



**REPUBLICAN GOVERNANCE GROUP
CONGRESSIONAL BRIEFING & LUNCHEON:**

**THE CURRENT STATE OF THE
LABOR SHORTAGE**



PRESENTED BY



Misty Chally, Esq.
CEO Capitol Solutions



Kat Fonda
Director Federal Affairs
American Hotel & Lodging Association



Neal Patel
Managing Partner
Patel Partners



Jordan Heiliczer
Director Labor & Workforce Policy
National Restaurant Association



Misty Chally, Esq.
CEO
CAPITOL SOLUTIONS

Misty Chally is the CEO of Capitol Solutions, LLC and the founder of the Critical Labor Coalition. Chally has worked in the political arena for more than 25 years where she has managed congressional and presidential political action committees (PACs), organized thousands of constituent fly-ins and testified on behalf of small-business owners on issues including tax, labor and health care on both the state and federal levels.



THE LABOR SHORTAGE

Pandemic

- 120,000 businesses temporarily closed
- 30 million U.S. workers were unemployed

Labor Force Participation

There would be 1.9 million more workers today if labor force participation was the same as in February 2020



*Source: Bureau of Labor Statistics June Report



CRITICAL
LABOR
COALITION

THE LABOR SHORTAGE

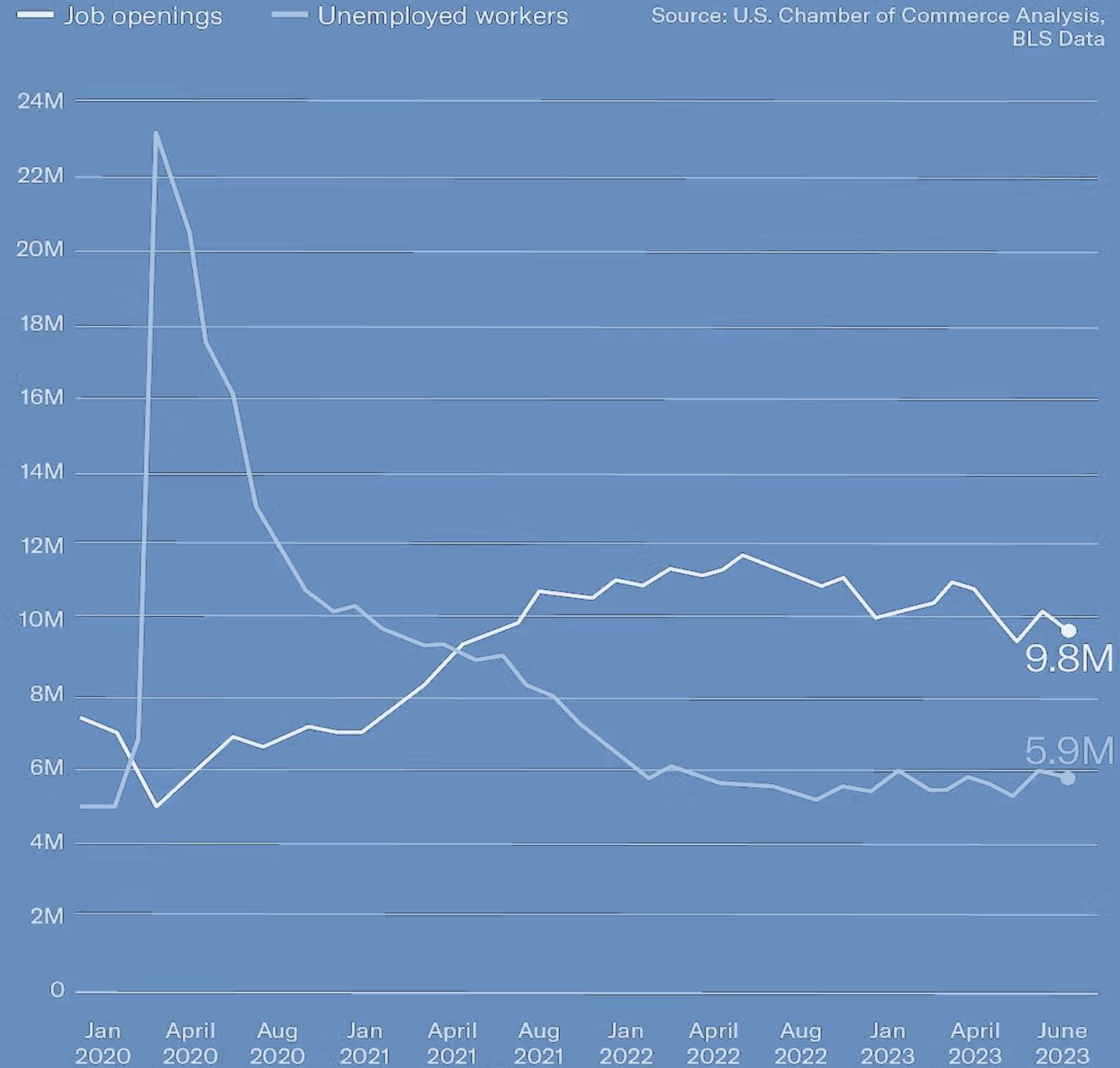
There are 3.9 million more job openings than the number of unemployed workers



**CRITICAL
LABOR
COALITION**

National job openings vs. number of unemployed workers

June 2023



THE LABOR SHORTAGE

SHORTAGE

There are
75 available
workers
for every 100
jobs
in the U.S.

Worker Shortage Index



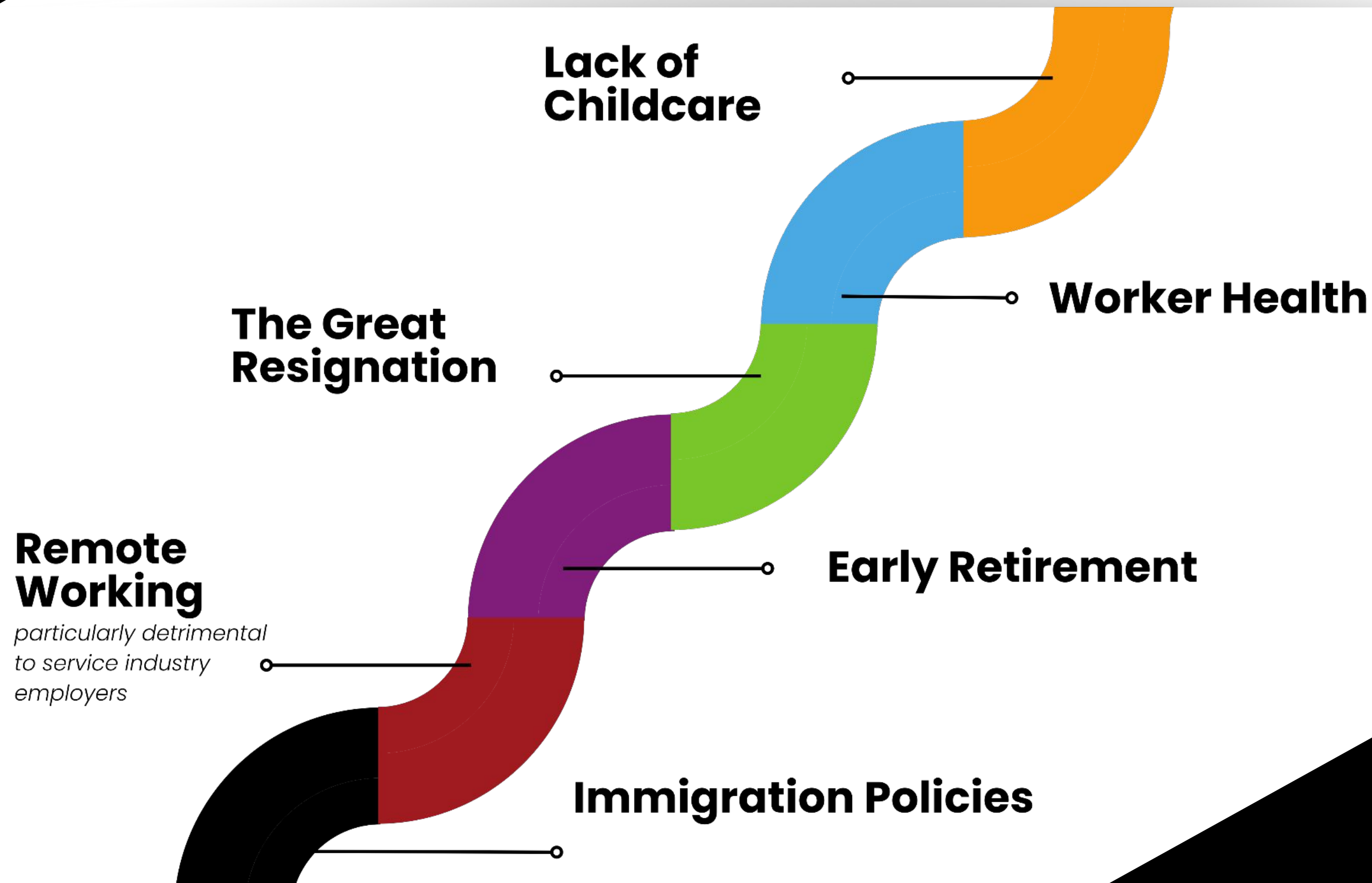
There are 75 available workers
for every 100 open jobs in the U.S.

Source: U.S. Chamber of Commerce Analysis, BLS Data



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COALITION

MAJOR REASONS BEHIND THE LABOR SHORTAGE



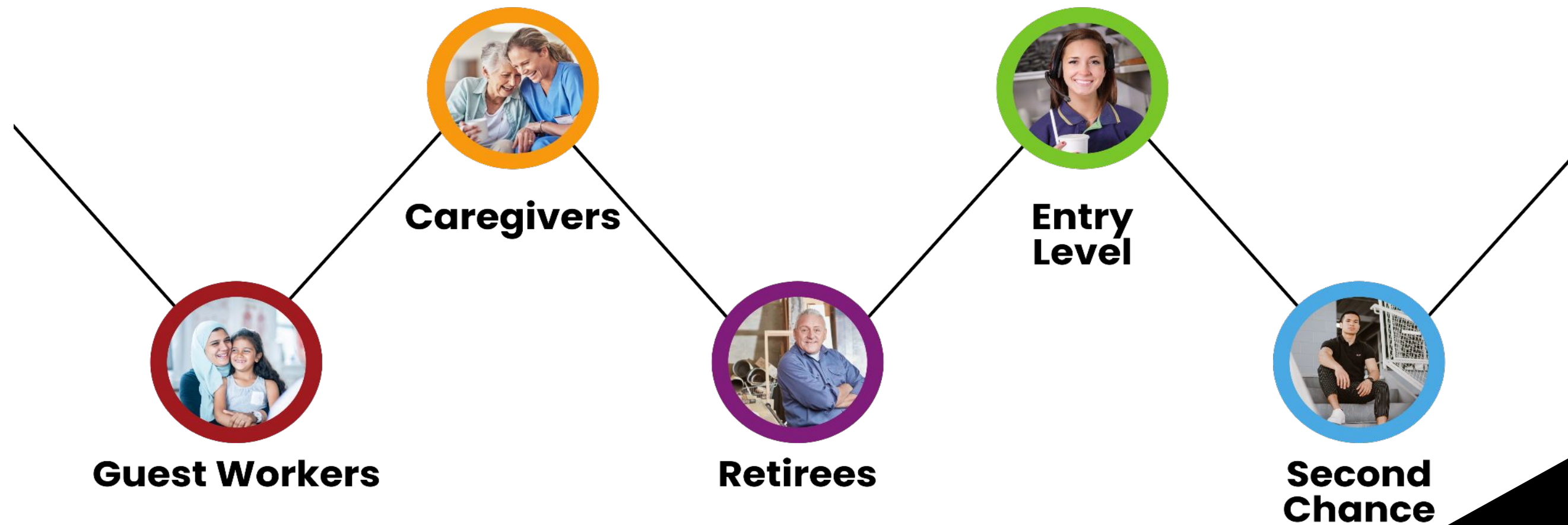
**CRITICAL
LABOR
COALITION**

THE CRITICAL LABOR COALITION

Formed in July 2022 to find solutions to the critical labor shortage and unleash the potential of the workforce in the United States.

Comprised of trade associations as well as corporate and individual business owners, CLC advocates for bipartisan policies that incentivize individuals to return to work.

COMMUNITIES OF WORKERS



**CRITICAL
LABOR
COALITION**

THE CRITICAL LABOR COALITION

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The Critical Labor Coalition (CLC) was formed to find solutions to the nation's critical labor shortage and unleash the potential of the U.S. workforce.

Comprised of trade associations, nonprofit organizations, corporate and individual business owners, we advocate for policy change with one voice.

By supporting legislative efforts to remove the barriers currently keeping many people from considering employment opportunities, we can get people back to work and continue to fuel the economy.



**CRITICAL
LABOR
COALITION**

MEMBERS





Kat Fonda
Director
Federal Affairs

AMERICAN HOTEL & LODGING ASSOCIATION

In her role at the AHLA, Fonda works with both House and Senate Republicans and the Administration on labor, travel, financial services, and China-related issues. Fonda joins AHLA from Fundraising Inc., where she served as a fundraising consultant to several dozen Members of Congress, including multiple Committee Chairmen and U.S. Senators, providing expert counsel to Members and their senior Congressional staff. Prior to Fundraising Inc, Fonda spent several years at AFLAC where she assisted with policy development and lobbying on financial services issues.





Labor Shortages

Monday, July 24th

KAT FONDA

DIRECTOR OF FEDERAL AFFAIRS, AMERICAN HOTEL & LODGING ASSOCIATION

Front Desk Feedback Survey

May 2023



HOTEL STAFFING SHORTAGES



81% experiencing staffing shortage.



25% experiencing **severe** shortage.



of hoteliers have increased wages



of hoteliers are offering greater hourly flexibility



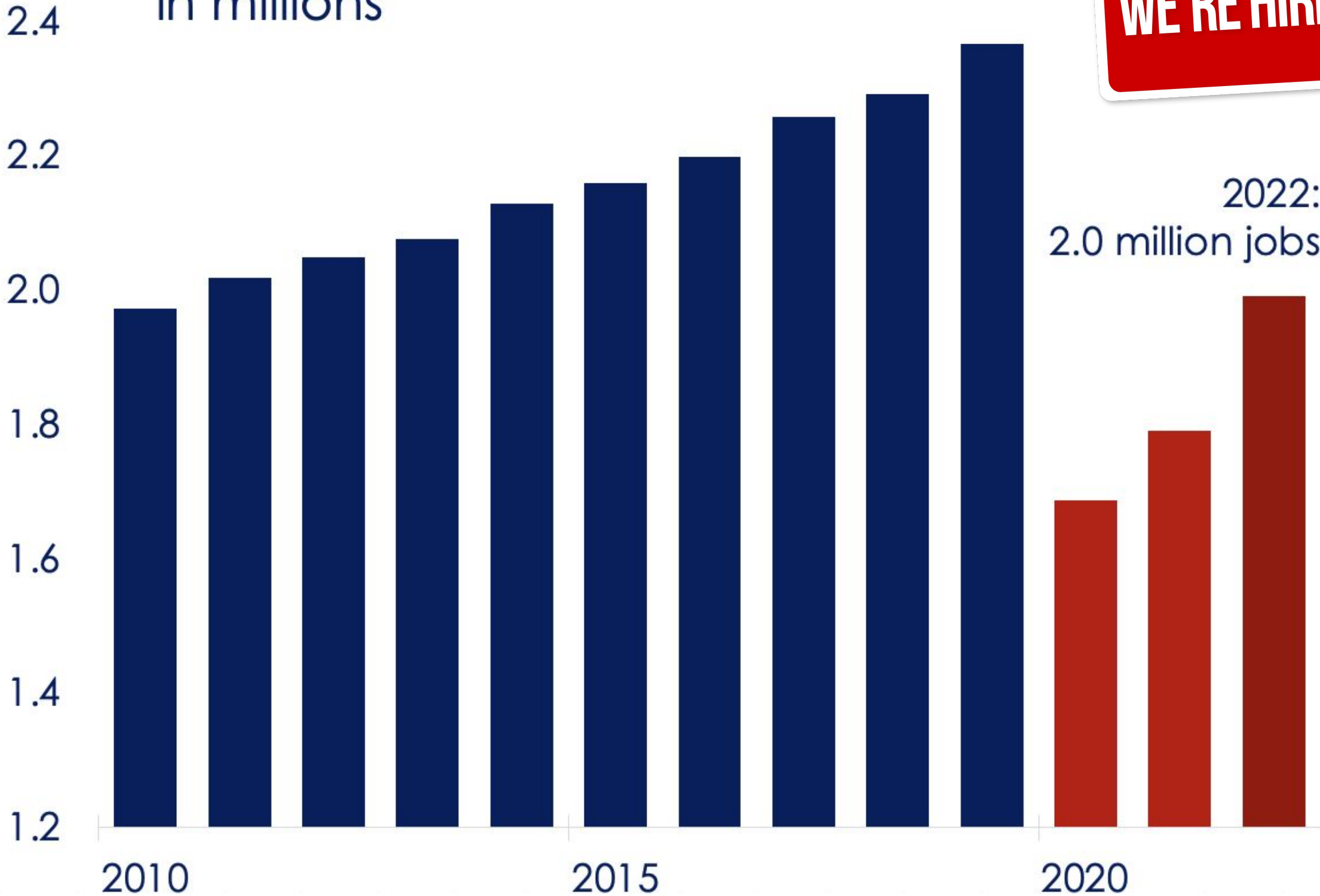
of hoteliers have increased benefits

Top 5 Positions in Demand

1. Housekeeping
2. Front Desk
3. Maintenance
4. Culinary
5. Executive & GM

By the numbers...

Hotel industry employment in millions



2022:
2.0 million jobs

Historic Labor Shortages Making Headlines

Millennials to Baby Boomers: Why workers of all ages are adding to the labor shortage



Labor, Rising Utility Costs and Interest Rates Are Top Hurdles for Hoteliers



CENTRAL BANKS COMMENTARY

Pro Take: Hotel Inflation Runs Hotter Than the Fed's Target, With a Worker Shortage of No Help

U.S. hotel and lodging inflation rose to 8.1% in March

THE WALL STREET JOURNAL.

U.S. Hotels Tack on 10,000 New Jobs But Still Way Below Pre-Pandemic Levels



Despite incentives, hotels still experiencing staffing shortages

By Esther Hertzfeld · Feb 28, 2023 10:05am



THE WALL STREET JOURNAL.

Hotel Guests Are Back, but the Workers Aren't

American labor shortage is a rose with many thorns



Staff Shortages and Rising Costs: How Hoteliers are Using Technology to Streamline Operations



Hotels Impact on Economy & Communities

Washington, D.C. Example

Industry Snapshot in District of Columbia

HOTEL GUEST SPENDING IN DC	PROPERTIES IN DC (NUMBER OF HOTELS)	HOTEL GUESTROOMS IN DC (NUMBER OF ROOMS)
\$5.1 billion	148	33,760
SHARE OF TOTAL JOBS SUPPORTED BY HOTEL INDUSTRY IN DC	TOTAL TAXES PER HOUSEHOLD IN DC (\$ PER HOUSEHOLD)	STATE AND LOCAL TAXES PER HOUSEHOLD IN DC (\$ PER HOUSEHOLD)
4.9%	\$3847.20	\$2070.02

Total Hotel Industry Impact in District of Columbia

BUSINESS SALES IN DC (OUTPUT)	WAGES AND SALARIES IN DC	EMPLOYMENT IN DC (NUMBER OF JOBS)	GROSS DOMESTIC PRODUCT IN DC
\$9 billion	\$3.2 billion	43,298	\$5 billion
TOTAL TAXES IN DC	DC STATE AND LOCAL TAXES	TAXES ON LODGING IN DC	FEDERAL TAXES IN DC
\$1.2 billion	\$661.5 million	\$245.7 million	\$567.9 million

Hotel Operations Impact in District of Columbia

BUSINESS SALES IN DC (OUTPUT)	WAGES AND SALARIES IN DC	EMPLOYMENT IN DC (NUMBER OF JOBS)	GROSS DOMESTIC PRODUCT IN DC
\$2.5 billion	\$1 billion	13,451	\$1.7 billion
TOTAL TAXES IN DC	DC STATE AND LOCAL TAXES	FEDERAL TAXES IN DC	
\$595.9 million	\$416.1 million	\$179.7 million	



Jordan Heiliczer

Director

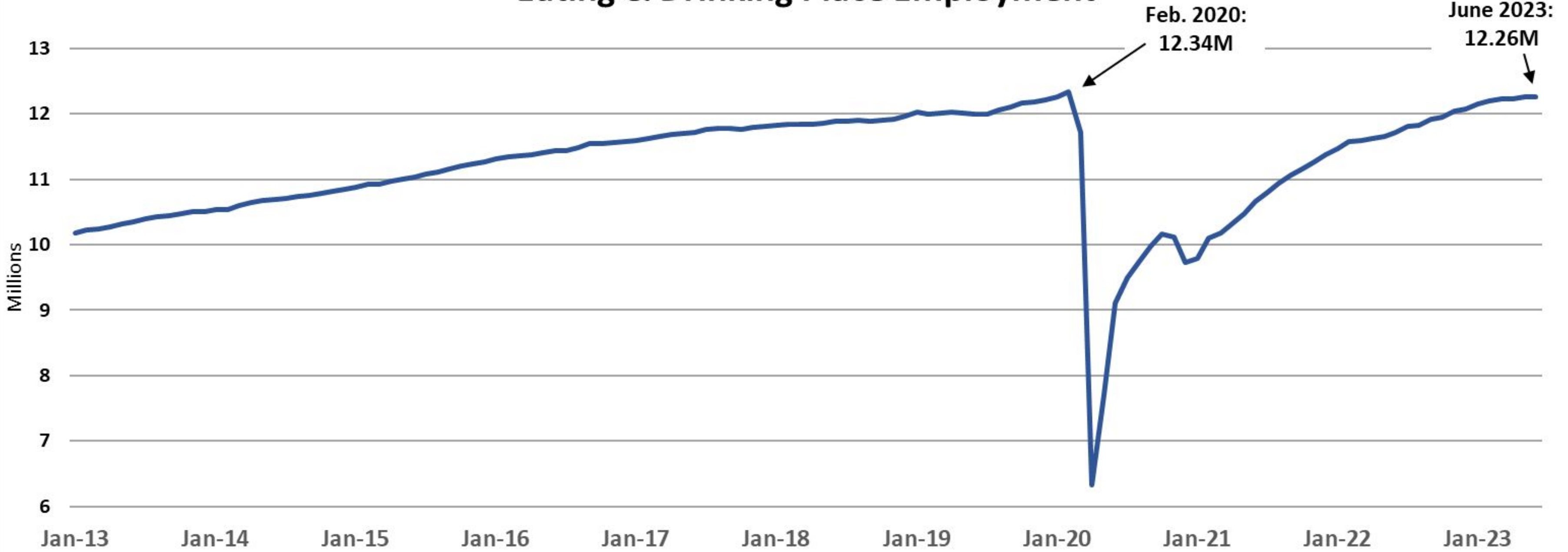
Labor & Workforce Policy

NATIONAL RESTAURANT ASSOCIATION

Before joining the Association, Heiliczer was the Senior Director of Government and Political Affairs at AAHOA, where she led federal and political efforts on behalf of America's hotel owners and concentrated on issues important to the hospitality industry, including small business advocacy and workforce relations.



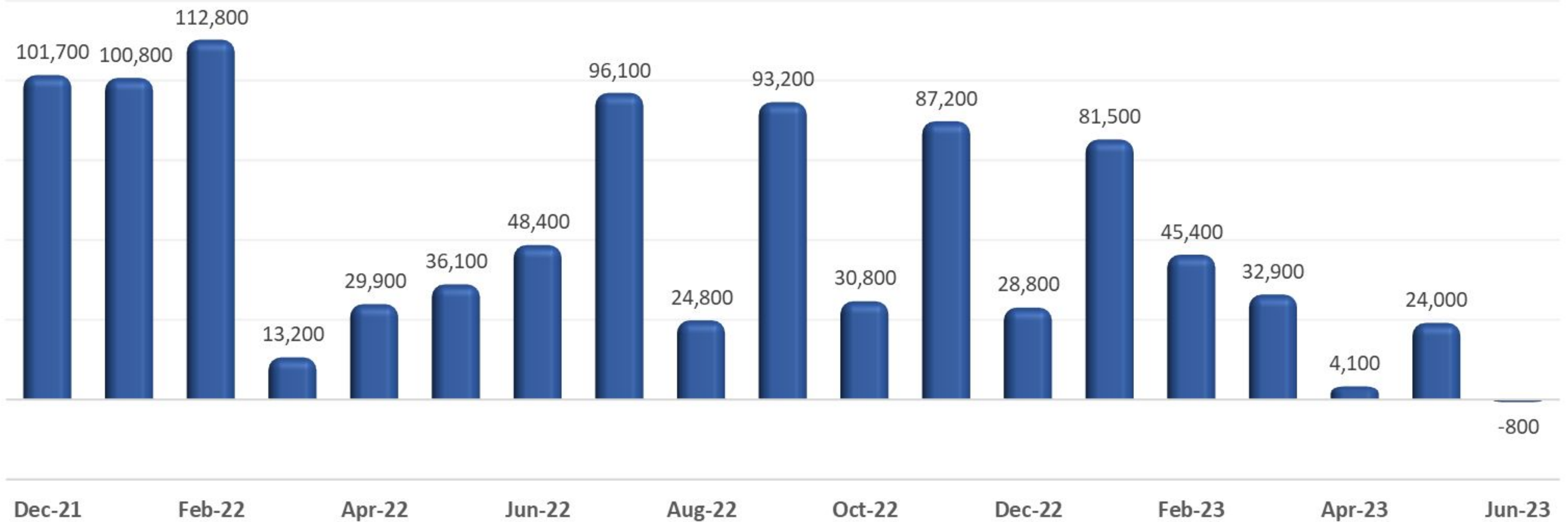
Eating & Drinking Place Employment



Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary



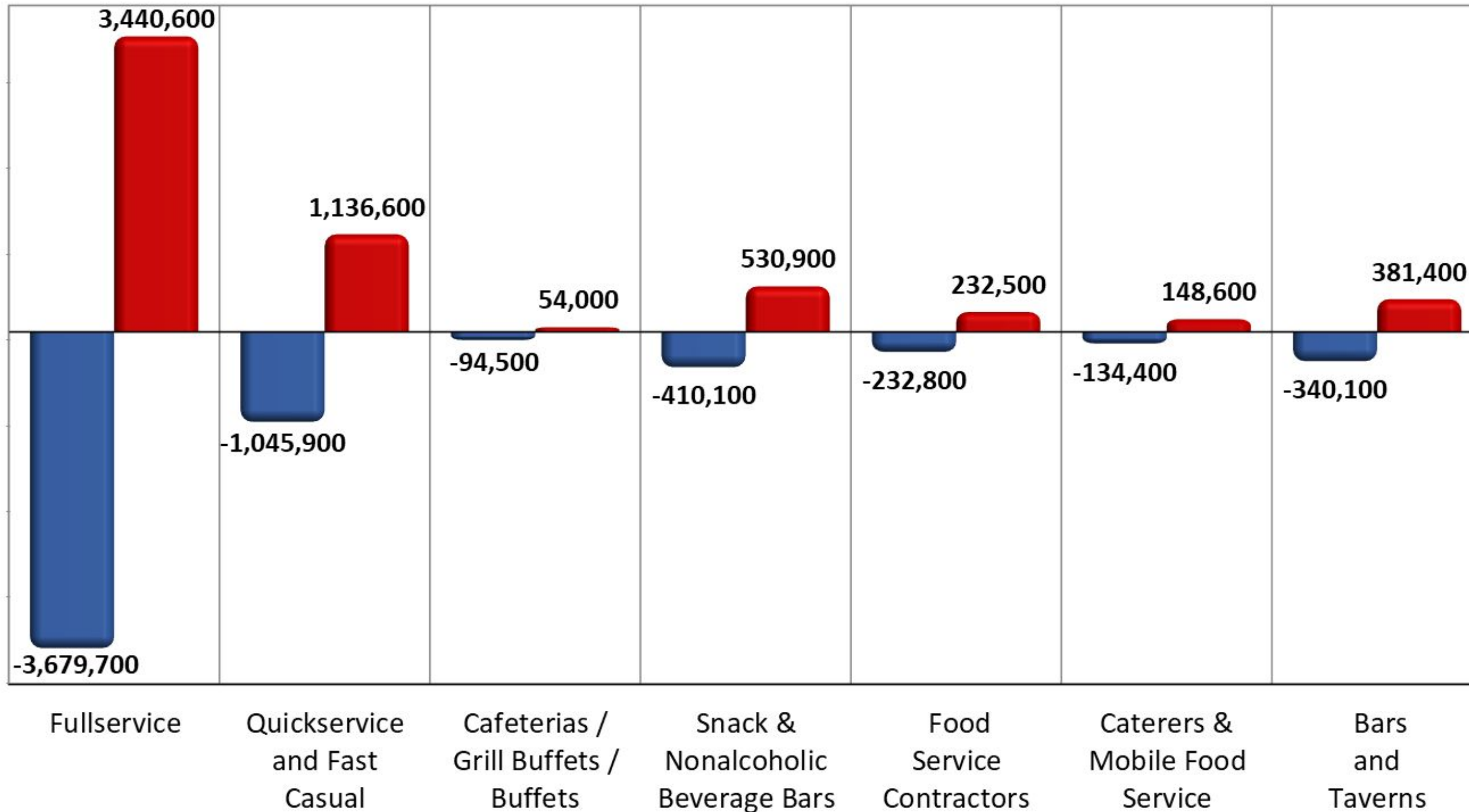
Monthly Change in Eating & Drinking Place Employment



Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary



Restaurant Employment by Segment



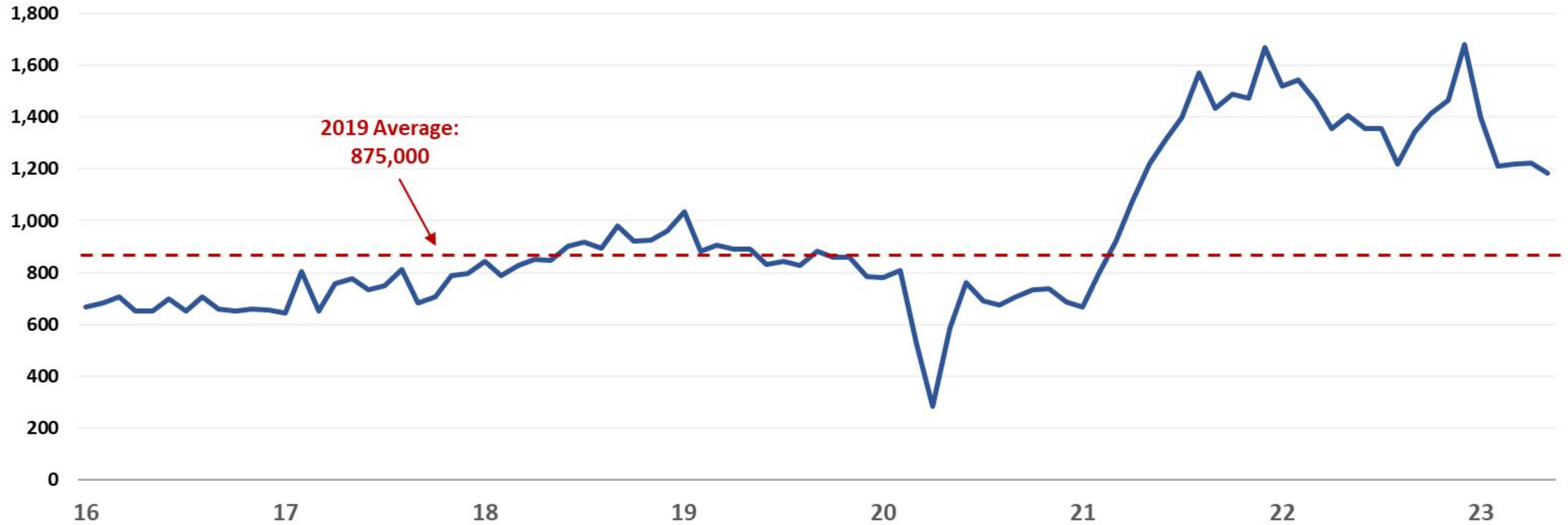
■ Employment change: February 2020 to April 2020

■ Employment change: April 2020 to May 2023

Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary



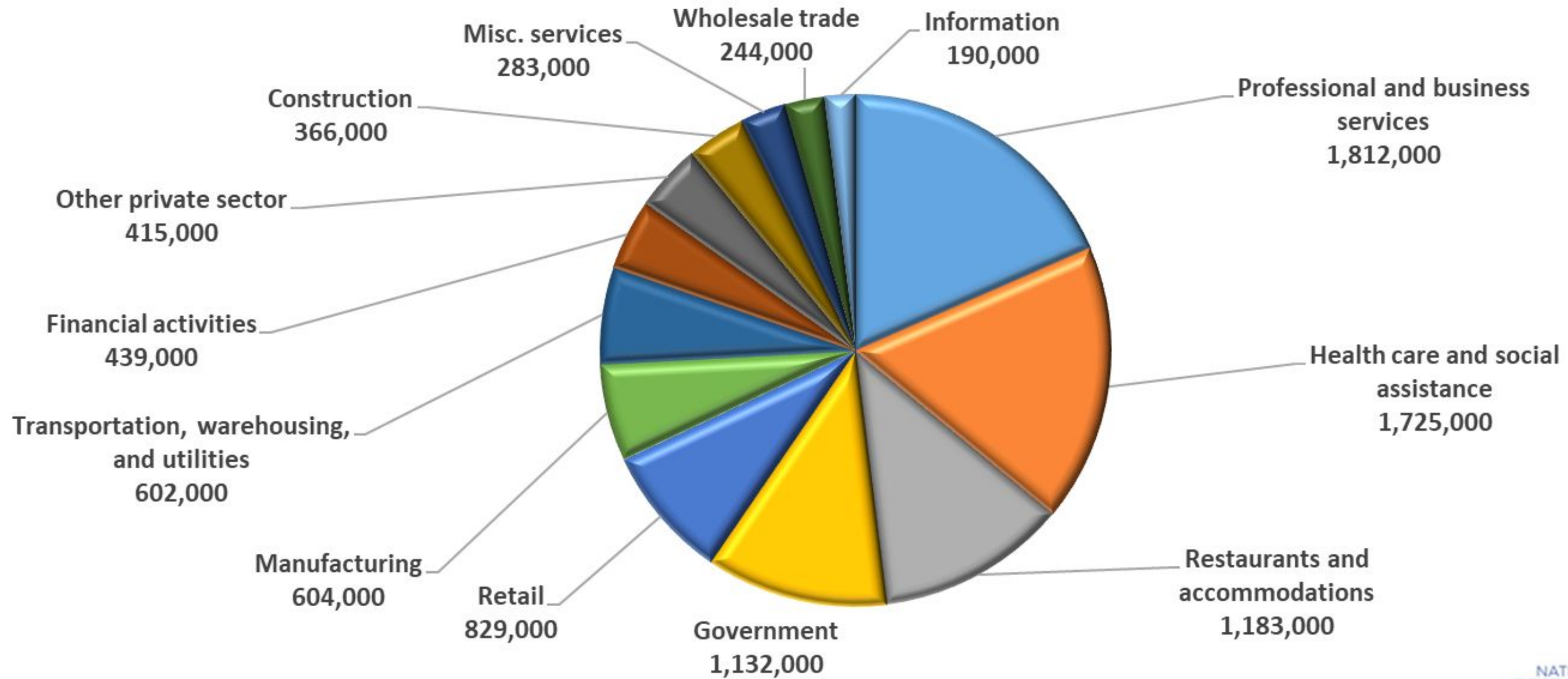
End-of-Month Job Openings in the Restaurants & Accommodations Sector (thousands)



Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary



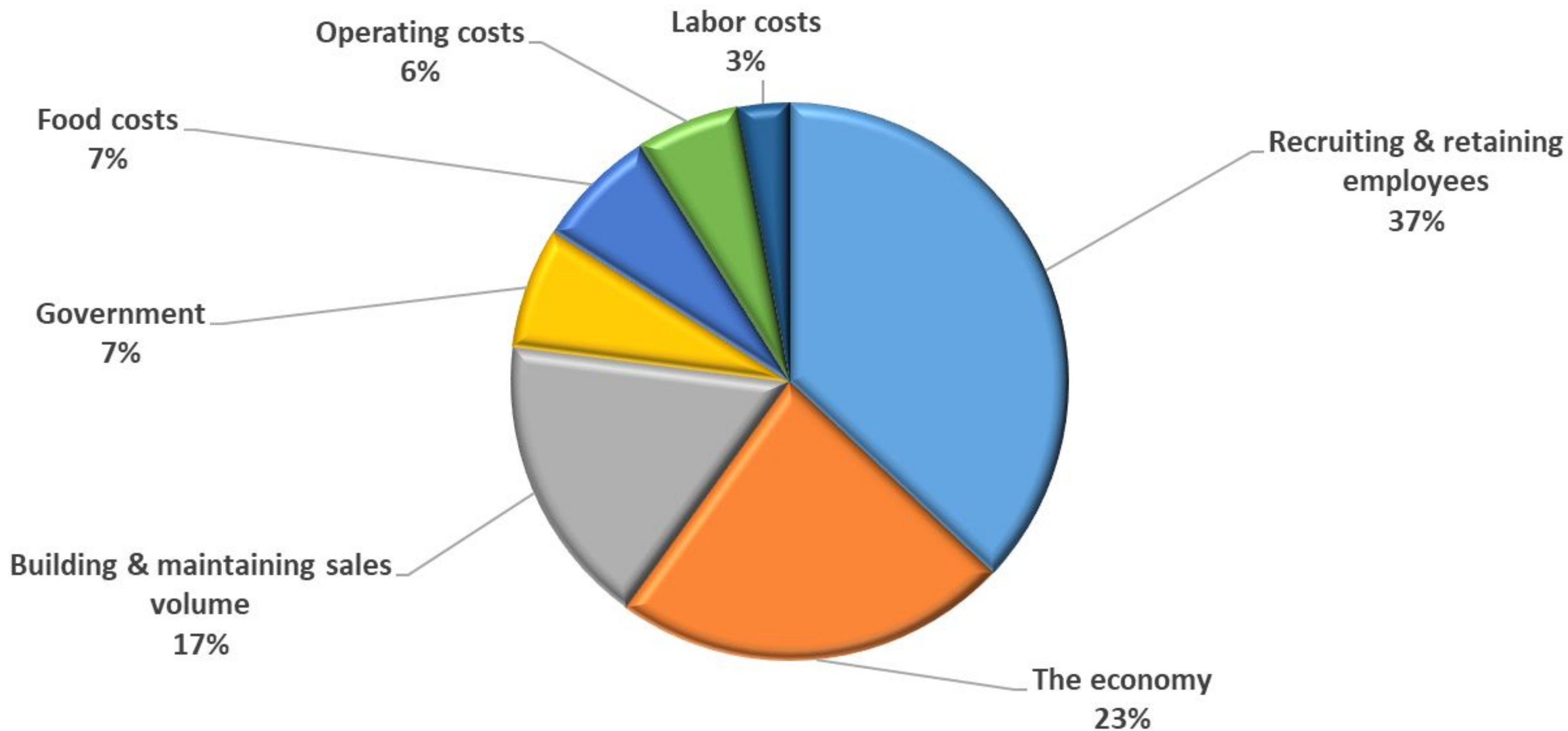
Number of Job Openings by Industry - May 2023



Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary



Restaurant operators' reporting of the top challenge facing their business in June 2023

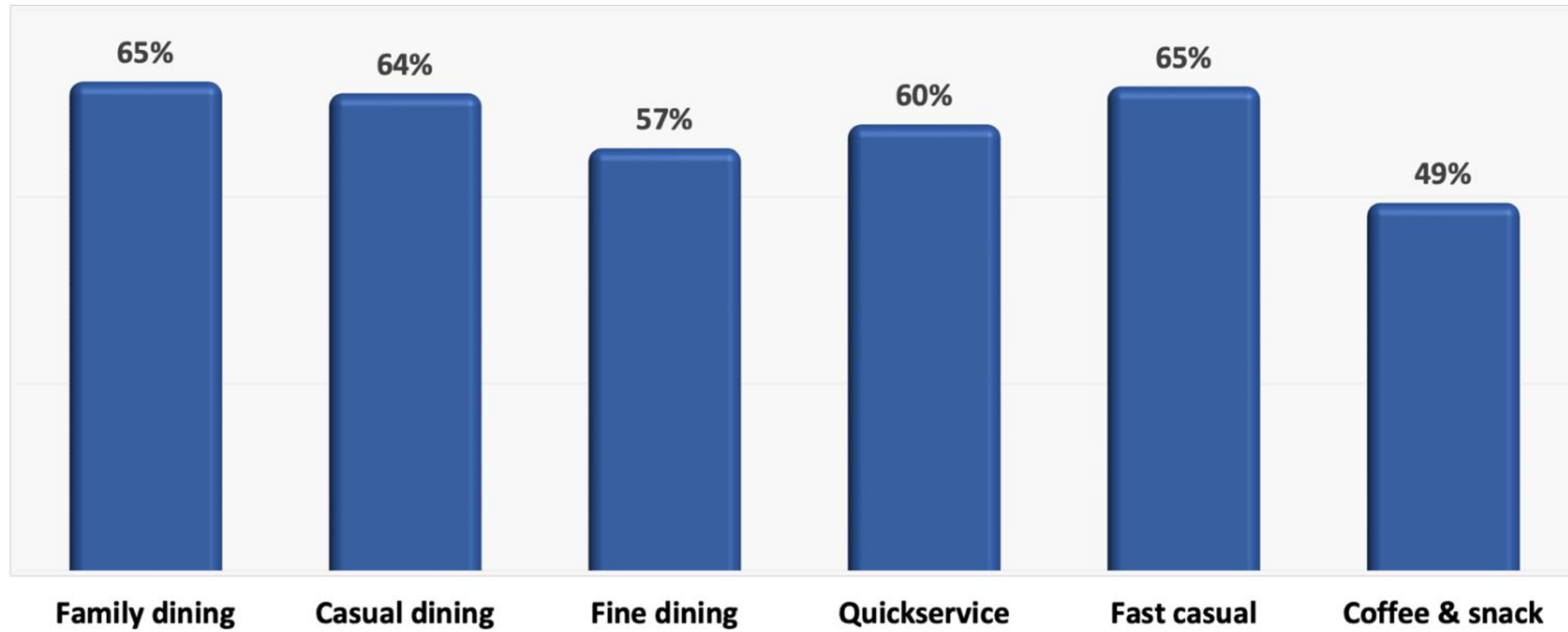


Source: National Restaurant Association, Restaurant Industry Tracking Survey, June 2023



Help Wanted

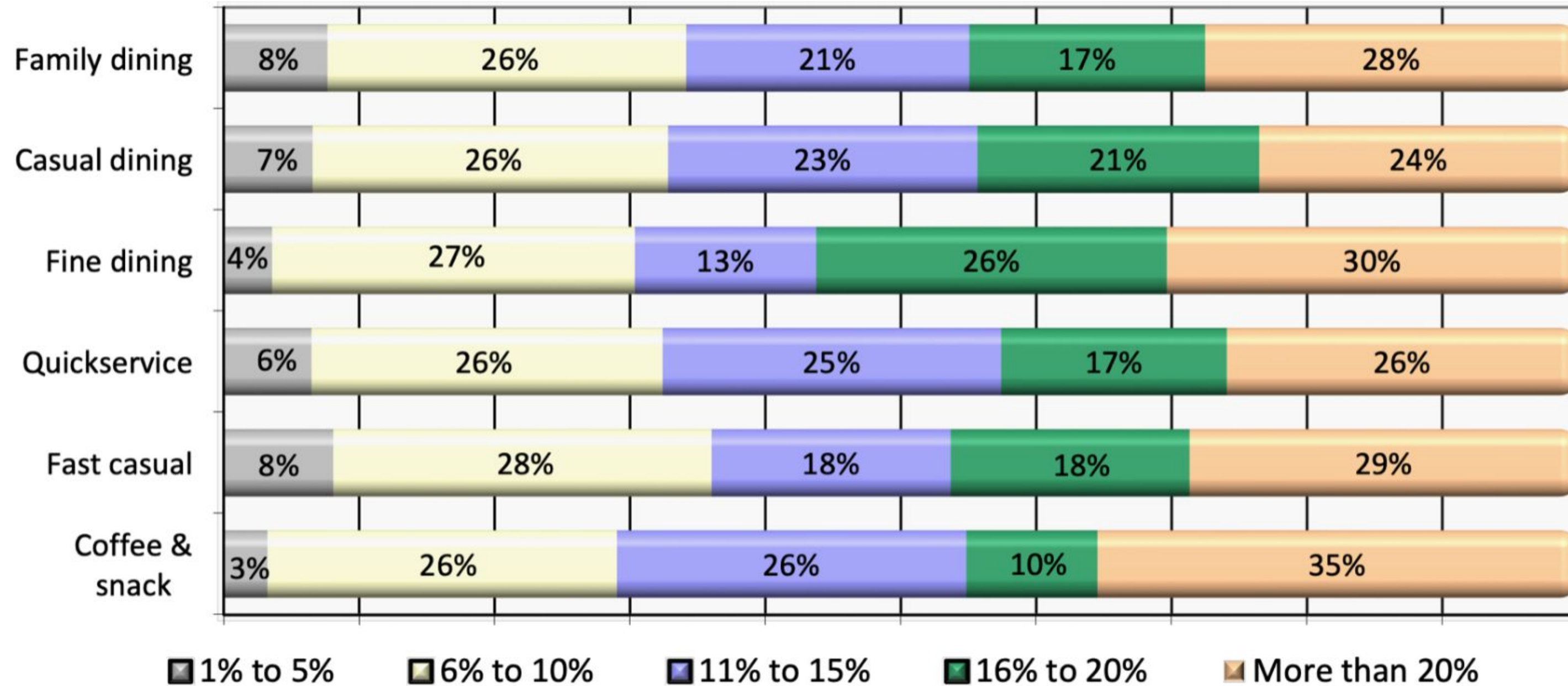
Percent of restaurant operators who say they currently do not have enough employees to support existing customer demand



Source: National Restaurant Association

Multiple Positions To Fill

Restaurant operators' reporting of how understaffed their restaurant is



Source: National Restaurant Association

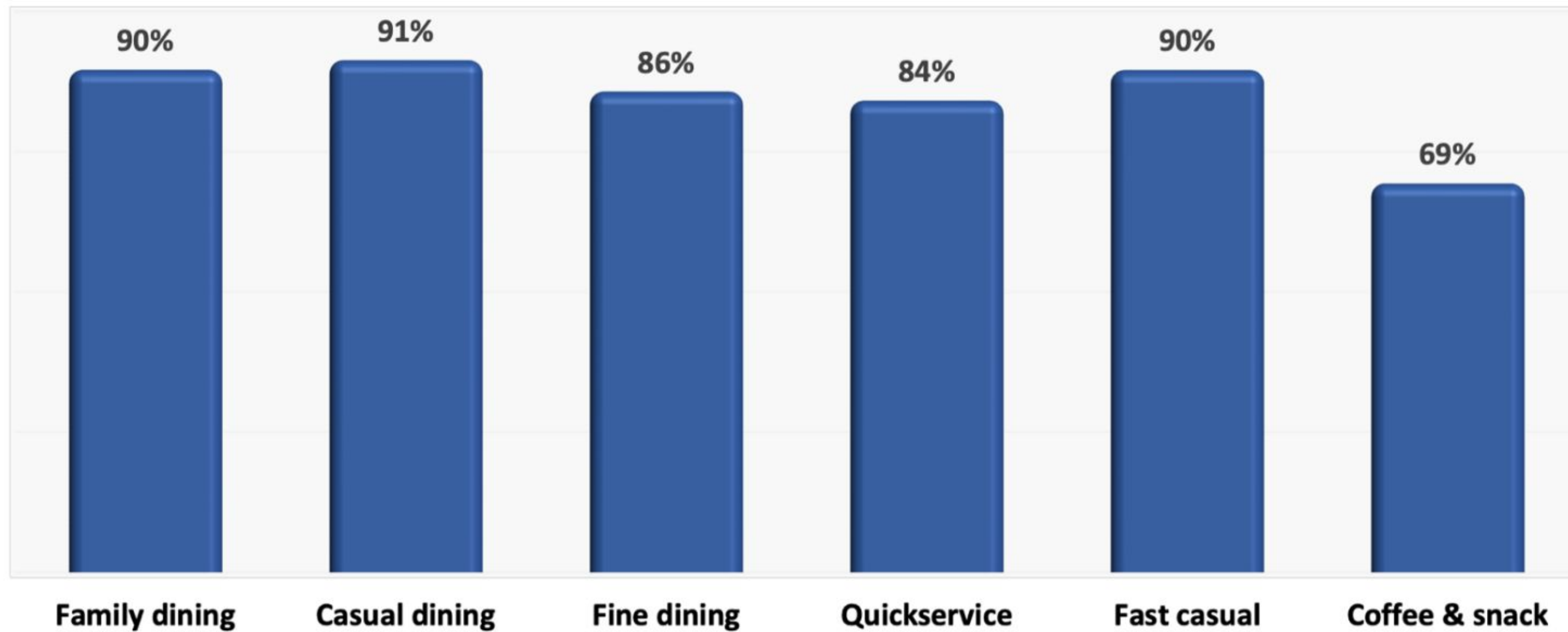
Help Needed

Percent of restaurant operators who report they are having difficulties filling open positions in the following areas

Employee Category	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Front of the house positions	62%	57%	60%	54%	66%	61%
Back of the house positions	83%	85%	84%	72%	70%	58%
Manager positions	41%	42%	38%	56%	55%	52%

Continued Growth

Percent of restaurant operators who say they are likely to hire additional employees during the next 6-12 months if there are qualified applicants available



Ratio of unemployed persons to job openings fell to record low in 2022

Total U.S. job openings (millions) vs. Number of unemployed persons per job opening

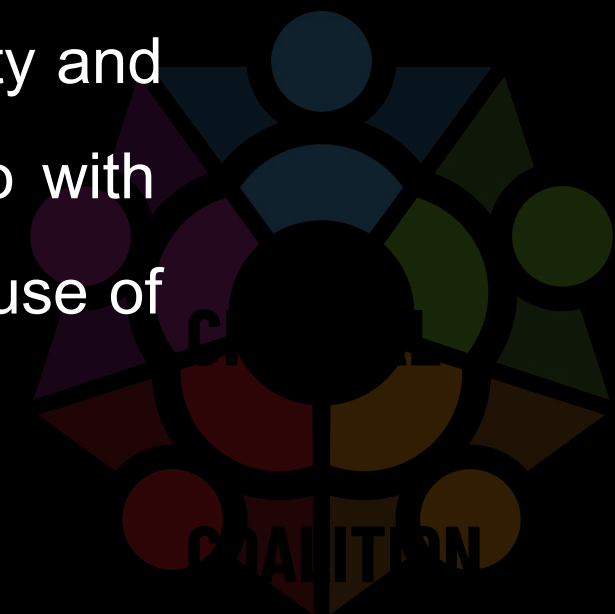


Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally-adjusted and preliminary



Neal Patel
Managing Partner
PATEL PARTNERS

After serving as a Vice President at the Alpine Group, Neal founded Patel Partners, a government relations firm based in Washington D.C. His experience in the nation's capital includes several roles at the White House's Office of Management and Budget (OMB) including as Deputy Associate Director for Legislative Affairs and later Chief of Staff to the Deputy Director for Management. In the former role, Neal worked closely with the Executive Office of the President, principals, and civil servants across federal Cabinet agencies, and Congress. He was also Director Mulvaney's primary liaison to the business community and industry stakeholders. Additionally, Neal brings legislative experience to his portfolio with time spent as a senior staffer in both the United States Senate and United States House of Representatives.



Foremost resource and advocate for America's hotel owners by protecting and advancing the business interests.

20k

Number of hoteliers that AAHOA represents in membership.

4.2M

U.S. jobs annually impacted across the hospitality sector.

60%

Percent of all U.S. hotels owned by members.

1.7%

Contribution to overall U.S. GDP, equating to \$368.4B.

\$96.8B

Amount provided in annual tax revenue.

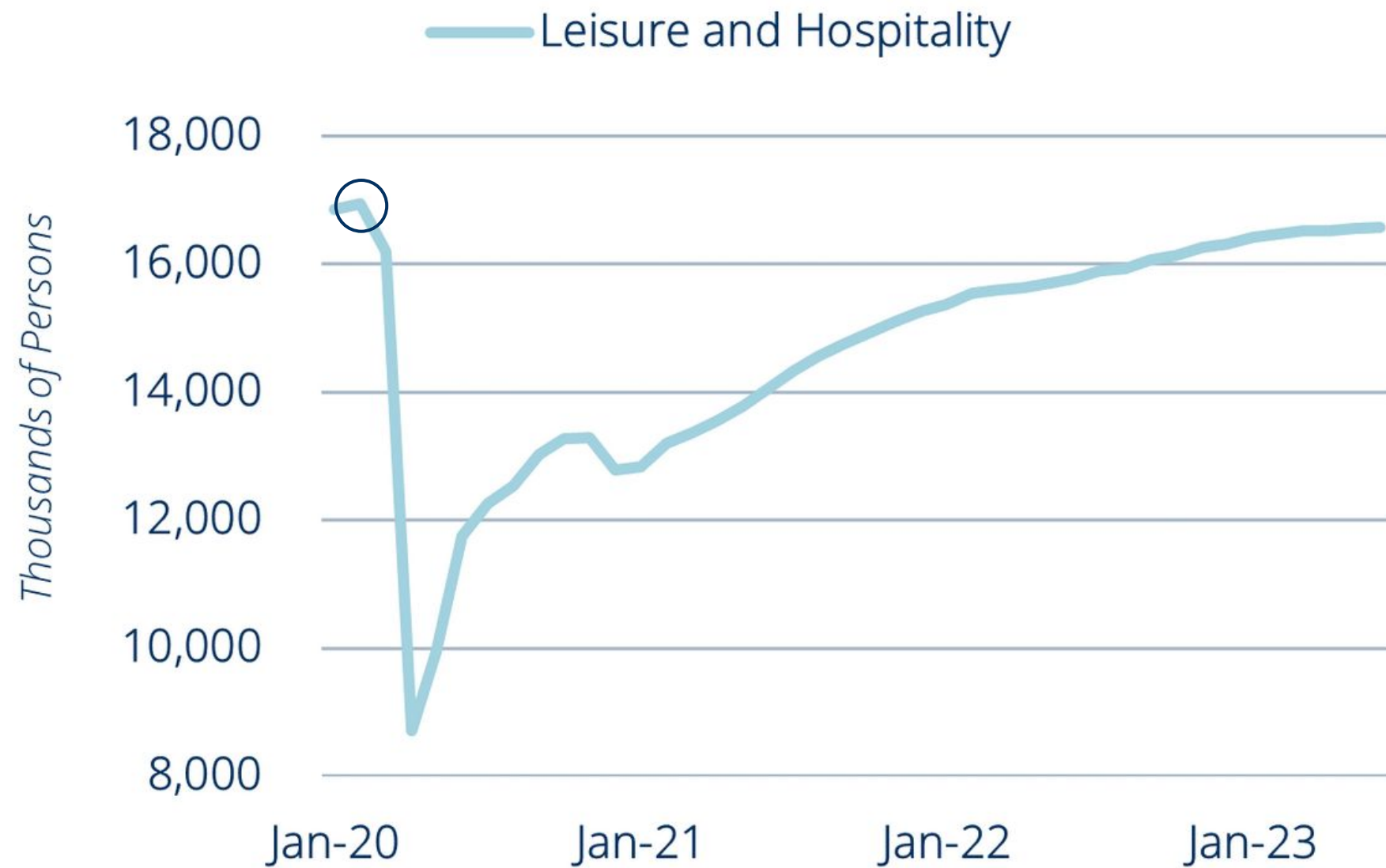
\$680.6B

Amount supported in U.S. business sales.

Proud defender of free enterprise and the premier current-day example of realizing the American dream.

COVID-19 Disruption on Employment

All Employees



All Employees



Data is seasonally adjusted.

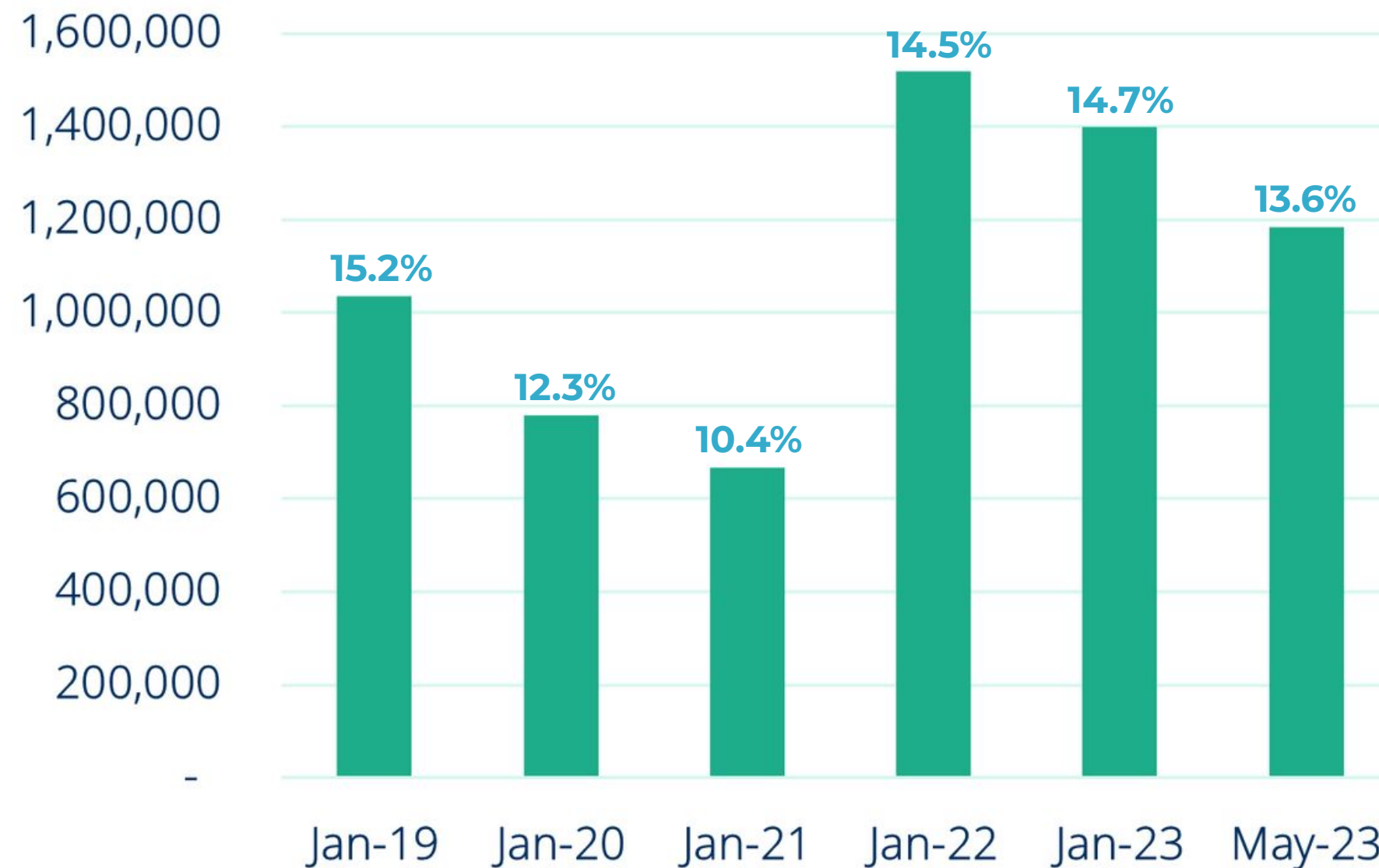
U.S. Bureau of Labor Statistics, Job Openings: Total Private, retrieved from FRED, Federal Reserve Bank of St. Louis;

U.S. Bureau of Labor Statistics, Job Openings: Accommodation and Food Services, retrieved from FRED, Federal Reserve Bank of St. Louis

Job Openings

Industry openings in relation to all private sector openings

Accommodation and Food Services



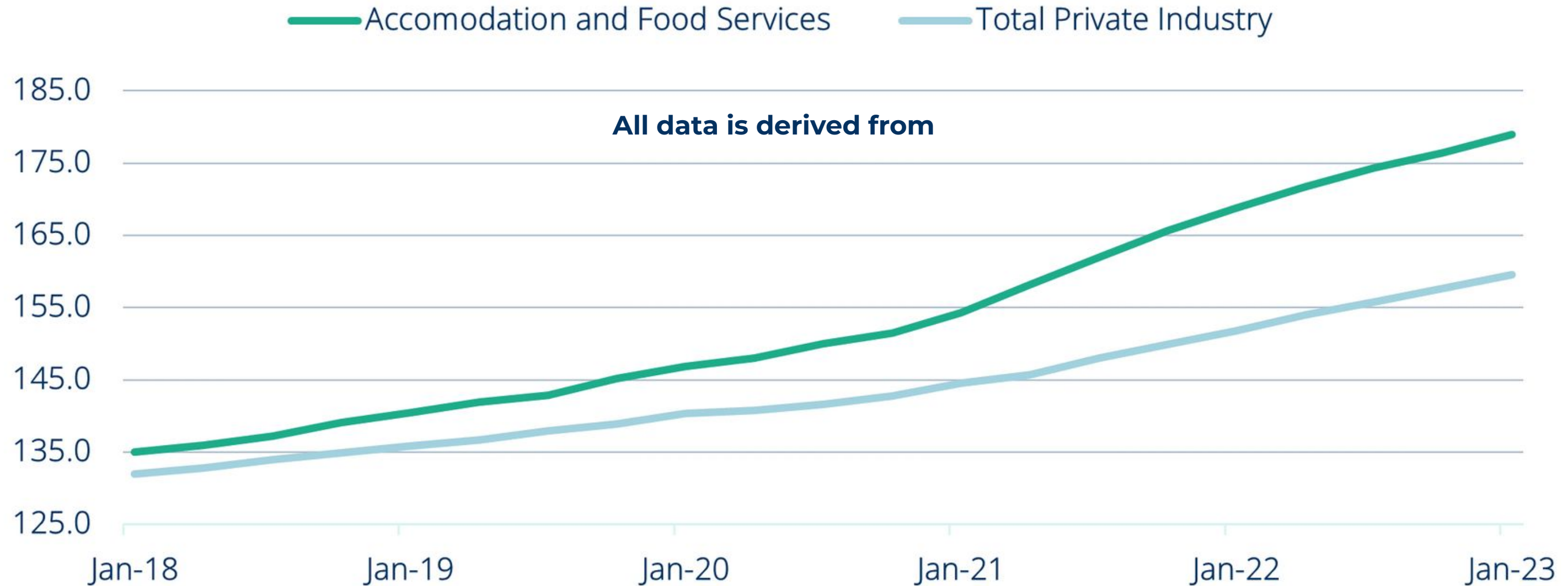
Data is seasonally adjusted.

U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private Industry Workers, retrieved from FRED, Federal Reserve Bank of St. Louis.

U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private industry workers in Accommodations and food service, retrieved from FRED, Federal Reserve Bank of St. Louis.

Despite wage increases, staffing difficulties remain

Employment Cost Index of Wages and Salaries



Data is seasonally adjusted.

U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private Industry Workers, retrieved from FRED, Federal Reserve Bank of St. Louis.

U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and Salaries: Private industry workers in Accommodations and food service, retrieved from FRED, Federal Reserve Bank of St. Louis.

Jon Taets

National Association of Convenience Stores

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Employee count lagging behind 2021 despite higher store count

- Convenience Store employees

2021	2022
2.46 Million	2.38 Million

- Convenience Store Count

2021	2022
148,026	150,174

Wages & Benefits Up Significantly

- Total Wages & Benefits in 2022 were up **14.4%**
- In Store Hourly Wages

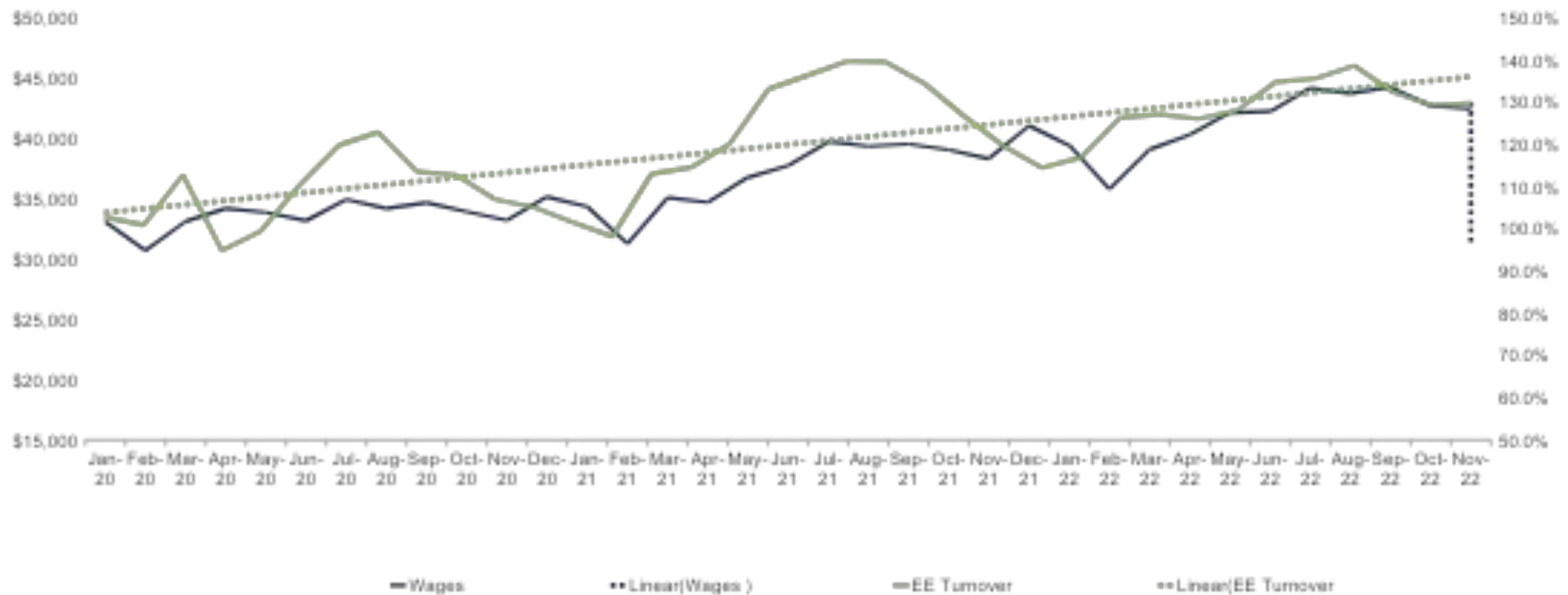
	2021	2022
Full Time Associate	\$13.14	\$14.33
Part Time Associate	\$12.45	\$13.96

- Benefits Offered to hourly employees in 2022:

Health Insurance	89%
401K	78%

But turnover continues to increase

- Total compensation growth vs turnover growth



Ghost Rates

- A somewhat fascinating phenomenon

	2021	2022
Full Time Hire	11.5%	18.7%
Part Time Hire	10%	22.8%

WORKFORCE GROWTH

Essential Workers for Economic Advancement Act (H.R. 3734)

Creates an H-2C non-immigrant visa program for the service industry

Asylum Seeker Work Authorization Act (S.255, H.R. 1325)

Shortens the timeframe asylum seekers can apply for work authorization from 180 to 30 days

Streamlined Refugee and Asylum Processes



CLC LEGISLATIVE PRIORITIES

TAX INCENTIVES

Age Credit Equity Act

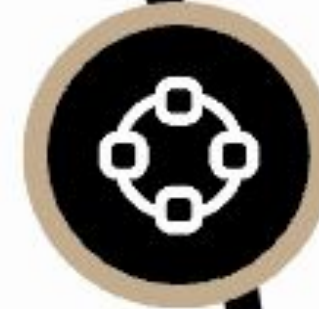
Increases the age limits for Earned Income Tax Credit eligibility

Work Opportunity Tax Credit Extension/Permanency

Provides tax credits to employers for hiring from targeted communities

Credit for Caring Act

Creates tax credits for working caregivers





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