

UNITED STATES TRAVEL AND TOURISM ADVISORY BOARD

December 3, 2021

The Honorable Gina Raimondo
Secretary of Commerce
Washington DC 20230

Dear Secretary Raimondo:

U.S. travel and tourism is among those industries hardest hit by the pandemic. As travel begins to rebound, the sector is experiencing debilitating labor shortages. You have tasked us to identify key labor shortage drivers and recommend actions that can be taken to address them, focusing on public-private collaboration, and taking into account the pandemic's disparate impact on women and minorities.

Background and Context

In 2019, travel and tourism stood as a major U.S. economic engine and job producer, generating \$1.9 trillion in economic output and supporting 16.7 million American jobs (9 million direct) – about 11% of all U.S. employment. Then the pandemic hit in February 2020: Federal, state and local governments responded with travel and stay-at-home restrictions, travel and tourism companies reduced payrolls to match lower demand, and people withdrew to their homes for their health and safety. The ensuing \$500 billion loss in travel spending cost the U.S. \$1.1 trillion in economic output. Direct travel jobs accounted for 35% of jobs lost and total travel supported jobs accounted for 65% of jobs lost¹.

The October 2021 jobs report² shows a mending economy overall. Total nonfarm jobs rose by 531,000 in October, and the number of unemployed fell to 7.4 million (from its pandemic high of 23.1 million in April 2020). But leisure and hospitality³ recovery lags:

- The 7.5% unemployment rate in leisure and hospitality was much higher than the overall unemployment rate of 4.6% in October 2021.
- The sector's 9.4% job openings rate⁴ in September 2021 was more than double the 4.1% monthly average since 2001 and higher than the rate of 6.6% for total nonfarm economy.
- The 987,000 employees who quit working in the sector in September 2021 accounted for nearly a quarter (22%) of the 4.4 million quits in the nonfarm economy.
- The 6.4% quit rate⁵ in the sector in September 2021 was the highest on record and well above the 3.9% monthly average since 2001, as well as more than twice and overall nonfarm economy rate of 3.0% in September 2021.

At the end of September 2021, the U.S. economy had over 10.4 million job openings, 55 percent more than the 6.7 million in December 2019 before the pandemic. Leisure and hospitality had 1.58 million unfilled jobs, 72 percent more than the 924,000 openings in December 2019.

The reopening of our country's borders to international travel on November 8 promises rising demand for U.S. travel and tourism and a similar boost for the U.S. economy. Yet, the potential benefits to the U.S. economy and its people cannot be fully realized unless workers are available to serve returning travelers.

¹ *US Travel Association.*

² *Bureau of Labor Statistics.*

³ *Most recent sector data available at date of this recommendation letter for these data categories.*

⁴ *The number of job openings on the last business day of the month as a percent of total employment plus job openings.*

⁵ *The number of quits during the entire month as a percent of total employment.*

Key Drivers of the Labor Shortage

A paramount driver to date – public concerns about personal health and safety – will dissipate as COVID recedes. Even so, we must be prepared for eight drivers of the current labor force shortage to continue impacting travel and tourism labor markets unless decisive action is taken. Their importance will continue to vary in intensity by sector and region.

These four drivers discouraged labor participation prior to the COVID outbreak; the pandemic has compounded their effect:

- **Availability of child and elder care.** Past studies have cited a lack of affordable daytime care as an impediment to labor force participation by those with child and elder care responsibilities; pandemic-induced childcare center closures further reduced supply^a.
- **Transportation to work.** Past studies have cited reliable, affordable transportation to job sites as important to encouraging job applications and reducing absenteeism; the pandemic compounded the problem by creating health concerns about mass transit use and reducing the frequency of public transportation schedules^b.
- **Wages.** Past studies have shown that hospitality and leisure employees had the lowest wages (excluding tips) in the U.S. economy, and the presence of minorities and women in higher paying jobs within the industry is disproportionately low; employers are beginning to address wage disparities by increasing compensation to attract and retain workers^c.
- **Criminal records.** Past studies have shown that a “one size fits all” approach to prior criminal conduct can severely limit an otherwise employable person from finding meaningful work; the pandemic-induced labor shortage has heightened the need to find a responsible and realistic solution.^d

Studies show that COVID has had a profound influence on the American worker psyche; these three drivers of labor shortages within the travel and tourism sector are rooted in the pandemic:

- **Changes in personal priorities.** More workers now are evaluating their life priorities and placing a higher value on jobs with low-stress, flexible hours, and work/life balance; surveys show these attributes are less likely to be associated with travel and tourism jobs^e.
- **Desire for job change.** More workers now are looking to shift jobs in search of higher satisfaction, and if they have lost their jobs, for a change in their next employer or industry, or are opting for retirement; as the largest U.S. pre-pandemic employer, this reduces travel and tourism’s prospective labor pool^f.
- **Desire for job security.** More workers now are prioritizing stable, secure jobs; travel and tourism employers must reassure workers that the comparatively high numbers of layoffs suffered by its workers during the pandemic was an exception to common practice^g.

Finally, Federal programs that bring workers from abroad to fill temporary and seasonal needs were not adequately resourced during the pandemic, resulting in worker shortages last summer:

- **Reduced immigrant and non-immigrant visas issued.** Federal agencies processed and approved fewer visa requests from potential overseas workers during the pandemic, H-2B and J-1 were previously capped; as a result, the travel and tourism industry was unable to meet its modest seasonal and lower-wage worker needs in 2021^h.

Recommendations

Recommendation #1: We recommend the U.S. Department of Commerce work with trade associations, unions, and Federal agencies to urgently improve visa and immigration programs and policies as a response to currently-elevated worker shortages in travel and tourism, by:

Short term:

- **Supporting stable access by U.S. employers to foreign labor markets through the H-2B and J-1 visa programs.** This includes reopening consular offices, addressing embassy staff shortages, modernizing visa adjudication processes, increasing the H-2B statutory cap and the annual allocation of J-1 eligibility certificates, and assuring adequate worker protections.

Medium term:

- **Encouraging immigration policy reform that provides consistent, reliable access to talent for travel and tourism while protecting wages and working conditions.** Providing legal status, including work permits, and an earned path to citizenship to the 11 million immigrants in the U.S. without legal status will stabilize the availability of this workforce to support business recovery and demand during this critical time.

Recommendation #2: We recommend the U.S. Department of Commerce foster and promote public-private partnerships that identify, develop, and promote career pathways in the travel and tourism industry, especially for minority and women workers, by:

Short term:

- **Supporting pre-employment training programs focused with strong employer engagement, with special focus on reaching minorities and women.** These include apprentice and training programs operated by public/private one-stop services, community colleges, nonprofits, unions, and vocational schools that have a track record of responsiveness to the needs of minorities and women.
- **Convening travel and tourism industry stakeholders to create sector-focused agendas to address impediments to attracting and retaining a stable, competitively paid workforce.** Sectors include transportation, lodging, food and beverage, entertainment, restaurant, and travel services. Stakeholders include labor unions and trade associations.
- **Work with trade associations and destination marketing organizations to develop modular marketing and promotional campaigns that highlight our industry as an economic engine for communities and as an income generator throughout a worker's life cycle.** The campaign should be deployed for regional, local, and industry-specific promotion.

Medium term:

- **Working with the Department of Labor to develop and promote an interactive website, in collaboration with relevant trade associations and private companies, to educate prospective travel and tourism workers about job and apprenticeship opportunities.** The website would be aimed at creating a talent pipeline to meet evolving industry workforce needs.
- **Convene industry stakeholders to map industry-wide pathways to secure long-term, good-paying careers in travel and tourism for American workers.** Special focus ought to be given to addressing the unintended impact created by unpaid internships on access for low-income populations and mapping opportunities for career pathways that span industry sectors.
- **Work with trade associations, private companies and Federal agencies to reconsider the traditional "one size fits all" approach to various forms of background checks that unnecessarily deny workers access to jobs.** For example, requiring criminal background checks based on the category and aging of the conviction and credit checks based on job responsibility.

Recommendation #3: We recommend the U.S. Department of Commerce encourage Federal agencies and employers to use existing funding sources from Federal infrastructure and relief programs to invest in responses to structural challenges faced especially by women, minority, and low-wage workers, including access to child and elder care, training, housing, and worker transportation to job sites, by:

Short term:

- **Encouraging EDA to prioritize addressing labor force shortage drivers when making funding decisions.** Prioritizing applications that proactively address workforce challenges can motivate new

and innovative grantee commitments. The Good Jobs Challenge, State Tourism Grant and Investing in American Communities programs are levers for Commerce leadership⁶.

Medium term:

- **Leveraging Tourism Policy Council leadership to encourage Federal agencies to address labor force shortage drivers when administering program funds.** Five Federal agencies⁷ currently have funding that can be directed to supporting family care access, reliable worker transport, housing for transient workers, and career pathway programs for minorities and women.

Conclusion

Your charge to the TTAB responds to the unprecedented workforce challenges facing the U.S. travel and tourism industry and the need for new thinking and shared action by government and private sector alike.

Our recommendations recognize that the pandemic both has worsened long-standing barriers to workforce participation in travel and tourism (e.g., childcare, transportation, wages) that are overdue to be addressed and has created new hurdles to workplace satisfaction that require urgent attention. Significantly, our recommendations also recognize that current worker shortages are so large that we must act to widen the pool of available workers through immigration measures.

As you requested, our recommendations seek to address the disproportionate impact of the pandemic on women and minorities. Yet, underrepresentation of minorities and women in industry leadership is a challenge that precedes the pandemic and transcends it and must be a priority focus for us all going forward.

While the travel and tourism industry has suffered more than its share of lost business activity and lost jobs due to the pandemic, other industries are facing similar challenges and elements of our recommendations will have wider application to them. That said, our industry's workforce challenges continue to reveal their own complexities and the current stakes are high; the U.S. Travel and Tourism Advisory Board stands ready to advise you with real-life and real-time information as the workforce situation shifts and changes over the months ahead.

The U.S. Travel and Tourism Advisory Board appreciates your leadership and looks forward to the opportunity to work in active partnership.

Respectfully submitted,



Brad Dean
Vice Chair

⁶ For example, prioritize “*Good Jobs Challenge*” funding based on active employer commitment to project success (e.g., engagement in operating training centers and in delivering wrap-around services for workers such as child and elder care and transportation to work); prioritize “*State Tourism Grant*” applications that create or expand pre-apprenticeship and registered apprenticeship programs for travel and tourism, and promote career pathways for minorities and women; and prioritize “*Investing in American Communities*” applications that include creative solutions to the affordable housing needs of communities dependent on a temporary work force to fill seasonal travel and tourism jobs.

⁷ For example, the *Department of Health and Human Services* for wider access to affordable and accessible family care; the *Department of Transportation* for support of infrastructure and voucher initiatives to help prospective employees reach job sites that cannot otherwise be reliably or affordably accessed; the *Department of Housing and Urban Development* and the *Department of Agriculture* to address the affordable housing needs of communities dependent on a temporary work force to fill seasonal jobs; and the *Department of Education* to fund hospital management programs at historically black colleges and universities and fund career pathway programs for minorities and women, including matching grants to subsidize paid trainings and internships

Notes:
Data Examples Relating to Key Drivers of the Travel and Tourism Labor Shortage

^a **Availability of Child Care and Elder Care.** A Spring 2021 report found roughly 11.6 million families with children said they had experienced child-care disruptions in August 2021 (Census Bureau). A June 2021 survey of unemployed workers found that child and elder care responsibilities accounted for about 19 percent having reduced urgency returning to work (Indeed). A July 2021 study found that two-thirds of child care centers closed in April 2020, while one-third remained closed in April 2021 and non-White families are more likely to be exposed to child care closures than White families (TBI).

^b **Transportation to Work.** A 2019 survey found that about 10.4 million (8.7%) of US households do not own a car (US Census Bureau), including 6% White and 14% People of color (National Equity Access). A 2019 study found almost 8 million people in the United States routinely used public transportation, with women, young people, Black people, and where public transit was less prominent, the lowest earning workers constituting a disproportionately higher share. (American Community Survey Reports).

^c **Wages.** A 2019 study found that employees in the hospitality and leisure industry had the lowest earnings (excluding tips) in the US economy. (Florida State University). A 2021 study found Black people make up 17.9% of employees in the hospitality industry and are overrepresented in the hospitality industry overall (compared to being 13.8% of the overall U.S. population), yet Black people hold 0.7% of CEO positions within U.S. hospitality firms (with Black men holding 0.5% of CEO positions while Black women hold 0.2%) and at the Director level and above, Black people hold 1.5% of positions (1.0% by Black men and 0.5% by Black women) (Castell Project); the same 2021 study found overall the odds of a woman reaching the executive leadership level (CEO, partner/principal, president, C-suite) were one woman to 5.9 men at the end of 2019; a year later, at the end of 2020, odds were 5.7 men per woman. A Summer 2021 survey found among the 25% of former hospitality workers who said they would not return to restaurants, bars and hotels, the leading source of their dissatisfaction was low pay (cited by 56%). (Joblist). A November 2021 report found that average hourly earnings for Leisure and Hospitality employees increased 13.9% above 2019 levels in October, greater than the 9.6% increase for the private sector overall (US Bureau of Labor Statistics)

^d **Criminal Records.** A 2015 study reveals more than 70 million people have criminal records in the FBI database, about the same number as four-year college graduates; nearly half of black males and 40% of white males are arrested by the age 23 (Brennan Center for Justice). A 2009 study found that a past criminal record of any sort reduced the likelihood of a job offer by 50 percent (US Justice Department).

^e **Changes in Personal Priorities.** A July 2021 survey found flexible work arrangement as a higher priority than higher pay, including for those making under \$30,000 per year (Bankrate). A September 2021 survey found that flexible hours was the second most important factor sought by prospective travel and tourism employees (Destination Analysts); the same survey found that flexible hours was not perceived by most as a high-ranking characteristic of the travel and tourism industry (44.9%). A September 2021 survey found that work/life balance was the fourth most important factor sought by prospective employees (Destination Analysts); the same survey found that work/life balance was not perceived by respondents as a high-ranking attribute of the travel and tourism industry (45.1% of respondents).

^f **Desire for Job Change.** An April 2021 survey of US workers who lost jobs during the pandemic found that 30.9% didn't want to return to their old jobs, up from 19.8% in July 2020 (Federal Reserve Bank of Dallas). When it comes to income levels, about 72 percent of those who earn under \$30,000 per year are planning to look for a new job, compared with 44 percent of those who make \$80,000 and more annually; nearly 7 in 10 Black and Hispanic Americans (or 67 percent each) plan to hunt for a new position, compared with 47 percent of Whites (Bankrate). The share of population in retirement from February 2020 to April 2021 was higher by 1.5 million people than it would have been if the 2019 retirement trend would have continued (Federal Reserve Bank of Philadelphia). A May 2021 survey found 70% of job seekers who last worked in the leisure and hospitality industry say they are now looking for work in a different industry. (ZipRecruiter).

^g **Desire for Job Security.** In a Spring 2021 study, job security was one of the top three priorities for workers (47 percent of respondents), after flexible work arrangements (56 percent) and higher pay (53 percent) (Bankrate). A September 2021 survey found that job stability was the most important factor sought by prospective employees and a top career goal (Destination Analysts); the same survey found current and prospective employees perceived job stability as a relatively low-ranking characteristic of the travel and tourism industry (44.4%).

^h **Access to Non-Immigrant and Immigrant Workers.** A 2021 report showed immigrant visas issued for entry to the USA fell by almost 50% in 2020, from 462K in 2019 to 240K in 2020; and non-immigrant H-2B and J-1 visas issued to foreign workers used by seasonal hospitality and leisure companies fell by more than 60 % from 2019 to 2020: 108.5K J-1 visas (compared to 353K in 2019) and 61.8K H-2B visas (compared to 97.8K in 2019). (US State Department)