

**Senate Democratic Special Committee on Immigration & Georgia Economy's Public Forum on the Updated HB87 Immigration Legislation | Tuesday, November 15th, 2011 (2:30-4:30pm)**

Good Afternoon, Honorable Senators, Ladies, and Gentlemen

Thank you, Senator Thompson, for the opportunity to update this committee on the effects of the Illegal Immigration Reform and Enforcement Act of 2011 on the foodservice industry. The Georgia Restaurant Association represents our state's second largest private sector employer. Georgia is home to over 16,000 eating and drinking establishments which are projected to generate \$14.7 billion in sales this year.

Clearly, the restaurant industry is a vital economic engine. Our industry provides jobs for 10% of Georgia's workforce. For that reason, we are concerned that the Illegal Immigration and Enforcement Act is harming the very people it is trying to help - the citizens of our state who are in such desperate need of relief from high unemployment rates caused by the Great Recession.

I speak with you today, in my capacity as Executive Director of the GRA, to share the results of a second economic impact study we recently conducted. We are able to tell the true burden of this immigration legislation on Georgia's restaurants, and it is alarming.

When asked about current labor availability, almost three quarters of the restaurants surveyed are experiencing a labor shortage. Despite persistently high unemployment rates in Georgia, over half of the respondents are concerned that fewer workers will apply for future openings and 22% indicated that they have already noticed a decline in job applicants.

In the midst of our fragile economic recovery, estimates of monthly restaurant sales losses, due to labor or customer shortage, are averaging \$ 21,000.00 per month. Many restaurateurs are small business owners, with slim profit margins averaging only 4%. Any loss of sales jeopardizes the 385,000 jobs and \$962 million in taxes the restaurant industry provides for our state.

You may ask, with the unemployment rate just under 10%, how could restaurants possibly have trouble staffing their restaurants? I assure you, they are asking the same question.

The restaurant industry is very labor intensive. Think of all the people involved to deliver a relatively inexpensive product. That's why each \$1 million generates an additional 29.2 jobs. And every \$1 spent in Georgia's restaurants generates an additional \$1.31 in sales for our state economy.

The vast majorities of respondents of our survey recruit employees through word of mouth (56%) and online services (36%). Only 2% recruit through the Georgia Department of Labor and none use H2B visas.

So here is the nature of the labor shortage we are now facing. Restaurants are losing trusted employees who have been with them for 15-20 years. Regardless of their reasons for leaving, the institutional knowledge lost when a valued employee departs after 20 years of service carries a high cost.

As one survey respondent said, "This cost cannot be absorbed by operators which will result in the need to pass the cost along to the consumer. This legislation ends up hurting the very folks it is trying to protect. Our workers are scared and leaving the city. Persons applying for the jobs available are just not qualified. As we expand it is becoming a big problem. And if the consumer cannot, or will not, pay this increased cost, and then more restaurants may close - taking jobs with them - and sending a ripple effect through our economy. "

Almost a third of the survey respondents opted to provide additional feedback, and 91% of that feedback was in opposition to Georgia's Immigration Reform. These comments reflect frustration and the challenges facing restaurateurs. One respondent said, "At this time, both of our restaurants are staffed, but that could change in an instant with each hate law that is passed or even proposed. We have plans in place to remove tables from our restaurants and to drastically scale back our menu when this occurs. This would cause a huge financial loss for each employee and the company as a whole. Also, we have made the decision not to grow our company at this time due to the labor shortage. Although we are barely hanging on to two fully staffed restaurants, there is no way that we would be able to staff a third with the current conditions..." Another said "Many of our employees are requesting to transfer out of state not because they are illegal but because they do not want to be profiled. There is a significant impact to operating costs by hiring people to fill these roles who lack the experience or the work ethic to be a long term line cook." And yet another, "When the law was signed, we saw instant lost of workers not only in our department but in the companies that supplied us. Furthermore because there were no workers to harvest crops, we saw increase of prices to the point that local products were more expensive than California produce. If there is a study on how much in agricultural lost compared to California gain, I'm sure that you will find that the money lost in revenue is significant enough to warrant a change to the law. Certainly in many aspects it made our operation turn from local products by 25+ percent. "

Employers are partners in economic growth and job creation, not adversaries in the immigration debate. These survey results are both cause for concern and opportunity for collaboration.

The more quickly we form a coalition between the public and private sectors, the more effective we can be in petitioning our federal government to take action in solving their failed policies.

The restaurant community is prepared to work with you to solve the immigration issue. Let us put permanent working groups in place to improve E-verify and work with law enforcement to target and rid our state and country of dangerous criminals. Finally, let restaurants be a partner in finding the common solution that keeps our state economically strong and strengthens our reputation as a leader.

We look forward to working with you and are available for any questions you might have. Thank you for your time and for your consideration.