



Congress of the United States House of Representatives

WAYNE T. GILCHREST
1st District, Maryland

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The Honorable Zoe Lofgren
Chairwoman
Subcommittee on Immigration, Citizenship,
Refugees, Border Security and International Law
Committee on the Judiciary
House of Representatives
517 Cannon House Office Building
Washington, DC 20515

The Honorable Steve King
Ranking Member
Subcommittee on Immigration, Citizenship,
Refugees, Border Security and International Law
Committee on the Judiciary
House of Representatives
517 Cannon House Office Building
Washington, DC 20515

Dear Chairman Lofgren and Ranking Member King:

I testify today in support of the H-2B program and the H-2B Returning Worker Exemption. As many of you know, seasonal businesses across the nation – including Maryland's First Congressional District – depend on temporary H-2B workers to fulfill seasonal labor needs. This program is vital to the seafood, cannery and numerous other seasonal industries on Maryland's Eastern Shore and it has worked for over a decade with results that have benefited both small business and the Americans who work for them. This is not a new program. It deals only with temporary seasonal workers who come to the US to perform seasonal work and then return home at the end of the season.

Local economies across the United States are facing an immediate labor crisis. Seasonal jobs that have been filled for years by temporary H-2B workers are vacant. The H-2B visa program provides the small and seasonal businesses that drive many of our nation's regional economies with legal, seasonal workers. The FY 2008 cap of 66,000 H-2B workers was met this year on January 2. In past years, Congress acted responsibly and allowed certain returning workers to be exempt from the H-2B cap in order to help meet the needs of the many seasonal businesses that rely on these workers. Unfortunately, Congress allowed the returning worker provision to expire last year, and thousands of small businesses nationwide face critical job shortages. Prospects for renewing the extension are stalled in the partisan debate over illegal immigration. While it is responsible to have a debate on the need to reform and strengthen this program, it is irresponsible to hold small seasonal businesses hostage to a prolonged partisan political game – especially without any form of relief or reliable labor forecast.

By summarizing the story told by seasonal H2-B businesses in my district, I will explain to the committee why demand for the program has risen and why Congress must strengthen and expand this vital program:



Seafood processing started on Maryland's Eastern Shore in the mid 1800's and has continued until today. It is a significant industry that has defined the State of Maryland, particularly the Eastern Shore. The seafood industry has built and sustained many small towns and villages. The seafood industry is a way of life in these communities. Unfortunately, this way of life is being jeopardized by the continuing absence of available Americans who are willing and able to perform seasonal work.

In the past, these small family owned crabmeat processing plants relied on the family members of watermen for their workforce. The watermen and their families would wake daily at about 3 am. Their families helped watermen prepare for work on the Chesapeake, and then they would go to the crab factory to pick crabs that had been harvested the previous day.

In the 1970's many of the family members left the seafood processing industry, attracted to new industries in the community that provided steady, year-round employment and more conventional work hours. This was the first major labor challenge presented to the industry. In response, a crab picking machine was invented and used to reduce the dependence on seasonal workers. While it did help some, the machine still required 40 people to operate in what has developed to be an even shorter season. Staffing challenges grew worse every year as industry and services continued proliferate throughout the Eastern Shore.

The 1980's ushered in an even more improved economic situation to our region, including more year round employment opportunities for our traditional workers. This in turn greatly increased the strain to provide workers for small seasonal businesses. The seafood industry businesses began to look for the first time at potential workers in different places and outside of our immediate neighborhoods. Some of the efforts to hire and retain local workers include:

- Working with state employment agencies
- Recruiting from local and regional and state detention centers for work release programs
- Increasing advertising in local and regional newspapers
- Working to hire mentally and physically handicapped folks through different organizations
- Working with private industry councils
- Sending a bus daily to Baltimore (80 miles one way) to bring in workers from depressed inner-city neighborhoods.
- Working with religious organizations to set up job fairs in the metropolitan areas of Washington to solicit legal workers to come to the shore to work

Again, with so many more year round employment opportunities available, none of these efforts met with success. The situation continues today.

In the early 1990's Maryland's seafood business were at the "breaking point" – after significant downsizing, if employees could not be hired to pick the crabs the entire seafood business would have begun to collapse. One or two companies began using the H-2B program to survive. Soon nearly all of these small seasonal businesses began supplementing their local workers with temporary seasonal foreign workers.

In the mid 1990's the industry began facing stiff competition (largely as a result of what we believe was illegal dumping of huge amounts of cheap imported crabmeat coming in to the U.S. markets) from

processors in Asia. While they used a completely-different species of crab, these foreign companies still marketed their processed product as “Blue Crab”. This cheap imitation of our domestically-processed blue crab caused confusion at the market place, and began to take away tremendous market share because of the significantly cheaper cost. This supply of “cheap” imported crabmeat continued to increase into the late 90’s to the point many crabmeat businesses from Texas to Maryland went out of business. The remaining crab companies had to restructure their marketing to get away from large accounts such as chain stores and move towards niche markets where consumers demanded and would pay a little extra for “real Chesapeake crabmeat”. The surviving crab businesses have been able to stay in business by buying, cooking, picking, processing and marketing their authentic “Grown in the USA” domestic crabmeat. In recent years the market has continued to evolve and change and now China and Venezuela ship literally tons and tons of cheap crabmeat into the United States.

For many reasons – some specific to my district and others across America – strengthening and expanding this program has drawn bipartisan support in past years. The Save Our Small and Seasonal Businesses Act, signed into law by President Bush in May 2005, made significant changes to the federal H2-B (non-skilled seasonal worker) visa program. Among the changes, it exempted returning seasonal workers from counting against the national cap of 66,000 people, created new anti-fraud provisions, and ensured a fair allocation of H2-B visas among spring and summer employees. The cap exemption provided significant relief to Maryland’s seafood and cannery industry that often hires the same dependable workers every year.

The only word to describe the situation today is “desperation.”

Where we are today: seafood processors continue to provide significant benefit to our region’s economy. In fact, the University of Maryland has conducted extensive economic studies in our region, including detailed evaluations of the impact of Maryland’s crab industry. Using scientifically-collected data, University economists have determined that for each H-2B worker in our industry, 2.5 local American jobs have been retained or created. With these foreign temporary workers industry and year-round American workforce are able to survive. Without them, businesses would fail and Americans would lose their jobs.

The closure of so many seafood processing plants around the country in the face of cheap foreign imports has placed additional responsibility on surviving companies. At various times of the year, the volume of raw seafood product outstrips the ability of local plants to process it. This has meant that raw product must be shipped across state borders to plants where the season has not peaked. While this has resulted in increased transportation costs, it has also lengthened the period of time our companies operate. This has in turn placed additional pressure on the need to find available seasonal workers.

In my district, the companies that apply for H-2B workers follow rigorous guidelines for approval before any foreign seasonal worker can be hired. They conduct extensive recruitment campaigns by advertising in local papers to recruit available Americans. They also participate in local job fairs, and even recruit released former convicts, among the activities they pursue. They pay well above the minimum wage – they pay the “prevailing wage.”

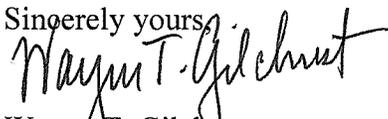
I can say without hesitation that these temporary H-2B workers play a key role in preserving a way of life for the Eastern Shore of Maryland. Without these workers, the seafood processing industry will

disappear in a very short timeframe. Generational family businesses will close. The trickle down support industries will suffer or close. Fishing communities will disappear. There will be higher unemployment for the American workers laid off because of the business closures. Families will be split up and no longer working together. Small businesses, the backbone of our country (as it is often said) will suffer and decline. More people will be dependent on government services to survive since many manufacturing jobs have been moved out of our communities, state and country.

Hundreds of industries nationwide are currently affected by the lapse of the H2-B Visa returning worker provision, including those of my constituents that have traveled here today. While an honest and open debate is necessary on the reforms needed to better this program, we cannot hold these small and family businesses hostage to political gamesmanship and partisan demagoguery.

Thank you for your taking our needs into consideration.

Sincerely yours,

A handwritten signature in black ink that reads "Wayne T. Gilchrist". The signature is written in a cursive style with a large, prominent initial "W".

Wayne T. Gilchrist
Member of Congress