



Statement of Nick Sabino

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On behalf of the National Roofing Contractors Association

“Immigration and the Small Business Workforce”

House Committee on Small Business

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Madam Chair Velazquez, Ranking Member Chabot and members of the Committee;

My name is Nick Sabino and I am founder and president of Deer Park Roofing Inc., a roofing contractor located in Cincinnati, Ohio. I also currently serve as Chairman of the Board-elect of the National Roofing Contractors Association and am testifying on behalf of NRCA today. I greatly appreciate the opportunity to provide my perspective on the need for immigration reform that meets the workforce needs of small businesses and the American consumers we serve.

Established in 1886, NRCA is one of the nation’s oldest trade associations and the voice of the professional roofing industry worldwide. NRCA’s nearly 4,000 member companies represent all segments of the industry, including contractors, manufacturers, distributors, consultants and other employers in all 50 states. NRCA members are typically small, privately held companies with the average member employing 45 people and attaining sales of about \$4.5 million per year.

Deer Park Roofing was founded in 1996 and provides commercial and residential roofing products, including repairs and maintenance. We currently employ 125 professionals and have offices in Cincinnati and Florence, KY. It is our goal to continue improving our products and services in an effort to meet the growing demand of our customers, but the biggest obstacle to growth is the inability to find qualified applicants to meet demand. We recently hired several new employees through our career and technical education outreach program, but still need 10-15 more immediately in order to keep up with our backlog, which has now reached record levels.

We have worked very hard to develop innovative solutions to the challenges of recruiting new employees. We created a successful employee training and development program called *Recruit – Train & Retain* which focuses on skills assessment and improvement, mentoring, promotion from within, and providing career paths for all associates. We emphasize providing internship opportunities for students in career and technical education programs. As part of this effort, we now work with three local technical schools, three high schools and seven recruiting partners. Our efforts to meet workforce needs require substantial investments of time and money. Deer

Park Roofing has three full-time employees dedicated to workforce initiatives, including a full-time training manager.

Workforce Shortages in the Roofing Industry

Chronic and widespread shortages of qualified workers are the most significant limitation on the ability of my company and other NRCA members to grow our businesses. With unemployment at its lowest level in decades, virtually all NRCA members indicate they could increase production by 10 to 20 percent or more if they could fill vacant positions, which translates to an estimated \$7.5 to \$15 billion in annual lost economic activity. Despite providing good, family-sustaining jobs (the mean hourly wage for roofers was \$21.09 in 2018 according to the BLS), workforce shortages are becoming more acute every year. This problem will become even more severe in the future due to an aging workforce, educational trends and ongoing rebuilding efforts resulting from recent hurricanes and other natural disasters across the U.S.

Data from the Bureau of Labor Statistics (BLS) provides ample evidence of the severity of workforce shortages in the construction industry. According to the BLS Job Openings and Labor Turnover Survey (JOLTS) for March, job openings in construction increased to 360,000, the *highest level ever* since this data started being collected by BLS in 2000. This figure is a 54% increase over the 234,00 job openings in construction measured in March 2018. The open position rate (job openings as a percentage of total employment plus current job openings) increased to 4.6% in March, also a post-recession high.

The large number of job openings that we are currently facing in reality is having a negative impact on production and wages across our supply chain. Manufacturing and distribution in the roofing industry were basically flat in 2018 due to the lack of workers and limited production capacity that prevents contractors from keeping up with consumer demand. Also, the compensation for our sales people and project managers would certainly increase if our work expanded in line with demand. We are being forced to turn projects down for lack of workforce which is causing slowdowns in commercial and residential construction. Construction schedules are stretching out due to the shortages, which increases costs that are ultimately passed on to consumers. Customers continuously voice complaints about the difficulty of getting construction work scheduled and completed in a timely manner.

To address the chronic workforce shortages that have now reached crisis proportions, NRCA is pursuing a two-track strategy: 1) expanding and improving career and technical education opportunities and 2) supporting immigration reform that meets workforce needs. First, I will provide a brief overview of our CTE related efforts and then discuss the need for immigration reform that meets the needs of our company and other small businesses.

In 2018, NRCA worked with Congress to reform and expand career and technical education as it enacted the Strengthening Career and Technical Education for the 21st Century Act. This legislation is now being implemented at the state and local level and will provide more opportunities for American students to pursue rewarding careers in roofing and other trades over the next decade.

NRCA is also working proactively on strategies to enable roofing industry employers to address our workforce development challenges. We are spending millions of dollars to develop and implement ProCertification, a comprehensive program that aims to certify over 100,000 workers over the next decade to promote professionalism and expand career paths for new and existing workers. ProCertification provides a state-of-the-art, standardized industry training curriculum along with a correlating series of system-specific professional certifications. This new model delivers a streamlined and affordable approach to workforce development with a clearly-defined industry career path and encourages on-going training to achieve higher levels of skill and compensation through structured earn-and-learn work opportunities. We believe the success of ProCertification and related training programs to attract more Americans to a career in the roofing industry is vital to meeting future workforce needs.

We are excited about the prospects for ProCertification and related training programs now being developed which are designed to get more people interested in pursuing careers in roofing. However, no matter how successful this effort is, we know it will not be enough to fully address our needs given the demographics we face. The BLS projects employment demand for roofers will grow by 11 percent between 2016 and 2026 (faster than average), and it is clear this demand cannot be met by native born workers alone given current demographics. So the second component of addressing long-term workforce needs in roofing is ensuring a sufficient level of legal immigration to meet economic demand.

NRCA has long supported immigration reform that addresses both the security and economic needs of the American people. This includes strengthened border security; improved workplace enforcement to combat illegal immigration; reforming our visa system to allow workers to enter the U.S. legally when our economy needs them; and addressing the issue of undocumented workers in a balanced manner. We believe that providing for sufficient legal immigration to meet workforce needs is vital to the future prosperity of the roofing industry and the broader U.S. economy. I will now outline a few specific steps that Congress can take to ensure that immigration policy meets the workforce needs of small businesses such as Deer Park Roofing.

Workforce for an Expanding Economy Act

It is critical that Congress establish a visa system that allows foreign workers to enter our country legally when warranted by economic conditions. This system should be adaptable to rapidly changing markets, ensure employers undertake vigorous recruitment to hire U.S. workers first, and enable job creators to obtain the workers needed to meet demand and grow their businesses.

NRCA supports the Workforce for an Expanding Economy Act (H.R. 1740), legislation introduced by Reps. Lloyd Smucker (R-PA) and Francis Rooney (R-FL) and recently cosponsored by Susan Wild (D-PA) and Henry Cuellar (D-TX). The bill is designed as a pilot program to meet workforce needs in sectors of the economy such as roofing that require critical skilled workers in accord with economic conditions. It would establish a two-track visa system that matches willing employers with willing temporary workers and provides more visas in times of economic strength and fewer during downturns. Employers may apply only if they operate in counties or metropolitan areas where the unemployment rate is lower than 5 percent.

Here is a brief overview of how such a visa system would work. When an employer is unable to hire a U.S. worker after undergoing the required market tests, they are granted a 3-year permit to hire an H-2C worker for the position. The worker receives a visa under a separate process and may not enter the country until they are hired through an online system. Once they enter the workforce, they may work for any approved employer in a position with a valid approval for the program. The bill establishes a market-based cap on the annual number of approved visas that may be issued, so when the economy slows, the cap floats downward, but when the economy is strong the cap can increase to a maximum of 85,000 positions. Workers may renew the three-year visa twice conditional to unemployment rates and will be tracked as they move from job to job under a system similar to that which is now being used to track student visa holders. The bill requires that wages of visa holders are the same as other employees with similar experience and qualifications. Additionally, to help combat illegal immigration, participating employers are required to use E-Verify to verify the work status of all new hires in their company.

NRCA strongly supports H.R. 1740 because this new, innovative visa system is vital to addressing the future workforce needs of our industry. It is designed to protect workers and is streamlined and easy for employers to use. We are pleased to see the bill is gaining bipartisan support in the House, and we encourage members of this committee to cosponsor the legislation.

Temporary Protected Status and Deferred Action on Childhood Arrivals

NRCA also urges Congress to provide a permanent solution for employees now working legally in the U.S. under Temporary Protected Status (TPS), including many in the roofing industry, as well as individuals who were brought to the U.S. as minor children, many of whom are enrolled in the Deferred Action for Childhood Arrivals program. NRCA supports a permanent solution for individuals in both categories employed in the roofing industry, but today my comments will focus on the situation with TPS.

Given the chronic workforce shortages already confronting our industry, it is counterproductive to end TPS designations for the estimated 325,000 employees working legally with this status. The Trump administration's decision to rescind TPS will exacerbate workforce shortages now facing employers, thus making it even more difficult for our members to meet consumer demand, grow their businesses and contribute to increased economic growth. This is especially true in the construction industry, in which roughly 51,700 individuals with TPS are now legally employed, the most of any U.S. industry. This will also cause severe disruption for many hard-working individuals and families who have been contributing to their communities for many years.

I wanted to provide just one example of an individual with TPS employed by an NRCA member company. Dhjyms Joseph is employed by Advanced Roofing in Fort Lauderdale, FL under the TPS designation. He came to the U.S. from Haiti after an earthquake hit the island nation in 2010. Through hard work, Dhjyms has become a foreman at Advanced Roofing where he now leads and trains other employees within the company. He is married and has five children who are U.S. citizens and was in the process of buying a home when he was notified that his TPS status had been rescinded, thus virtually forcing him to return to his native country within 18 months. This would be devastating not only for him and his family but also for his colleagues at Advanced Roofing.

We understand there is a need for reform of a program entitled “temporary” for persons who have been here legally working for many years. However, terminating TPS for individuals such as Dhjym Joseph without a reasonable alternative, given the workforce needs of our industry, makes no sense from an economic perspective, and it is also unfair to persons who have worked successfully and legally for many years.

During the 115th Congress, NRCA supported bipartisan legislation to allow qualifying TPS individuals from El Salvador, Haiti and Honduras who have been working legally in the U.S. for many years to adjust to legal permanent resident status, so they may continue contributing to their communities and our economy. TPS holders from these countries have a workforce participation rate of over 80 percent and are vital employees for roofing contractors and many other U.S. employers.

NRCA urges Congress to work on a bipartisan basis to address this urgent issue by approving legislation to allow TPS individuals who have a demonstrated track record of working legally in the U.S. to adjust to permanent legal resident status. We appreciate the introduction of the Dream and Promise Act (H.R. 6) by Chair Velazquez and other lawmakers, which would provide a permanent solution for both qualifying TPS workers and DACA individuals. We urge Congress to move forward on this issue in a bipartisan manner as soon as possible. While we are aware that the administration’s orders to rescind TPS for various countries are now under injunction due to pending legal challenges, Congress should address this issue with legislative reforms. NRCA looks forward to working to bring about a bipartisan legislative solution to this vital issue in which the lives of so many hard-working individuals are at stake.

Conclusion

To conclude, workforce shortages are the single biggest challenge facing roofing industry employers in today’s economy. NRCA urges lawmakers to work on a bipartisan basis in support of immigration reforms that address our industry’s workforce needs along with the security needs of the American people. We urge you to support increased economic growth by enacting the Workforce for an Expanding Economy Act and legislation to provide a permanent solution for TPS and DACA individuals. We look forward to the opportunity to work with Congress on these issues which are of critical importance to the roofing industry.

Thank you again for the opportunity to provide NRCA’s perspective on the importance of immigration reform to small businesses at today’s hearing. I would be pleased to answer any questions from committee members.