locally.”⁶⁸

Employers agree that this limited number of visas is a challenge, along with application deadlines and the recruitment process. Visa application periods run from October 1 through March 31 and again from April 1 through September 30.⁶⁹ Yet visa caps are traditionally reached within a few days of each opening, and employers cannot apply for an H-2B visa more than 120 days before they need employees. The system puts hoteliers that open later in a season at a disadvantage.⁷⁰

Through the years, a number of legislative provisions have allowed some previous H-2B visa holders to return to work for subsequent seasons and not be counted against the cap.⁷¹ In December 2016 Congress opted not to renew these provisions for returning workers, effectively halving the number of available visas. The change left some Midwest employers scrambling to find staff for the summer 2017 season.⁷² In July 2017 the Department of Homeland Security released 15,000 additional H-2Bs. While the move marks a 45 percent increase in the number of visas usually available for the second half of the fiscal year, it does not create a permanent solution to

Box 5

Do worker shortages actually exist?

While Midwest hospitality employers emphatically agree that labor gaps keep their restaurants and hotels chronically understaffed, economists disagree about the existence of true “shortages” in the workforce.

The basic rules of supply and demand dictate that raising wages would entice more workers to seek out training in “shortage” occupations. But the reality is more nuanced: real workforce gaps may develop as a result of rapid growth in an industry or because of the demanding or unappealing nature of the work⁷⁴—all reasons that broadly apply to the hospitality sector.

Complicating the matter, labor shortages are fundamentally difficult to measure. According to BLS economist Carolyn Veneri, “No single empirical measure of occupational shortages exists, nor does it appear that one can easily be developed,”⁷⁵ a statement supported by other economic research.⁷⁶ For a variety of reasons, metrics such as rising wages, unfilled vacancies, and unemployment rates—data currently gathered by the Bureau of Labor Statistics—fail to capture the intricacies of the labor market and to reconcile them against immigration policy.⁷⁷

As a result, governments across the globe struggle to facilitate immigration for workers in true “shortage” areas. Countries such as Australia and New Zealand assign “points” to potential foreign-born workers, but such systems may favor highly skilled labor and not reflect the need for lesser-skilled workers in shortage occupations.

The United Kingdom’s Migration Advisory Committee (MAC) is a promising—if evolving—model. MAC has developed a set of 12 indicators to study the labor market. Recognizing that each indicator alone is insufficient to accurately measure shortages, an occupation must meet given thresholds for at least half of the indicators to be classified as having a shortage. MAC also uses qualitative analysis—feedback gathered from employers, labor unions, and regional government groups—to provide nuanced analysis on occupations.⁷⁸ Shortage occupations are published on a list that the government uses to set criteria for migration. The methodology, first implemented in 2008, is continuously updated as research around skills shortages and the availability of public data evolves.⁷⁹ While MAC’s “top-down” meets “bottom-up” approach is comprehensive, experts warn that the inherent shortcomings of accurately analyzing the labor market make it important to supplement shortage lists with other channels for employment-based immigration.⁸⁰

Canada’s federal government works closely with provincial/territorial governments on immigration and labor market needs. Canada’s constitution defines immigration as a shared responsibility between federal and provincial/territorial governments. Most local governments participate in the Provincial Nominee Program, which allows them to nominate specific individuals for a permanent resident visa based on their skills, education, and ability to contribute to the local economy. Each province/territories’ criteria are unique, based on local labor market needs.⁸¹

In the United States, individual states have already begun to take steps towards setting local immigration policies. Standardizing a collaboration between state and federal government would provide a valuable local perspective on economic and labor needs to inform immigration caps and quotas. The current lack of reliable labor market data is failing employers and employees alike. While economists have yet to build the perfect labor market measurement system, the United States would do well to update its existing immigration channels and develop a comprehensive approach to setting visa caps and quotas against actual labor needs.

Net zero Mexican migration

The 1990s ushered in a wave of migration from Mexico that resulted in 11.7 million Mexican immigrants living in the United States as of 2014. This number accounted for more than a quarter of all immigrants living in the country. An estimated half of the 11.7 million are unauthorized.⁸² Anecdotes suggest that the hospitality industry found a willing and able workforce in this demographic—until they started to go back home.

Unauthorized migration from Mexico peaked in 2007. Since then, numbers have dropped by more than one million. As of 2009, more Mexicans have been leaving than coming to the United States.⁸³ Numerous factors, including the recession in the United States and an improving Mexican economy, are behind the trend.⁸⁴ The upshot—net zero migration from Mexico—is a challenge for the hospitality industry.

The slowdown in migration falls in tandem with numerous other trends explored in this paper that have culminated in critical hospitality workforce gaps. But the lack of immigrant labor may play an outsized role. “I would be surprised if the slowdown in Mexican immigration isn’t responsible for more of the problem than many people realize,” Dr. Tyler Cowen, an economics professor at George Mason University, told the Washington Post. “This sector is, as anyone in it will tell you, kept afloat by immigrants, especially [Latino immigrants].”⁸⁵

The sector must find a way to bring back, or replace, these workers. Immigration reforms that allow hospitality employers to legally hire this invaluable workforce will ensure that net zero migration doesn’t exacerbate other industry challenges.

what many in the industry view as a chronic shortage in the number of visas available.⁷³

While some employers laud the H-2B visa, the program has plenty of critics. Unions say that foreign-born H-2B workers displace US-born workers and put

Changes to the H-2B visa program have made it “virtually unusable” for many seasonal businesses.

downward pressure on industry wages.⁸⁶ Others cite instances of fraud with so-called “body shops,” companies that apply for large numbers of H-2B workers and then “essentially sell them off” to other businesses, “hoarding” workers and driving up costs.⁸⁷ Critics also point to the government’s inability to accurately calibrate visa offerings with documented shortages within the US workforce (see box 5).

While the H-2B program requires that seasonal jobs be offered to American workers first, labor advocates have cited systematic “bogus advertisements” designed to make jobs unattractive or inaccessible to US workers through unreasonable job qualifications, unreasonable interview times, or lack of follow-up with native-born applicants.⁸⁸ Finally, labor advocates join those critiquing the H-2B on behalf of workers, citing instances of wage theft,⁸⁹ substandard housing,⁹⁰ and lack of reliable

transportation⁹¹ for seasonal workers by unscrupulous employers (see box 7).

Yet even President Trump, who campaigned hard on an “American First” economic platform, recognizes the industry’s dependence on H-2B workers. His Florida-based resorts and golf clubs, including Mar-a-Lago, requested nearly 80 H-2B hospitality workers in July 2017.⁹² He spoke about the importance of temporary workers during a primary debate in 2015: “I’ve hired in Florida during the prime season—you could not get help. Everybody agrees with me on that. They were part-time jobs. You needed them, or we just might as well close the doors, because you couldn’t get help in those hot, hot sections of Florida.”⁹³

The Department of Labor (DOL) has made updates to the H-2B program. A 2011 rule increased wages for H-2B workers, and a 2012 rule expanded required recruitment time for US workers to respond to industry concerns. These changes, however, have made the program “virtually unusable for many seasonal businesses,” according to Musser’s testimony.⁹⁴

In March 2015 the DOL and the US Customs and Immigration Service (USCIS) temporarily stopped processing applications for H-2B visas. While the freeze earned applause from labor groups, it incited “panic” from the leisure, hospitality, and food industries.⁹⁵ The program, continuing to fall short in meeting the needs of employers and protecting both domestic and foreign-born employees, is in urgent need of reform.

Foreign-born workers susceptible to abuse

While many employers want to do right by their undocumented and temporary workers, gaps in the immigration system leave foreign-born workers vulnerable to abuse and exploitation from unscrupulous employers.

Undocumented workers

While Department of Labor protects all workers regardless of immigration status, undocumented workers are often afraid to speak up about dangerous working conditions, missing wages, uncompensated overtime, or even trafficking—all complaints that Jorge Mujica has heard from the low-wage immigrant workers he organizes with Arise Chicago. “Under law, undocumented workers can’t be fired for complaining about working conditions,” says Mujica, describing a phenomenon known as employer retaliation.⁹⁶

Yet those who are terminated don’t have much recourse. Employers found guilty of retaliation face few legal penalties or fines—and prosecuting them is challenging given the reluctance of undocumented workers to come forward.⁹⁷ Workers who return to their home countries, either voluntarily or involuntarily, have few avenues to pursue claims against former employers.⁹⁸ In 2015 several Illinois-based unlicensed employment agencies and restaurants were charged with human rights abuses—squalid conditions, verbal abuse, and wage theft—against “hundreds and hundreds” of immigrant workers.⁹⁹

“Ninety-nine percent of the time we never hear about these circumstances because individuals who have their rights violated don’t come forward to law enforcement,” said Illinois Attorney General Lisa Madigan in an interview with *Crain’s Chicago Business*. “It is not unique to these two restaurants or these three employment agencies. It is a much larger problem.”¹⁰⁰

Temporary workers

Temporary workers may be even more vulnerable. H-2B, J-1, L-1 and other temporary visa holders are tied to particular employers, so if they quit their jobs, they will be immediately reported. Programs are also overseen by different departments, creating inconsistencies in worker protections.¹⁰¹ Uneven wage requirements mean that temporary workers may actually earn less than undocumented workers.¹⁰²

The J-1 “Summer Work Travel” program has come under fire since a 2010 Associated Press investigation uncovered abuses of nearly 70 workers employed across 10 states. Some of the workers—students from 16 different countries—took home \$1 an hour or even less. Others lived in crowded, employer-sponsored housing where a lack of beds forced them to sleep in shifts. In a very extreme case, female students were forced to work in a Detroit strip club instead of the restaurant jobs they were promised. Their passports were confiscated until they paid \$22,000 for travel arrangements and work documents.¹⁰³

While the Department of State maintains that positive experiences far outnumber instances of Summer Work Travel abuses,¹⁰⁴ it revised protections and program oversight in 2011 and 2012. A 2015 report from the Government Accountability Office argues, however, that the program still has work to do in improving transparency and worker protections.¹⁰⁵

For every documented case of exploitation, there are likely dozens of undetected abuses. What’s more, legal loopholes and inconsistencies in government oversight also place native-born workers in jeopardy of abuse. The government must update the channels available for the industry to hire foreign-born workers, balancing employers’ needs for labor with employees’ rights to protection.

No permanent year-round visa

While H-2B visas are an option for industry employers looking to bolster staff during peak tourist seasons, the program fails to address the year-round workforce gaps that persist in restaurants and hotels across the region. While employers have some options for hiring foreign-born workers on a year-round basis, these tem-

porary visas—the H-3, J-1, L-1, and Q-1—fail to create a consistent source of workers to fill ongoing staffing gaps across the region.

Temporary visas also raise red flags with labor advocates like UNITE-HERE’s Sukthankar, who points to inconsistencies and incentives for employers to use the temporary visa system that puts US workers at a disadvantage. While the H-2B and H-3 visas require employ-

ers to look for US workers before hiring foreign-born workers, non-H visas have no such obligation and employers are not required to pay prevailing wages or employment taxes.¹⁰⁶

While temporary workers are an important part of the Midwest’s hospitality labor force, the visa channels available to hire them are in urgent need of reform. The government should expand its efforts to accurately assess labor market needs and then expand and tailor year-round visa channels to meet them. As will be discussed in later sections of this paper, a streamlined guest worker system with ample worker protections and government oversight should replace the current inconsistent patchwork of temporary and seasonal visas.

Challenge 3: Unauthorized status leaves workers and employers vulnerable

The industry’s reliance on—and, in some cases, preference for—immigrant labor, coupled with a dearth of visa options available to legally hire year-round foreign-born workers, means that approximately 1.3 million leisure and hospitality workers are undocumented.¹⁰⁷

According to the Pew Hispanic Center, an estimated 20 percent of the nation’s 2.6 million chefs, head cooks, and line cooks are working without authorization, as are 28 percent of the 360,000 dishwashers.¹⁰⁸ The industry

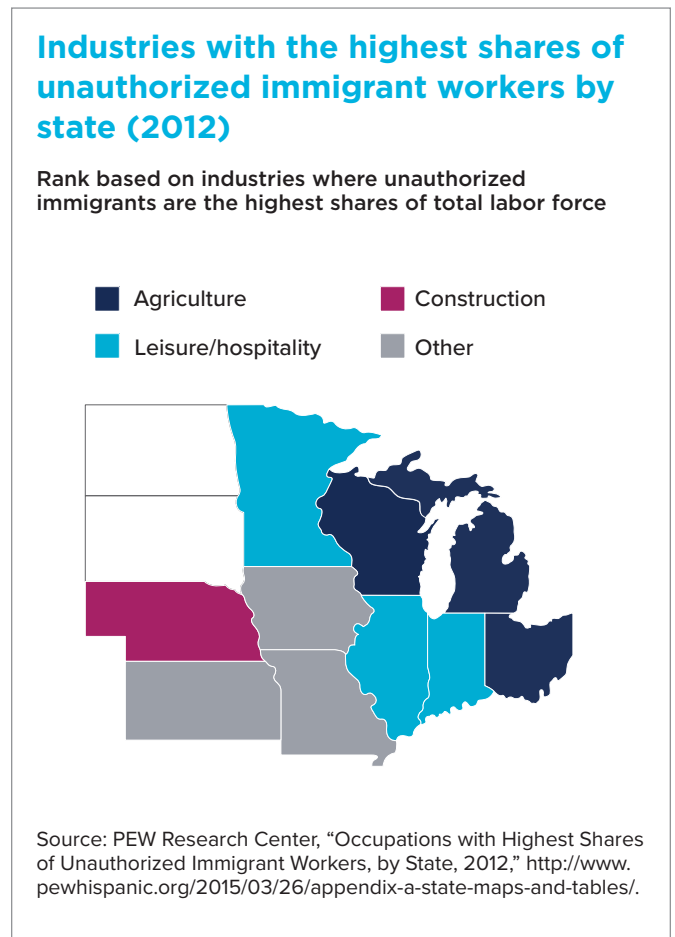
Regional labor gaps make the industry especially reliant on undocumented workers in the Midwest.

depends on unauthorized labor more than any other sector, ahead of even construction and agriculture.¹⁰⁹

Regional labor gaps make the industry especially reliant on undocumented workers in the Midwest. The leisure and hospitality sectors in Illinois, Indiana, and Minnesota employ the highest share of undocumented immigrants of any other industry in the state (see figure 3). New Hampshire is the only other place in the country where this is the case.

Industry workers’ undocumented status presents hurdles for employers and employees alike. Employers cite safety concerns—many Midwest states limit unauthorized immigrants’ access to drivers licenses, leaving workers dependent on public transportation at off-peak

Figure 3



hours—and frustrations with not being able to hire or promote otherwise qualified workers. Undocumented workers, in turn, are more vulnerable to exploitation from unscrupulous employers in the form of retaliation and unpaid wages (see box 7). But most immediately, employers and employees alike fear the increased possibility of a workplace ICE raid under new enforcement priorities of the Trump administration.¹¹⁰

Threat of deportation

A crackdown on illegal immigration was a central tenet of then-candidate Donald Trump’s bid for the White House. He made good on his campaign promises during the first weeks of his presidency, signing an executive order to double down on deportations in late January 2017.¹¹¹ In February the Department of Homeland Security responded by conducting raids in immigrant communities. Ongoing enforcement efforts are focused on deporting criminals, but have resulted in the detention of unauthorized immigrants with no criminal record, including hospitality workers.¹¹²

Figure 4

Effects of removing of unauthorized leisure and hospitality workers in the Midwest

State	Annual GDP Lost (in millions)	Percent GDP Lost*
Illinois	\$3,010 (3.01 B)	12%
Indiana	\$480	5%
Iowa	\$138	3%
Kansas	\$338	8%
Michigan	\$302	2%
Minnesota	\$510	5%
Missouri	\$490	4%
Nebraska	\$145	5%
North Dakota	NA	NA
Ohio	\$466	3%
South Dakota	NA	NA
Wisconsin	\$430	5%
Total/average	\$6,400 (6.4 B)	5%

*Percent GDP lost expresses these impacts as percentage reductions in a state's industry-specific total GDP.

Source: The CAP Immigration Team and Andrew Lomax, "Removing Unauthorized Workers Harms States and Industries Across the Country," *Center for American Progress*, September 21, 2016, <https://www.americanprogress.org/issues/immigration/news/2016/09/21/143408/removing-unauthorized-workers-harms-states-and-industries-across-the-country/>.

Restaurant employers are on edge, hearing stories of their peers being hit hard by worksite enforcement. A Nebraska-based manager told the story of an Omaha restaurant losing its entire kitchen staff after a raid.¹¹³ That same fear prompted 30 kitchen staff to voluntarily resign from a Baltimore restaurant following an ICE agent's visit in June.¹¹⁴

Before the election, analysts predicted that mass deportation of undocumented immigrants would most severely affect the leisure and hospitality industry. The industry could stand to lose upwards of 1 million workers via deportation, triggering an overall decrease in private-sector employment by 4 to 6.8 million.¹¹⁵ The dramatically compromised workforce would see an 8 percent decline in production and a \$53.6 billion loss in output.¹¹⁶

"Mass deportation would kill Chicago restaurants," says Matt Quinn, government relations and communications manager of the Illinois Restaurant Association. Indeed, the effects of mass deportation would be damaging across the Midwest. The hospitality sector across the 12-state region stands to lose a cumulative \$6.4 billion in GDP (see figure 4).¹¹⁷

"It would be tragic if all of a sudden a program were put into place to deport rather than have [unauthorized workers] become part of a legal workforce," says a suburban Chicago restaurant manager. "It's tragic for business and personally tragic for [workers] and their families."¹¹⁸

However, even before workplace raids became a concern for industry employers under President Trump, there was a threat of "silent raids" under the Obama

The leisure and hospitality industry could lose upwards of 1 million workers via deportation, triggering an overall decrease in private-sector employment of 4 to 6.8 million.

administration. These on-site audits, which required employers to turn over I-9 employment eligibility forms to ICE agents, were directed at a variety of sectors, including hospitality. If audits uncovered unauthorized workers, their employment was immediately terminated, but they were not usually deported. Among the most high-profile cases was a 2010 audit of Chipotle Mexican Grill in Minnesota, which resulted in the termination of 450 workers, about half the company's employees in the state.¹¹⁹

The possibility of an I-9 audit prompted employers, including Chipotle, to begin using E-Verify, a federal database that confirms employment eligibility, to hire workers.¹²⁰ Employers now grapple with the database's shortcomings and flaws as well as with a dramatically

diminished pool of workers, which further exacerbates hiring challenges. “All of our franchised hotels have tightened up to only hire legal workers several years ago,” explained Hilton’s Brink. “And there seems to be a lot less of them out there.”¹²¹

Mobility and safety concerns

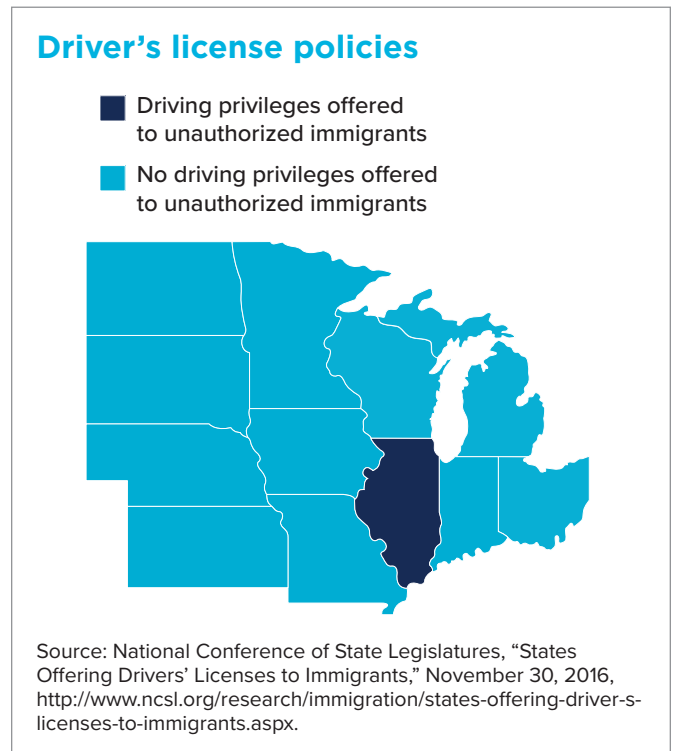
Aside from the uncertainty cast by the immediate threat of deportation or termination, lack of work authorization poses other challenges for employers and employees alike. Chief among them is the fact that undocumented immigrants are largely unable to apply for driver’s licenses, which compromises their safety and limits their ability to get to and from work.

“[City-based] workers can’t accept a promotion to work in the suburbs because of fear of getting pulled over,” said Breandán Magee, senior director of programs at the Illinois Coalition for Immigrant and Refugee Rights, which spearheaded a 2013 state campaign to connect undocumented workers with Temporary Visitor Driver’s Licenses.¹²²

Illinois continues to be the only Midwest state that extends driving privileges to unauthorized immigrants,¹²³ though youth who have been granted deferred action under the Deferred Action for Childhood Arrivals (DACA) program are eligible for licenses across the country (see figure 5).¹²⁴

Nebraska has had particularly contentious debate around driver’s license policy. At one point, Nebraska

Figure 5



was the only state in the country to deny licenses to DACA recipients, a position that was overturned in 2015.¹³⁰ However, unauthorized workers are still ineligible for licenses, which limits their mobility.

Box 8

Showing solidarity with immigrants

On the heels of the Trump administration’s executive orders curbing immigration to the United States, many immigrants and their employers took February 16, 2017, off work to illustrate the impact of “A Day Without Immigrants.” In Chicago, Frontera Grill, part of celebrity chef Rick Bayless’ network of Mexican restaurants,¹²⁵ closed in a show of solidarity with immigrant staff. Others stayed open, but operated with a skeleton crew in the kitchen. In Wisconsin, thousands of demonstrators took to the streets of Milwaukee to participate in a “Day Without Latinos” march that drew supporters from 25 cities and closed more than 150 businesses, including restaurants.¹²⁶

A group of 23 chefs representing the “who’s who” of the local restaurant scene in Chicago cooked up “Solidarity Soup.” The signature soups were on sale for \$50 for two pints, with proceeds benefitting local immigrant-serving organizations.¹²⁷ “Immigrants are the backbones of our restaurants and our communities,” Bruce Sherman, chef and partner of Michelin-Starred North Pond told the *Chicago Tribune*.

Dozens of businesses in Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin have signed on to become “Sanctuary Restaurants.” The national effort, coordinated by the Restaurant Opportunities Center and Presente, was created to support workers and to celebrate diversity.¹²⁸ “We are following all regulations with regards to immigration law, but we wanted to send a message that if you come into this business, you’ll be treated with respect,” said Josh Kulp, owner of Honey Butter Fried Chicken, a “Sanctuary Restaurant” in Chicago.¹²⁹

Lester Gouvia, owner of Detroit-based Demitart Gourmet catering who currently has a food truck business and is building a brick-and-mortar location, says the Motor City's lack of consistent public transportation presents a challenge in staffing his new venture. "In Detroit the problem isn't just hiring workers. There are also transportation issues. The buses run every hour or so. How do employees get home safely late at night?"¹³¹

Finally, workers' undocumented status affects another kind of mobility—their ability to be promoted to management positions. While unauthorized workers may have sufficient identification to pass initial employment verification screenings, they are less likely to pass the more in-depth background checks required for management positions.

David Borris of Hel's Kitchen Catering's recalls his frustration at wanting to promote a "good worker" to a management position. "The paperwork didn't go through, so I couldn't hire him. As a result, I was left scrambling, with turnover three or four times before finding the right fit. If we had a [way to hire him legally], I wouldn't have been in that position."¹³²

Midwest hotel and restaurant managers, dependent on undocumented workers to stay fully staffed, consistently call for a pathway for unauthorized workers to adjust their status. Such a provision should be considered as part of a carefully sequenced series of immigration reforms. A path to legal status benefits not just employers and undocumented employees, but boosts the security and economies of local communities.

Box 9

Helping refugees “thrive” in the hospitality workforce

Refugees are another critical source of labor in the hospitality industry, most notably in hotel housekeeping. Having fled their home countries due to persecution, refugees undergo a thorough vetting process and arrive in the United States with full work authorization.¹³³ Yet finding a job is often a challenge due to limited English-language skills or professional degrees or licenses that are not recognized in the United States.

With the support of employment services at welcoming and resettlement agencies, many refugee workers take entry-level positions in the hospitality sector while they study English and gain work experience. These workers are highly successful and therefore desirable. "Every major hotel works with a refugee agency," Sean Heraty, manager of workforce development at Chicago's RefugeeOne, told NPR. "Job retention is through the roof."¹³⁴

Statistics from Missouri show that among refugees placed in housekeeping jobs by the International Institute of St. Louis, a local resettlement and welcoming organization, the retention rate is 78 percent, compared to just 30 percent overall.¹³⁵ "Our clients don't just stay in the jobs—they thrive in the jobs," says Blake Hamilton, vice president of Workforce Solutions for the Institute.¹³⁶

Employers attribute refugee workers' success in challenging housekeeping jobs to their strong work ethic and drive, and to participation in the institute's unique, week-long "Hotel Housekeeping" training program designed to replicate work in a hotel room. Students practice using cleaning equipment and supplies and learn related English vocabulary. The course, approved by the Missouri Department of Elementary and Secondary Education, ends with a hands-on, timed examination where students must successfully complete a room-cleaning checklist in under 25 minutes, mirroring the pace of work involved at an actual hotel.¹³⁷ "I've worked with multiple other recruitment programs [to hire housekeeping staff], and none have given me the same level of success as the Institute," says Christine Chamberlin, general manager of the Magnolia Hotel St. Louis. Two of her staff—refugees from Bhutan and Bosnia—have been promoted from housekeepers to supervisory positions in her hotel.¹³⁸

Hamilton says that word about the hospitality training program's success is spreading, and the model is being replicated in Philadelphia, Cleveland, and Dayton. "We can't run the training frequently enough," he says.¹³⁹

Despite growing demand for workforce development partnerships with refugee resettlement agencies, shifting federal policy threatens to limit this valuable source of workers. In early 2017 the Trump administration issued executive orders that suspended the refugee resettlement program for 120 days¹⁴⁰ and will halve the number of refugees resettled in the United States in fiscal year 2017.¹⁴¹ While the administration cites security concerns as the reason for the changes, the blocks and cuts have incited pushback from multiple stakeholders, including the business community.

"The federal policy changes are having an effect on the number of refugees arriving in St. Louis. This is already impacting on our ability to provide employers with the top quality referrals they have come to expect," says Hamilton.¹⁴²

Challenge 4: Inconsistent, unreliable employment verification system complicates hiring

With employers increasingly reliant on foreign-born labor, there is growing concern with the accuracy of employment verification tools like E-Verify, an internet-based program designed to help employers validate the work authorization of new hires. While the program was launched after the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA) made it illegal for an employer to knowingly hire an unauthorized worker, its use is not currently mandated by federal law. However, E-Verify is expected to become mandatory under the Trump administration. A draft executive memo calls for DHS to review the program and develop recommendations for “incentivizing and expanding” employer participation.¹⁴³

E-Verify compares data provided in a new employee’s I-9 form with records in the Social Security Administration and in the Department of Homeland

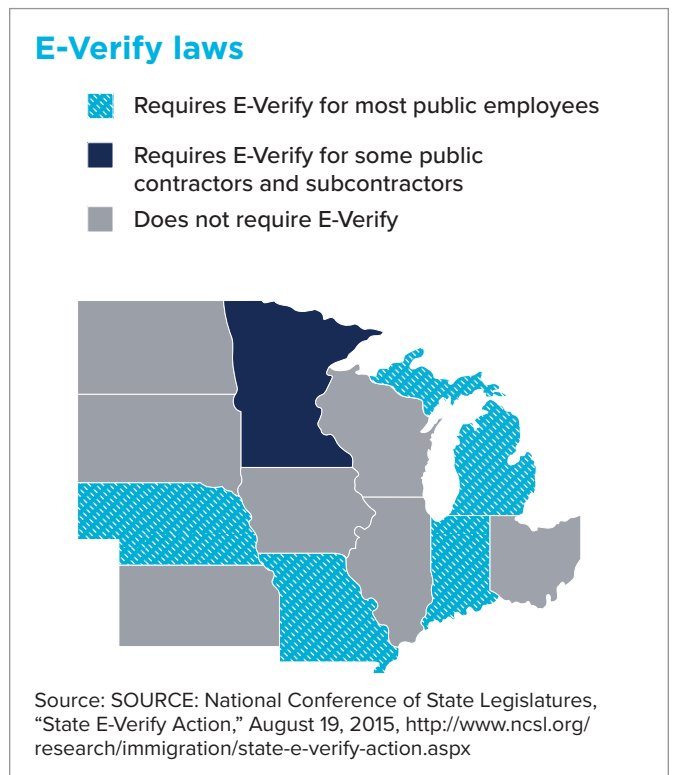
The Social Security Administration estimates that 17.8 million E-verify records, or 4.1 percent, contain inconsistencies related to name, date of birth, or citizenship status; 12.7 million of these records belong to US citizens.

Security’s immigration databases to verify employment eligibility. However, the system is vulnerable to errors and fraud, and it is not used consistently amongst employers.

Name mismatches, especially for multiple or hyphenated surnames, can lead to erroneous “nonconfirmation” employment notices, burdensome for employees and employers alike. The Social Security Administration estimates that 17.8 million records, or 4.1 percent, contain inconsistencies related to name, date of birth, or citizenship status; 12.7 million of these records belong to US citizens.¹⁴⁴ A 2007 study commissioned by the Department of Homeland Security concluded that the error percentage was too high for E-Verify to become a mandated program.¹⁴⁵

Moreover, those who do business across different states express frustration in trying to comply with the patchwork of different state and local laws regarding E-Verify.¹⁴⁶ In the Midwest, Indiana, Michigan, Missouri,

Figure 6



and Nebraska mandate e-verification for public employees,¹⁴⁷ while Illinois limits employer use as part of its Right to Privacy in the Workplace Act.¹⁴⁸ Minnesota’s Governor Tim Pawlenty issued an executive order mandating E-Verify, but it expired after he left office in 2011.¹⁴⁹ Now, the state requires E-Verify when hiring vendors and subcontractors for contracts in excess of \$50,000 (see figure 6).¹⁵⁰

Variations in these state-level laws pose challenges for restaurants and hotels, particularly those operating on an interstate or national level. “Uniformity and consistency are the keys to helping grow our workforce,” said Angelo Amador, senior vice president and regulatory counsel at the National Restaurant Association, in a 2015 press statement. “Actions by 50 different states and numerous local governments in passing employment verification laws create an untenable system for employers and their prospective employees. A standardized E-Verify system would strike the right balance with the employer community and provide clarity and certainty in their hiring decisions.”¹⁵¹

Yet perhaps most challenging to employers is the widespread use of fraudulent identification, which means they cannot be certain that the workers they screen have work authorization. The upshot is a dou-

ble-edged sword for employers: if they question an employee's I-9 or identification, they could face discrimination charges.¹⁵² However, if identification is later found to be fraudulent, employers could be penalized, even if they are using the system in good faith.¹⁵³ Some challenges associated with fraudulent identification could be remedied by providing undocumented workers with access to driver's licenses or a pathway to legal status.¹⁵⁴

In the meantime, one Midwest restaurant manager has taken the following approach: "If the system accepts the ID, then we accept the ID."

Despite its shortcomings, more than 500,000 businesses across the country currently use E-Verify, including many restaurants and hotels. Twenty-two states and

Industry groups such as the National Restaurant Association support using employment verification systems if accuracy is improved and if use is consistently mandated across states.

a number of localities require some or all employers to use the system.¹⁵⁵

"Overall, the system is pretty user friendly," says Hilton's Demarchi. "It has its benefits for employees. Since implementing, the wage for housekeeping has gone up about \$3 per hour."¹⁵⁶

Industry groups such as the National Restaurant Association support using employment verification systems if accuracy is improved and if use is consistently mandated across states.¹⁵⁷ They look to future reforms of immigration policy to bring about updates to the program.¹⁵⁸ Others are supportive of mandatory E-Verify, but only if done in careful sequence with other reforms such as a pathway to citizenship for existing workers so as not to worsen workforce gaps. "We'd welcome E-Verify if you legalized [unauthorized immigrants] first," says Chicago restaurateur Billy Lawless.¹⁵⁹

The hospitality sector needs a simple, consistent, and reliable employment verification system built in conjunction with other updates to the immigration system. As discussed in the later sections of this paper, a reliable database built in sequence with a pathway for undocumented workers to adjust their status will benefit employers and employees alike in promoting a transparent, streamlined, and legal hiring process.

Challenge 5: Red tape stifles entrepreneurs

Entrepreneurial immigrants are behind significant numbers of independently owned hotels and restaurants across the country—businesses that, in turn, employ native-born workers. In 2010 43 percent of owners of small hotels and motels were immigrants,¹⁶⁰ as were 37 percent of all small-business restaurant owners, accounting for nearly 77,000 restaurants across the country.¹⁶¹

Immigrant entrepreneurs have built nearly 30 percent of "Main Street" businesses—a category that includes food service, hotels, and other neighborhood services—despite being only 13 percent of the population and 18 percent of business owners overall.¹⁶² Main Street businesses tend to be independently owned, and operate with a thin profit margin. But they play a key role in neighborhood-level economic growth and revitalization.¹⁶³

Overall, the Midwest's 250,000 immigrant entrepreneurs—including those behind restaurants and hotels—are an economic engine across the 12-state region, employing nearly 900,000 people and generating more than \$5 billion in revenues (see figure 7).¹⁶⁴

These entrepreneurs are vital to the leisure and hospitality sector and to the region's larger economy, but narrow visa channels limit opportunities for the foreign-born to build businesses in the United States.

Immigrants driving growth of innovative restaurants

In focusing on the economic contributions of immigrant-owned businesses, particularly restaurants, it becomes easy to overlook their significant contributions to a community's culinary culture. "Immigration makes great food cities. Anytime you pour various ethnicities into a geographic area, it creates great food," says David Borris, owner of Hel's Kitchen Catering.¹⁶⁵

Immigrants are driving the "culinary imagination" of the United States.¹⁶⁶ They are behind the growth in dining options in recent years, even in less-diverse Midwest communities.

"[Immigrant-owned] restaurants are driving a 'boom' here in Minneapolis, building a vibrant restaurant scene that was previously focused on chain restaurants," says Daniel Swenson-Klatt, owner of Butter Bakery Café in Minneapolis. "[The chain restaurant] is not what people are looking for anymore. They're looking for an experience."¹⁶⁷

Figure 7

Impact of immigrant entrepreneurs				
State	Number of self-employed	Immigrant-owned business income (in millions)	Share of entrepreneurs who are immigrants	Number of people employed by immigrants
Illinois	113,939	2,600	22%	281,090
Indiana	14,293	233.9	7%	66,753
Iowa	6,070	98.3	4%	25,399
Kansas	6,859	132.9	5%	31,102
Michigan	30,686	608.4	8%	152,780
Minnesota	16,244	289.1	6%	52,932
Missouri	14,101	258.2	6%	58,916
Nebraska	4,939	80.1	5%	16,765
North Dakota	863	12.7	2%	11,757
Ohio	27,621	531.9	7%	122,404
South Dakota	871	7.1	2%	11,757
Wisconsin	13,374	229	6%	57,953
Total/average	249,860	5,081.6	7% (AVG)	889,608

Source: Chicago Council on Global Affairs analysis of New American Economy, "The Contributions of New Americans," report series for 12 Midwestern States, <http://www.newamericaneconomy.org/research/51-new-reports-on-the-contributions-of-new-americans/>

Half of Bon Appetit’s 2016 Top 10 restaurants are owned or co-owned by first-generation immigrants, and at least one is undocumented. Eight serve fusion-style food, ranging from Italian-American to Filipino American.¹⁶⁸

Lester Gouvia’s Detroit-based catering business, Demitart Gourmet, is an example of Caribbean cuisine, blending the flavors of his native Trinidad with local ingredients, including Michigan-grown cherries. He will soon add a brick-and-mortar restaurant to his already successful food truck business.¹⁶⁹ He also coaches other

immigrant entrepreneurs to embrace their roots in building businesses.

No visa for hospitality entrepreneurs

Despite the importance of immigrant entrepreneurs to the leisure and hospitality industry, there is no visa that allows immigrants—working in any sector—to come to the United States to start a business. The United States, once an exclusive destination for global entrepreneurs, now faces competition with a growing list of countries—including Australia, Canada, Chile, Ireland, Singapore, and the United Kingdom—that offer visas and

Midwest supports for immigrant entrepreneurs

Chicago's 26th Street runs through the heart of "Little Village," a working-class Mexican-American neighborhood. The street's immigrant-owned, independent businesses—mostly restaurant and retail shops—may be nondescript, but they pack an economic punch. More than \$900 million is spent there every year, making the street the second-highest-grossing shopping district in the city.¹⁷⁰

The economic power of these immigrant entrepreneurs isn't lost on city government, which has developed specific initiatives to support them. After Mayor Rahm Emanuel voiced ambitious plans to make Chicago "the most immigrant-friendly city in the world," City Hall released a 27-point "Chicago New Americans Plan," which includes specific supports for immigrant entrepreneurs.¹⁷¹ The city has also recently launched a Municipal ID program (which allows all Chicago residents to obtain a government-issued ID)¹⁷² and a Global Entrepreneurship in Residence Program (a partnership with area universities to sponsor entrepreneurs with H-1B visas).¹⁷³

Newest among Chicago's initiatives is an incubator called the Hatchery announced by Mayor Rahm Emanuel in July 2017. It is designed to support food and beverage business entrepreneurship in high-need Chicago neighborhoods. Built in collaboration with three local nonprofits, including the immigrant-serving *Acción Chicago*, the program will provide mentorship, access to food-grade spaces, shared kitchens, workforce trainings, community networking, and access to microloans and technical assistance for budding food business owners. The \$30 million facility, to officially open in 2018, is expected to create 150 jobs in its first year.¹⁷⁴

Immigrant entrepreneurs are also driving the economic revitalization of Detroit, and local organizations are committed to supporting their success. Global Detroit has helped build ProsperUS Detroit, an entrepreneurship training program focused on developing business owners in immigrant, minority, and low-income neighborhoods.¹⁷⁵ Most recently, the program has hosted courses for asylum seekers. Many have found work in the hospitality industry and have ambitions to launch businesses in the sector.¹⁷⁶

Elsewhere in Michigan, the Restaurant Opportunities Center of Michigan, an affiliate of Restaurant Opportunities Centers United, has partnered with Grand Valley State University and TechTown Detroit, a local business incubator. The collaboration offers "Ops to Props," an eight-week training course for entrepreneurs interested in building both food trucks and more traditional brick-and-mortar businesses. To the delight of facilitators, a quarter of the inaugural 22-student cohort was foreign born. The center plans to offer the course again with more focused outreach to local immigrant communities.¹⁷⁷

other incentives to immigrant entrepreneurs.¹⁷⁸ India is implementing an investment program that would allow entrepreneurs to stay for up to 20 years.¹⁷⁹

Given the lack of a permanent visa channel for entrepreneurs, immigrants who eventually launch businesses usually come to the United States via other means, entering on student visas as temporary workers or as permanent workers sponsored by other companies. Other common visas include the E-2 and EB-5, both geared towards investors with up to \$1 million in capital, or the H1-B for highly skilled workers. By and large, these paths are not accessible to the immigrants behind small businesses, particularly the independently owned restaurants and hotels so central to the hospitality sector.

Given limited federal visa channels available to immigrant small business owners, state and local governments—many in the economically stagnant Midwest—have taken steps to build programs that

attract and support foreign-born entrepreneurs. City-level programs in places like Chicago and Detroit help immigrant entrepreneurs cut through red tape, network with peers, and access start-up capital (see box 10). These programs show significant promise in supporting local economies but will require federal support to be scaled across the country.

In evaluating options to update the immigration system, Congress should give careful consideration to building visa options for a wider range of entrepreneurs.

Legislation languishes in a divided Congress

The future vitality of the Midwest's hotels and restaurants depends on their ability to hire more immigrant workers and support the efforts of foreign-born entrepreneurs. Only Congress can legislate the changes to visas and employment verification systems necessary to support these workers and businesses. But efforts at

comprehensive reform of the immigration system have been stalled in a divided Congress for decades, and now a Senate bill aims to reduce legal immigration by as much as half.¹⁸⁰ What's more, the imminent threats of workplace ICE raids and restrictive executive orders distract from the productive legislation urgently needed by the industry.

In the absence of federal immigration reform, states have begun taking matters into their own hands. Some, like Illinois, have enacted legislation to support immigrants and business such as the drivers licenses discussed previously. Still others—including Arizona, Georgia, and Alabama, along with Indiana in the Midwest—have created decidedly restrictive local immigration policies with damaging effects to the hospitality sector. Georgia's state legislature passed legislation that made it a crime to get a job with false documents and transport undocumented people. The law was implemented in April 2011, and by November of that year, 71 percent of restaurant owners were challenged to find workers, up from 49 percent five months earlier, according to a survey by the Georgia Restaurant Association.¹⁸¹

Indiana seems to be setting itself up for similar challenges. The state introduced legislation in January 2016 that would revoke business licenses for employers who knowingly hire undocumented workers. The legislation has not advanced to date, but if adopted, it would "make Indiana's penalties among the toughest in the nation."¹⁸²

Past Congresses have introduced forward-thinking—if ultimately unsuccessful—bipartisan legislation to address challenges associated with the hospitality workforce and immigrant entrepreneurs. Most proposals failed to advance. However, for the sake of the industry, such bipartisan efforts must be revived in the current Congress and considered in careful sequence with other immigration policy concerns.

Guest worker visas

Amid the various challenges associated with H-2B visas, perhaps the most problematic to the leisure and hospitality industry is its seasonal nature. As a result, industry associations have supported the creation of a year-round nonimmigrant visa, which has taken various forms in recent legislative proposals.

In May of 2017, Midwest Senator Ron Johnson (R-WI) unveiled a state-based temporary visa pilot program, the State Sponsored Visa Pilot Program Act of 2017.¹⁸³ The program would allow individual states to offer a three-year temporary visa in accordance with local labor mar-

ket needs. Designed to address the shortage of workers on dairy farms in Johnson's home state, the program would be open to low-skilled workers in other industries, including hospitality, as dictated by individual state needs. The proposal mirrors efforts amongst other individual states—including Arizona,¹⁸⁴ Colorado,¹⁸⁵ Kansas,¹⁸⁶ New Mexico,¹⁸⁷ Oklahoma,¹⁸⁸ and Utah¹⁸⁹—to build guest worker programs in recent years.

Under Johnson's federal-level proposal, each state would create a database of businesses with low-skill labor needs and share a 500,000 annual national cap of visas—5,000 minimum per state, with an additional 250,000 distributed based on state population.¹⁹⁰ States would set renewal provisions and could create compacts to share workers.¹⁹¹ The program would be

Industry associations have supported the creation of a year-round nonimmigrant visa to address the seasonal labor needs of the leisure and hospitality industry.

administered through the Department of Homeland Security, with each employer beholden to all applicable federal, state, and local tax and labor laws. The program would allow workers to change employers, but not leave the state.¹⁹²

The proposal, generally applauded as a step in the right direction toward broader-reaching immigration reforms, has received wide support from business and some immigrant groups,¹⁹³ but mixed reviews from others. Critiques range from fear of temporary workers displacing US workers¹⁹⁴ to how states like Texas or Arizona, infamous for enforcement-heavy approaches to immigration policy, would administer such a program.¹⁹⁵

Another proposal to address the lack of visas for year-round guest workers, the Willing Workers and Willing Employers Act, was introduced by Senator Jeff Flake (R-AZ) in April 2016. The legislation proposes a market-driven, year-round, pilot guest worker program and creates a nonimmigrant H-2D visa "designed to address the gap that currently exists between temporary visa programs for seasonal workers and the H-1B visa program for highly skilled immigrants."¹⁹⁶

"There are people you want to keep [in your workforce]," says Angelo Amador of the National Restaurant Association, a key supporter of the legislation. "You've

brought them through the pipeline of your restaurant. Why would you want to send them home?”¹⁹⁷

The program is designed to admit workers with less than a bachelor’s degree to do year-round, nonfarm work in the United States. The H-2D would be administered with a cap between 65,000 and 85,000, designed to respond to economic demand.¹⁹⁸ Visas would be granted via a two-step process. Employers who demonstrate that they are unable to hire US workers to fill jobs (by taking at least three of 16 possible steps to hire domestic workers) are granted a three-year permit to hire an H-2D worker. Vetted workers receive an H-2D visa but must wait outside the United States until they are hired through a government-sponsored online system.¹⁹⁹ Employer and employee are not tied to each other. This arrangement creates a “checks and balance

Labor advocates point to wide opportunity to replace the current alphabet soup of temporary visas with a single, streamlined guest-worker system designed in accordance with labor market needs.

system to safeguard against employee exploitation and creates healthy churn in the labor market.”²⁰⁰

H-2D visas would be granted only in markets where the unemployment rate is 5 percent or lower. The program’s continuity and potential expansion are tied to monitoring its effects on wages, employment, welfare use, and economic growth, addressing concerns about the program’s impact on US workers.

The bill includes provisions for worker tracking—including mandatory E-Verify use—as well as penalties for failing to comply with protections for US workers. Wages paid to H-2D workers must match wages paid to other workers or comply with guidelines for determining prevailing wages established by the DOL.²⁰¹

The proposal has received support from employers but did not pass out of the 114th Congress. It has not been reintroduced.²⁰²

Whatever form a new guest-worker program takes—administered by individual states or the federal government—it should include provisions for close government regulation and worker protections. Labor advocates also point to wide opportunity to replace the current alphabet soup of temporary visas with inconsistent requirements and regulation—H, J, L, and Q visas—with a single,

streamlined guest-worker system designed in accordance with labor market needs.²⁰³

Legal status for unauthorized workers

Midwest employers consistently call for the creation of a “pathway” that would allow their unauthorized workers to adjust their legal status. However, efforts to legislate a pathway have been at a standstill since 2013, when a comprehensive immigration reform package failed to advance out of the House. About two-thirds of unauthorized adults have lived in the United States for at least a decade.²⁰⁴

Some undocumented immigrants, specifically those who were brought to the United States as children, have received temporary work permits under DACA. The program started in 2012 via executive order from the Obama administration. Attempts to expand the program to include more youth and their parents were announced in 2014, but stalled in a lawsuit that ended with a tied Supreme Court vote in 2016.²⁰⁵ While the Trump administration officially rescinded the expanded programs in June 2017,²⁰⁶ a bipartisan Senate bill proposed a permanent pathway to citizenship for a select group of undocumented youth in July 2017.²⁰⁷

In the meantime, President Trump’s “Enhancing Public Safety in the Interior of the United States” executive order, issued in January 2017, has used community and workplace ICE raids to deport unauthorized immigrants with criminal records. The raids, however, have also netted individuals without criminal records—the very people who could potentially qualify to adjust their legal status under a pathway program, should one be legislated in the future.

Employment verification

While employer participation in E-Verify currently remains voluntary, Midwest employers are generally supportive of its mandatory use, provided that challenges related to accuracy and consistency are addressed first. Yet President Trump, in fulfilling campaign promises, may mandate E-Verify before system shortcomings can be addressed via legislation.²⁰⁸

Overall, industry associations are supportive of bills in both the House and Senate that would set standardized federal guidelines for electronic employment verification.²⁰⁹ In the House, HR 1147, the Legal Workforce Act, establishes a new electronic employment eligibility verification system “patterned” after the E-Verify system. The legislation would give employers up to two years to

phase in participation and would require reverification of certain workers who were previously verified.²¹⁰ The bill penalizes employers who fail to comply, provides penalty exemptions for employers using the system in “good faith,” given ongoing challenges with accuracy and timeliness.²¹¹ In the Senate, S. 1032, the Accountability Through Electronic Verification Act, includes similar provisions, mandating all employers to use E-Verify within one year of enactment and increasing civil and criminal penalties for failure to comply while creating “good faith” penalty exemptions.²¹² The House Judiciary Committee

To meet industry needs, employment verification proposals must be considered in careful sequencing with other pieces of immigration reform legislation related to unauthorized workers.

passed the Legal Workforce Act in March 2015, but both chambers must agree to identical versions of the bill for it to be enacted into law.

Mandating E-Verify will be costly for employers. The Congressional Budget Office put the price tag for private-sector employers at \$600 million over three years, while Bloomberg estimates that the cost for small business would be \$2.6 billion.²¹³

Industry leaders also express concerns about the effects of mandating employment verification without building a pathway to citizenship for the undocumented immigrants living in the United States—many of whom are already a core part of the leisure and hospitality workforce. Proposals such as HR1147 and S1032 must be considered in careful sequencing with other pieces of immigration reform legislation related to unauthorized workers—or must be built into the comprehensive reform bills tentatively set to be considered in 2017.²¹⁴ Instead of mandating E-Verify via executive order, input from stakeholders and industry leadership must be included in thoughtful legislation that meets the sector’s needs.

Entrepreneur visas

The United States does not currently offer a visa for foreign-born entrepreneurs. While there was momentum under the Obama administration to expand opportunities for immigrants to start businesses, the Trump admin-

istration’s focus on restricting immigration and security does not bode well for much-needed visa expansion.

In August 2016, the Obama administration took a step to build opportunities for global entrepreneurs, proposing a new rule, the International Entrepreneur Rule, which granted the Department of Homeland Security authority to allow some foreign-born entrepreneurs to work legally in the United States for up to five years.²¹⁵

However, efforts were largely focused on high-growth businesses in the tech sector, out of reach for the immigrants behind the smaller, independently owned hotels and restaurants so central to the hospitality sector. And as an executive order from Obama, the rule was temporary in nature. Its implementation was delayed by the Trump Administration in July 2017.²¹⁶

The hospitality sector needs a permanent, legislative solution to support immigrant entrepreneurs in the restaurant and hotel business. Yet entrepreneurship-related legislative proposals currently in Congress are also largely focused on high-growth tech businesses and international students in STEM fields. The Startup Act, S. 181, would provide 50,000 temporary visas to graduates with STEM degrees from US universities, which could become permanent if the entrepreneur meets hiring and investment requirements after three years.²¹⁷ While it enjoys strong bipartisan support, legislation still has not advanced for a vote, even after four years of various attempts from its sponsors.²¹⁸ A similar Senate bill, the STEM Jobs Act of 2015, S.98, which would allocate 55,000 visas for STEM graduates with advanced degrees, also sits before Congress.²¹⁹

While both bills merit consideration and would provide significant economic benefit, future legislation should reflect a broader definition of entrepreneurship, with provisions for the significant number of immigrants in smaller businesses.

Meeting the needs of Midwest hospitality

Immigrants are critical not only to the strength of the leisure and hospitality industry, but also to the growth of the Midwest’s economy and its cultural identity. The industry urgently needs expanded visa channels that facilitate the legal hire of immigrant workers and supports immigrant-owned businesses. The following policy recommendations were informed by conversation with numerous industry stakeholders, including employers, trade associations, and labor advocates.

1. Build government capacity to accurately assess labor market needs—and expand and tailor visa channels to meet demand.

Employers consistently cite how challenges with understaffed kitchens and hotels have left them reliant on foreign-born labor. Yet the federal government lacks the ability to accurately quantify the gap. As a result, visa channels available to hire foreign-born hospitality workers are based on caps and quotas that are unresponsive to industry needs. The federal government should give careful consideration to global best practices—such as the UK’s Migration Advisory Committee or Canada’s Provincial Nominee Program—in reconciling labor market needs with immigration policy and craft a visa system that facilitates the legal, year-round hire of needed foreign workers. A streamlined guest worker program with ample labor protections, enforcement of prevailing wage provisions, and consistent government oversight should replace the current patchwork of temporary and seasonal visas.

2. Provide a pathway to legal employment status for current undocumented hospitality workers.

Despite employers’ best efforts to hire US workers and authorized immigrants, the leisure and hospitality sector employs an estimated 1.3 million unauthorized workers²²⁰—as many as 20 percent of cooks and 28 percent of dishwashers across the country.²²¹ Mass deportations of unauthorized workers, as proposed by the Trump administration, would leave devastating gaps in the industry workforce. As part of a carefully sequenced series of immigration reforms, Congress should legislate a pathway to legal employment status for these workers. Such a provision not only improves national security by allowing the government to screen these workers and to provide documentation (such as drivers licenses), but it also benefits business by ensuring that employees can safely commute to work and advance professionally in their places of work. Equal legal footing for immigrant workers benefits everyone in the industry, offering full protection for employees who speak out against cases of worker abuse and exploitation.

3. Build a simple, consistent, and reliable employment verification system.

Employers are eager to make use of a system that ensures they employ authorized workers, but they express frustration at the current E-Verify system’s

shortcomings with timeliness and accuracy as well as with usage mandates that vary from state to state. Industry associations are supportive of congressional legislation that would mandate a federal system provided at no cost to employers, would allow a reasonable implementation timeline, would accurately and promptly verify new hires, and does not penalize employers who use it in “good faith.”²²² Implementation of the mandatory use of E-Verify should happen in careful coordination with the other policy recommendations outlined here, particularly a pathway to legal status for unauthorized workers.

4. Create federal supports for immigrant entrepreneurs.

In an increasingly global economy, the United States faces growing competition in attracting international entrepreneurs to build businesses in this country. Continuing the momentum of recent executive actions, Congress should create a permanent visa channel for foreign-born entrepreneurs, one that focuses on high-growth tech sectors while providing considerations for small business owners—many of them behind the restaurants and hotels so critical to the hospitality sector—that are the backbone of many local economies. Congress can also legislate federal-level resources, modeled after local immigrant integration and welcoming efforts in cities like Chicago and Detroit that support immigrant entrepreneurs with workshops, business incubators, training, and mentorship.

These four recommendations are strongest if implemented as part of broader-reaching immigration reforms.

A continued absence of reforms, coupled with an uptick in immigration enforcement and workplace ICE raids, spells trouble for hospitality employers and employees and the Midwest economy that depends so heavily on the sector’s success. Updated immigration policies and improved industry practices will allow the Midwest to continue to provide and enjoy a tradition of legendary regional hospitality and cultural vibrancy.

Author's note

An updated immigration system offers an important step in addressing the growing gaps in the hospitality sector's workforce. However, the immigration policy recommendations outlined in this paper should be carefully considered in concert with other labor challenges that are beyond the scope of this study—including low wages, demanding or unsafe working conditions, and high worker turnover—if Midwest restaurants and hotels are to operate at their full potential. Cross-cutting solutions that balance the interests of employers with those of workers, US-born and foreign-born alike, will be successfully developed when all stakeholders are brought to the table.

About the author

Sara McElmurry joined the Chicago Council on Global Affairs in 2014 as assistant director of immigration, where she is responsible for developing and disseminating research related to the need for immigration reform for a strong Midwest economy. Previously, she was communications manager for the Latino Policy Forum, where she developed media advocacy strategies for the organization's immigration, housing, and education policy work. She was also a research professor at the Universidad Tecnológica de la Mixteca in Oaxaca, Mexico. Her writing has appeared in *Foreign Policy*, *The Washington Post*, and *The Wall Street Journal*. McElmurry earned BA degrees in Spanish and communications from Bradley University and an MA in linguistics from Northeastern Illinois University.

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Chicago Council on Global Affairs
Two Prudential Plaza
180 North Stetson Avenue
Suite 1400
Chicago, Illinois 60601