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DO BUSINESSES NEED FOREIGN WORKERS? MARTHA'S VINEYARD IS FINDING OUT

Shortage of H-2B visas hits summer-season hiring, triggering a search for American employees and novel workarounds

By Laura Meckler
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MARTHA'S VINEYARD, Mass. – Jamaicans and other foreign workers have long powered the summer economy in the upscale tourist haven of Martha's Vineyard, cleaning hotel rooms, waiting tables and mixing fudge. This year, many local businesses had to come up with a Plan B.

Facing a shortage of foreign laborers, local restaurants have reduced hours of operation and pared back menus. Managers are cleaning hotel rooms, laundry is piling up and at least one restaurant is using disposable cups to ease the dishwashers' load.

The problem is a [scarcity of the H-2B visas](#) used to bring foreign seasonal workers to the U.S. It has affected many resorts and other businesses that depend on such workers, including Alaskan fisheries. Isolated locations such as Martha's Vineyard – it has a tiny year-round population and is accessible only by ferry or plane – are especially vulnerable.

As President Donald Trump presses [to restrict both illegal and legal immigration](#), citing the need to boost prospects for American workers, Martha's Vineyard serves as a small-scale, real-time experiment in what can happen when labor markets that depend on foreign workers no longer have access to as many of them.

This summer, businesses here managed to muddle through. They remain open and have found temporary solutions, but the lack of visas disrupted the crucial summer season. It forced some local managers to hunt further afield for employees, and crimped profits.

Some employers recruited foreign workers through other means. And others say the crunch has pushed them to try harder to hire Americans – something opponents of the H-2B visa program favor.

"I have more Americans working than I've ever had," says Josh Aronie, executive chef at the Home Port Restaurant in the Vineyard fishing village of Menemsha. He also reports his restaurant has been short of staff and many of the workers he does have don't know the basics of cooking or even how to read the orders.

It is too early to know whether, if such visas remain in short supply, the troubles seen this summer in Martha's Vineyard would ease as businesses adjust, or would persist or worsen, threatening their long-term health. On the national level, it is difficult to isolate the impact of the H-2B program on overall labor markets because it is used unevenly.

H-2B visas were established in 1952 to attract guest workers for nonagricultural, seasonal jobs for which Americans are unavailable. They have proven appealing to businesses in

beach resorts and ski areas, as well as to fisheries, landscapers and other employers that have big labor demands for parts of the year.

In 1990, Congress capped the program at 66,000 visas each year, evenly divided between summer and winter seasons. Demand was so intense in the mid-2000s that Congress exempted from the cap foreigners returning to the same jobs. With that change, the total number of those visas issued soared, reaching nearly 130,000 in 2007.

During the recession, demand for the visas fell, and then rose again when unemployment dropped. Congress reinstated the exemption for returning workers for fiscal year 2016, and nearly 85,000 visas, including those for returnees, were issued.

This year, lawmakers opposed to increased immigration blocked a similar provision for returning workers, leaving the program capped once again at 66,000. The 33,000 visas allotted for the summer season were gone by March, the earliest ever.

In a compromise signed into law in May, lawmakers gave the Department of Homeland Security authority to issue additional visas if it determined they were needed.

Then-DHS Secretary John Kelly said at the time he was lobbied by lawmakers on both sides and suggested he was torn about what to do. Aides said he also was annoyed Congress had left the matter to him. In July, he [approved another 15,000 visas](#) for businesses able to prove they will suffer “irreparable harm” without them.

The first visas from this new pool should be available this month. Some businesses applied for them; others say the decision came too late.

In Alaska, Silver Bay Seafoods, a big user of the program, received 31 H-2B visas this year for workers to help process salmon, down from more than 900 in 2016. The company responded by spending more than \$1 million to recruit workers in 32 states, plus U.S. territories such as Puerto Rico and the U.S. Virgin Islands.

“It’s very difficult to find people to do this work,” says Joe Misenti, general counsel for Silver Bay. The company succeeded in hiring about 1,600 workers, replacing all of the foreign workers with Americans, counting those from the U.S. territories.

The downside, Mr. Misenti says, was lower retention rates among new workers who lacked industry experience. Because the operation is running less efficiently, he says, the company suspended fishing on some days, forgoing four million pounds of salmon at one of five plants, so the processing plant could catch up. The result, so far, is a loss of several million dollars to local fishermen who sell to the company and even more to the company, he says.

Landscapers, the heaviest users of the H-2B program, appear least affected. Because many need workers earlier in the season, they can apply earlier for the first-come, first-served program. Many, though not all, landscaping companies received all the visas they requested, industry officials say.

On Martha’s Vineyard, the population swells to 115,000 during the tourist season, from 15,500 the rest of the year. Employers and other residents say filling temporary jobs with local workers is hard because people who live there year-round want year-round employment.

The unemployment rate on the island in June was 3.8 percent, compared with 4.4 percent both in Massachusetts and nationally. The jobless rate on the island is consistently lower than in the state during the summer, but this summer the differential is greater than it has been for five years, according to Bureau of Labor Statistics data, suggesting labor is even harder to find than usual for local businesses.

Nationwide data on the leisure and hospitality sector also shows a tightening labor market. In June, average hourly earnings in the sector increased 4 percent from a year earlier, according to government data analyzed by Moody's Analytics, exceeding wage growth across the overall economy. In May, there were 755,000 job openings in the accommodation and food-service industries, way up from the start of the year, according to Moody's. In April, 5.3 percent of jobs in the sector were open, the highest rate since 2001.

On Martha's Vineyard, the Harborside Inn in Edgartown had 14 H-2B workers last year, all from Jamaica. This year, it got none. "This is the repercussion of the cap," says employee Allan Baxter, gesturing at a mound of white sheets in the laundry room awaiting one of two industrial washers.

Mr. Baxter was able to return this year as an H-2B worker because he didn't leave the U.S. after last summer's season. He spent the winter working at a ski resort in Vermont, a summer-winter job shift that foreign workers can take advantage of for up to three years. Many of the H-2B workers on the island this summer did the same.

Some employers fill gaps on their payrolls by giving second jobs to H-2B visa holders who are sponsored by others, an arrangement that violates the program's rules. The result is that employers limit their overtime spending, while workers put in as many as 80 hours a week at standard pay rates because they are paid by more than one employer.

Daniel Ferguson, 50 years old, works at both Murdick's Fudge, his sponsor, and a deli and grocery store in nearby Oak Bluffs. His wages help support his mother, sister and sister's children as well as his own. Another employee, Doris Brownmiller, 49, works at a hotel during the day and recruits housekeepers there to work at Murdick's with her in the evenings.

Mike McCourt, the manager at Murdick's, says he knows this is against the rules but "it's just kind of the nature of the game here on the island. I can't really defend myself other than it really does fill a need."

He says he prefers H-2B workers to college students, who go back to school before the summer season is out, and to high-school students, who he says don't work as hard. American teenagers, he says, "know you need them more than they need you."

Government data on this summer's wages on Martha's Vineyard won't be available for months. H-2B worker wages are generally tied to average local wages, and some have risen modestly over time. Murdick's Fudge, for instance, paid H-2B workers \$10.61 an hour in 2015, \$11.45 in 2016, and \$11.85 in 2017, according to petitions filed with the Labor Department.

Economists say American workers would turn up for seasonal jobs in remote places if employers raised their wages high enough. Some business people in Martha's Vineyard don't think that is feasible.

Mark Snider, who owns the Winnetu Oceanside Resort outside Edgartown, where a two-bedroom suite runs \$1,800 per night, calls the idea of raising wages "naive." He says most Americans want year-round, full-time work and wouldn't take the summer jobs he has to offer.

In any case, he says, he can't afford to raise wages too much. "There's a limit to what you can afford to spend, and everybody has to make that choice in terms of running a business," he says.

At the Home Port Restaurant in Menemsha, Mr. Aronie recalls meeting with his small staff in a panic this June just a few days before the scheduled opening. He had applied for 18 H-2B visa workers and received none.

Because of the staffing crunch, the restaurant initially was open just five nights a week, and didn't open for lunch until late July. Mr. Aronie jokes about the qualification he requires for hiring: "Are you breathing? Excellent." He has paid a premium to hire three people via a Boston-based temp agency.

Joel Shevack, property manager of the company that owns the Home Port and two inns, says he hired three local housekeepers this summer but then fired them because they weren't thorough enough. He replaced them with foreign college students who are in the U.S. on J-1 cultural-exchange visas.

Nancy's, a snack shop and restaurant in Oak Bluffs, didn't get the visas it requested. It cut its raw bar because it didn't have the staff to shuck the oysters, and replaced ceramic ramekins with disposable cups for tartar sauce to ease pressure on the dishwashing station.

Nancy's is relying heavily on foreign students in the U.S. on cultural-exchange visas to fill the void left by lack of H-2B workers. But that program is "not ideal," says owner Doug Abdelnour, Jr., because the workers are free to change employers. "If someone says, 'I'll give you 25 cents more an hour,' they're gone," he says.