

Visa fight leaves businesses short summer workers

Why small businesses will fail and consumers suffer because of the shortage of H-2B visas.

April 18, 2008

(FORTUNE Small Business) -- Carnival operators in Alaska, landscapers in Pennsylvania and sugarcane processors in Louisiana are just a few of the thousands of small businesses imperiled by a Congressional standoff concerning H-2B visas, which allow seasonal foreign workers to enter the country legally.

The federal government is limited to issuing 66,000 such visas per year: 33,000 in the summer and 33,000 in the winter. But because the demand for seasonal foreign labor far surpasses that supply, in 2005 Congress passed the "Save Our Small and Seasonal Business Act," which exempted all returning foreign workers from the quota. Returnees are the labor-force lifeblood of many small-business owners who choose to hire legal H2-B foreigners over illegal immigrants.

Last year, more than 120,000 foreign workers entered the country legally on H2-B work visas, nearly twice as many as allowed by the original quota.

But the 2005 law was only designed to be a two-year stopgap solution, pending a complete overhaul of America's immigration laws. When the act expired last year, Congress passed a one-year extension, which ran out in September.

Now the [Congressional Hispanic Caucus](#) and its allies, who wield enough votes to block any attempt to renew the returning-worker exemption, are holding the H2-B program hostage. Their demand? Nothing less than comprehensive immigration reform.

"A stand-alone solution that only benefits H-2B employers doesn't go far enough," says U.S. Rep Charles A. Gonzalez, D-Texas, vice-president of the Congressional Hispanic Caucus. "Business owners who depend on H-2B may feel like this isn't fair, but the truth is, if we solve their H-2B problem, they won't feel any compulsion to bring pressure for a broader solution. We need all business owners to come together and be proponents for true, comprehensive reform, not quick fixes."

But comprehensive immigration reform is unlikely to happen before the presidential election in November. Meanwhile the consequences will be devastating for small-business owners who depend on legal temporary foreign labor.

H-2B visa crunch: 'I can't grow my business'

"Local economies and small businesses around the country are facing a crucial workforce shortage," says Rep. Charles Boustany, R-La. "The sudden shortage of H2-B visas is hitting small business hard ... sugarcane is not being processed in my district. Rice is not being milled. Our commercial fisherman - whether you're talking about crawfish, shrimp, fish or crabs - are being turned away by seafood processors because they don't have workers to clean and pick the catch."

Boustany says the impact is hurting "all the maritime and agricultural industries," as well as housing contractors in New Orleans, many of whom have government hurricane-reconstruction contracts.

"We're still trying to recover from two very bad storms a few years ago, and this [the H-2B standoff] doesn't help," he says.

[The Pennsylvania Landscape and Nursery Association](#) estimates that without an extension of the H-2B act for small businesses, landscape and nursery businesses in Pennsylvania will lose \$26 million in revenue and be forced to cut 300 jobs currently held by Americans.

According to the [Cape Cod Chamber of Commerce](#), local golf course owners, hoteliers, restaurateurs and other business owners who depend on the summer tourist trade applied for more than 5,000 H-2B visas this year. So far, only 15 visas have been granted.

"Everyone's going to be forced to raise their prices, and it's going to be difficult to stay in business," says Jim Judkins, owner of Chimera and JKJ Workforce, who recruits laborers for more than 100 circus and carnival owners. "You're going to be looking at \$20 carnival rides this summer in America. Who's going to pay that?"