Help! Wanted

Cape Cod's Seasonal Workforce

Cape Cod Commission

Prepared by the

Center for
Policy Analysis

UNIVERSITY OF MASSACHUSETTS DARTMOUTH

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UNIVERSITY OF MASSACHUSETTS DARTMOUTH
CENTER FOR POLICY ANALYSIS

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EXECUTIVE SUMMARY

The Commonwealth of Massachusetts currently has an unemployment rate of 2.6 percent (August 2000), which is one of the lowest ever recorded in its history. Moreover, unlike many previous expansions, the current economic recovery – now in its ninth year – has lasted long enough for the benefits of growth to spread outward geographically to regions of the state that have often failed to participate fully in the state's economic prosperity. For example, Barnstable County (Cape Cod) has typically reported higher unemployment rates than the state as a whole, while incomes have lagged behind state averages.

However, during the 1999 tourist season, Barnstable County's unemployment rate fell below 3 percent for four consecutive months (July-October) and in May of 2000 the County's unemployment rate dropped below 3 percent two months earlier than the previous year. As the Cape moves toward full-employment on a year round basis, acute labor shortages are emerging in the Cape's seasonal resort industry. Consequently, the University of Massachusetts Dartmouth Center for Policy Analysis conducted a four-month study of Barnstable County's seasonal workforce at the request of the Cape Cod Commission and the County of Barnstable.

Cape Cod's Resort Industry

Cape Cod is a unique economic region in Massachusetts, because the highly seasonal resort industry is a large component of its economic base:

- The Cape's resort industry cluster includes eight major groups: general merchandise stores, food stores, apparel and accessories, eating and drinking places, miscellaneous retail, hotels, motels and other lodging places, amusement and recreation services, and museums.
- It is estimated that 5.23 million tourists visit Cape Cod each year and that nearly two-thirds (65%) of all visitors to the Cape arrive in the summer and early fall months.
- Four of Barnstable County's five largest industries are in the resort cluster.
- The resort industry directly employs an annual average of 19,064 persons in 2,436 business units and accounts for 22.3 percent of the region's total direct employment. When the effect of indirect and induced impacts is calculated, the resort industry generates approximately 40 percent of the region's total employment.

Cape Cod's Seasonal Workforce

- Discussions of the labor shortage among academic economists, business leaders, and public officials have focused mainly on the shortage of highly skilled, highly educated, and well-paid professional or technical employees, but on Cape Cod there is an acute shortage of unskilled and semi-skilled seasonal workers in the resort industry.
- From the seasonal trough in February to the summer in July/August, total employment in Barnstable County increases an average of 42.6 percent each year.

- The net peak demand for seasonal workers has increased by 18.1 percent, or by 3,821 workers, since 1990. The Cape's seasonal workforce increased from 21,109 in 1990 to 24,930 in 1999.
- During the July / August resort industry peak, seasonal employees account for 27 percent of the Cape's total workforce.
- The tourist-related industries employing the largest number of seasonal workers are eating and drinking places, which employ 8,743 seasonal workers during the peak season, and hotels, motels, and other lodging places, which employ 4,026 seasonal workers during the high season. Together, these two major groups account for more than two-thirds (69.9%) of tourist-related seasonal employment during the high season.
- Eating and drinking places create the most volatile fluctuation in the Cape's seasonal labor market. In 1999, for example, eating and drinking places went from zero seasonal employees in February to 8,824 seasonal employees in July.

Recruitment of a Seasonal Workforce

The Center for Policy Analysis conducted a mail survey of 1,700 resort industry employers in Barnstable County with a response rate of 15.5 percent. The Center obtained a valid cross-section of employers / respondents and the results indicate that:

- More than one-third (36.4%) of the Cape's resort industry employers now find it somewhat difficult to recruit seasonal employees this year, while another third (32.6%) find it very difficult to recruit seasonal employees this year.
- The difficulty in finding seasonal employees is increasing, with more than sixty percent (60.5%) of the employers reporting that it is more difficult to recruit seasonal employees than five years ago.
- When asked about the factors that make it difficult to recruit seasonal workers, employers indicate that a general labor shortage (41.1%) and housing availability (40.8%) are the two biggest obstacles.
- Housing costs (32.1%) and wage demands (24.9%) were also cited as important factors that make it difficult to recruit seasonal workers on Cape Cod.
- The majority of the Cape's resort industry employers recruit employees through employee referrals (48.7%), the newspaper (30.6%), and foreign recruitment agencies (30%). Only 10.2 percent of the Cape's resort industry employers use the Internet to recruit employees, although the Internet appears to be a fruitful mechanism for recruiting U.S. and foreign college students especially.
- Despite the increased difficulty of recruiting seasonal employees, a large majority (89.5%) of the Cape's resort industry employers are very satisfied (51.6%) or somewhat satisfied (37.9%) with their seasonal employees.

Labor Shortage

The Center's analysis identified three major reasons for the Cape's general labor shortage: (1) full employment at the state and national levels, (2) local success in lengthening the tourist season, and (3) improvements to Ireland's economy.

- Only 30.3 percent of the Cape's peak seasonal workforce consists of year round Cape residents and only about half of these workers are adults. Year round Cape residents employed during the high season consist mainly of homemakers (8.9%) and moonlighters (6.4%), who enter the seasonal workforce to supplement family income. High school students account for another 15.0 percent of the Cape's peak seasonal workforce.

- College students with families on the Cape account for 17.2 percent of the peak seasonal workforce, while college students coming from off-Cape account for 14.5 percent of the Cape's seasonal workforce.

The Cape's resort industry has long relied on college and high school students, whose seasonal availability is confined to the summer (June through August). However, the growth of the Cape's shoulder seasons has not merely increased the total demand for seasonal workers, it has generated demand for more workers who are available for 4 to 8 month periods instead of just 3 months during the high season. Thus, the development of the shoulder seasons is resulting in adjustment frictions as employers seek out new sources of available labor.

The Cape's resort industry also relies on foreign temporary workers for much of its seasonal workforce.

- Ireland has been the Cape's main source of foreign temporary workers. However, this labor supply has been drying up in the last few years as that country's unemployment rate fell from 12.0 percent in January 1996 to 4.5 percent in June of 2000.

The impact of these national, local, and international factors on the Cape's seasonal workforce is forcing employers to seek out new supplies of seasonal labor. The fastest growing sources of seasonal labor in the Cape's resort industry are:

- Foreign college students on J1 Visas, who now comprise 5.2 percent of the Cape's seasonal workforce,

- Other foreign temporary workers on H2B Visas, who now comprise 11.3 percent of the Cape's seasonal workforce and

- Retirees (year round and seasonal residents), who now comprise 11.9 percent of the Cape's seasonal workforce.

The Center's employer survey found that resort industry employers now hire foreign temporary workers from at least 30 countries on five continents:

- The largest number of J1 Visa college students are coming Eastern Europe, including Russia, Belarus, Poland, Latvia, Lithuania, Czech Republic, Slovakia, and Bulgaria.

- A growing number of J1 Visa college students are also coming from Western Europe – particularly France, Belgium, and England – as the European Union implements higher education policies that require students to study or work abroad to graduate.

- Jamaicans account for 30 to 35 percent of the Cape's foreign temporary workers on H2B Visas.

The Center's employer survey found that the Cape's resort industry also attracts approximately 9.6 percent of its seasonal workforce from off-Cape commuters who reside in Plymouth County (0.5%) and Bristol County (9.1%).

Housing

The Cape's growing reliance on J1 and H2B foreign temporary workers has made housing availability and housing costs more salient to employers, since the H2B program, and many foreign university work abroad programs, require employers to arrange and guarantee housing for prospective employees and interns. Seasonal employee housing is becoming a regular part of the resort industry's cost structure:

- It is estimated that no fewer than 7,746 seasonal workers come to the Cape each year in search of housing. These workers include off-Cape U.S. college students (3,619), foreign college students (1,299), and H2B foreign temporary workers (2,828).

- The Center's employer survey found that 27.2 percent of the Cape's resort industry employers are currently providing housing or a housing subsidy for seasonal employees.

- Hotels (50.0%), eating and drinking places (32.6%), and food stores (30.8%) are the most likely establishments to offer housing or housing subsidies to their seasonal workers.

Wages

A secondary consideration in recruiting seasonal workers is wage demands. These demands are themselves a product of the general labor shortage and escalating housing costs on Cape Cod:

- Only 24.9 percent of employers identified wage demands as a factor making it difficult to recruit seasonal workers. Most employers are simply meeting wage demands as a way of attracting and retaining good employees.

- A comparative analysis of industry and occupational wages indicates that resort industry wages are not out of line with the rest of state, but that the long-running economic recovery and attendant labor shortage are finally pulling Cape Cod's wage levels into line with state averages.

1.00 INTRODUCTION

The Commonwealth of Massachusetts currently has an unemployment rate of 2.6 percent (August 2000), which is one of the lowest ever recorded in its history (BLS 2000). Moreover, unlike many previous expansions, the current economic recovery – now in its ninth year – has lasted long enough for the benefits of growth to spread outward geographically to regions of the state that have often failed to participate fully in the state's economic prosperity. During the last fifty years, Barnstable County (Cape Cod) has typically reported higher unemployment rates than the state as a whole, while incomes have lagged behind state averages. The County's economy has long been dependent on tourism and, consequently, it is regularly buffeted by short-term seasonal fluctuations in addition to the regular business cycle. However, during the 1999 "high season," Barnstable County's unemployment rate fell below 3 percent for four consecutive months (July-October) (BLS 1999). In May of 2000, the County's unemployment rate had already dropped below 3 percent (to 2.8 percent) two months earlier than the previous year and it fell to 2.0 percent in August of 2000 (BLS 2000).

1.10 Purpose of the Report

Economists define full employment "as the availability of work at prevailing wage rates for all persons who desire it" (Shim and Siegel 1995, 156). Most economists define full employment as an unemployment rate of 4 percent or less.[1] By this definition, the state has temporarily achieved full employment on a year round basis, while Cape Cod is reaching full employment during the April to November tourist season. Consequently, Dr. Alan Clayton-Matthews (1999, 4), vice-president and director of forecasting for the New England Economic Project, concludes that the state's economic growth is increasingly "constrained by labor shortages." This view was echoed recently by a diverse group of economists on the editorial board of *Massachusetts Benchmarks*, which monitors the state's economy for the University of Massachusetts and the Federal Reserve Bank of Boston (Excerpts 1999). Alan Pollard, the manager of the Massachusetts Division of Employment and Training's Hyannis office, observes that like so much of Massachusetts, Cape Cod is also "pushing the boundaries of full employment" (Perry 1999). There are a growing number of anecdotal reports that some Cape businesses are having to reduce hours, shorten their season, or limit services to cope with the labor shortage.

The full employment produced by a nine-year economic recovery has created its own problem in the form of a general labor shortage. Discussions of the labor shortage among academic economists, business leaders, and public officials have focused mainly on the shortage of highly skilled, highly educated, and well-paid professional or technical employees. These discussions often assume implicitly that the state has a ready supply of unskilled and semi-skilled workers. Yet, a recent investigation by the *Boston Globe* (July 23, 2000) found that Massachusetts is facing "chronic labor shortages in almost every field, from restaurant help on Cape Cod to high-tech engineers along Route 128 to nurses and radiologists." The *Globe's* report found that "retail businesses, in particular, are experiencing difficulties" and that some

[1] Full employment does not mean 100 percent employment, since there is always some unemployment owing to job changes (frictional unemployment) and seasonal factors (e.g., construction or teaching).

restaurants in the state are cutting back on hours of operation because of "job hopping" by newly hired employees. Mary Jane McKenna, executive director of the Massachusetts Office of Travel and Tourism, observes that with full employment, most regions of the state "are noticing the lack of summer workers, especially skilled hospitality workers" (*Boston Sunday Globe*, July 23, 2000).

The problem of seasonal workforce shortages is particularly acute on Cape Cod, where nearly two-thirds (65%) of all visitors arrive in the summer and early fall months (Hunter Interests 1996). During these periods, it is evident that Cape Cod is reaching or exceeding full employment, but unlike most other parts of the state, its labor shortage is mainly among unskilled and semi-skilled seasonal workers. The Cape's reliance on this seasonal workforce is creating concerns about how Barnstable County can continue to maintain its high summer season without a well-defined and steady supply of seasonal workers.

1.20 Definitions and Methodology

The Cape Cod Commission and the County of Barnstable retained the University of Massachusetts Dartmouth Center for Policy Analysis to conduct a summer workforce analysis to determine the composition and needs of the summer workforce and to make appropriate policy recommendations based on the analysis. The study was conducted between June 26, 2000 and September 29, 2000.

The resort industry is the major seasonal employer on Cape Cod and, consequently, this study focuses on employment patterns at tourist-related establishments. The resort industry is defined as all establishments in the Standard Industrial Classification (SIC) Codes listed in Table 1.[2] The seasonal workforce includes any individual whose employment status varies systematically over the year due to seasonal factors such as weather and holidays (Byrns and Stone 1992, 130).

Table 1

Type of Establishment	SIC Code
General merchandise stores	53
Retail food stores	54
Apparel & accessory stores	56
Eating and drinking places	58
Miscellaneous retail	59
Hotels & other lodging places	70
Amusement & recreation services	79
Museums, art galleries, etc.	84

[2] In calculating the direct economic impacts of the resort industry, it is estimated that 35 percent of total annual average employment in General Merchandise, Apparel and Accessories, and Food Stores is tourist related based on summer sales figures shared with the principal investigators. It is estimated that 75 percent of total annual average employment in miscellaneous retail and eating and drinking establishments is tourist related. It is estimated that 100 percent of total annual average employment in Amusement and Recreation, Museums, and Lodging Establishments is tourist related.

The Center for Policy Analysis gathered data on Cape Cod's economic and employment base, and on the resort industry specifically, from three major sources:

1. Government Statistics. The Center for Policy Analysis developed a profile of Barnstable County's economic base and labor market using several types of government statistics. Most of the employment and establishment data used in the report is collected by federal agencies such as the Bureau of Labor Statistics, Census Bureau, and Bureau of Economic Analysis. The basic data file is the ES-202, which is collected from quarterly tax reports submitted to the Massachusetts Division of Employment and Training by employers subject to the unemployment insurance law. The ES-202 program collects information on the location and industrial activity of each reported establishment and assigns standard industrial classification codes accordingly. The program also collects information on the number of people employed and the total wages paid to employees at each establishment. The establishment level data is aggregated by SIC code and reported for each town and city, labor market area, metropolitan statistical area, service delivery area, county, and at the state level.

The ES-202 reports have several advantages as a data source, including comprehensiveness, timeliness, and consistency. The ES-202 reports are one of the most comprehensive sources of establishment, employment, and wage data, since establishments covered by unemployment insurance and unemployment compensation capture approximately 90 percent of all civilian employment in the United States. The self-employed account for approximately 83 percent of workers outside the ES-202 program. The quarterly data are usually available nine months following the end of the reference quarter and annual average data is typically released in August or September of the subsequent year. Furthermore, the ES-202 files go back several decades and, thus, provide a consistent basis for tracking industry developments over long periods of time. This study has examined ES-202 data for Barnstable County from 1990 to 1999.

Despite its advantages, the usefulness of ES-202 data is often limited at lower levels of aggregation (e.g., establishment or town) by confidential disclosure restrictions. The ES-202 program does not release establishment or company information. The federal government requires that publicly released ES-202 reports suppress employment and wage data for any industry level: (1) which consists of fewer than three establishments (2) in which a single establishment accounts for 80 percent or more of the industry's employment. Consequently, the resort industry workforce analysis was conducted at the 2-digit SIC and County level to avoid data suppressions due to confidentiality.

The ES-202 wage data is also limited by the fact that it provides industry-wide averages rather than occupational wages. Occupational wage data is compiled by the U.S. Bureau of Labor Statistics Occupational Wage Statistics Program, which produces occupational wages for all non-farm industries. The BLS develops wage estimates based on employer surveys with the most recent data representing occupational wages paid in the fourth quarter of 1998.

The Bureau of Labor Statistics also compiles the Local Area Unemployment Statistics (LAUS) in cooperation with the Massachusetts Division of Employment and Training. The Local Area Unemployment Statistics provide monthly estimates of total employment and unemployment for counties and county equivalents, for cities of 25,000 population or more, and for all cities and towns in New England regardless of population. The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor is responsible for the concepts, definitions, technical procedures, validation, and publication of the estimates that State employment security agencies prepare under agreement with BLS. The concepts and definitions underlying LAUS data come from the Current Population Survey (CPS), a household survey that is the official measure of the labor force for the nation. Whereas the ES-202 file measures the total number of persons employed at establishments located in a particular location (e.g., county or town) regardless of residence of the employee, LAUS estimates of total employment measure the number of persons residing in a particular location (e.g., county, town) who are employed, regardless of where the establishment that employs them is located.

The U.S. Census Bureau publishes *County Business Patterns*, which is an annual data series that provides state and county level economic data by industry. The series are useful for analyzing economic changes over time, particularly changes related to establishment size. The *County Business Patterns*' basic data units are extracted from the Census Bureau's Standard Statistical Establishment List (SSEL). The SSEL is a file of all known single and multi-establishment companies. The data on multi-establishment companies is supplemented with information from the annual Company Organization Survey, while information on single establishment companies is extracted from records of the Internal Revenue Service, the Social Security Administration, and other Census Bureau programs.

The study has drawn on the most up-to-date data, but in many cases the data is collected periodically or becomes available only after a reporting delay. Where possible, the study uses data on Barnstable County, from 1990 through 1999, for the purpose of estimating the size, sector, and compensation of Cape Cod's seasonal workforce. The analysis is conducted at the 2-digit SIC level with special attention to seasonal fluctuations in the resort industry.

2. <u>Employer Survey</u>. The Center for Policy Analysis conducted a mail survey of 1,700 employers in the resort industry, using a survey instrument that was mutually agreed upon by the Sponsor and the Center (see Appendix A). A list of employers in tourist-related industries was developed for Barnstable County using the Imarket database. IMarket is a proprietary database compiled by Dun & Bradstreet with information on more than 12 million business establishments in the United States. This data is compiled from Securities and Exchange Commission filings, all federal bankruptcy filing locations, all secretaries of state, trade and bank transactions, public utilities, the U.S. Postal Service, daily newspapers, and electronic news services. The data is classified in much the same way as government data using SIC Codes so it can be cross-referenced with federal statistics.

The Imarket database listed 3,376 entries for establishments in the resort industry. The Center for Policy Analysis mailed survey forms to 1,700 tourist-related establishments in Barnstable County during the first week of July of 2000. The establishments that received survey forms were selected randomly using Microsoft Excel's random number generator. Businesses and residents received advance notification of the survey and its purpose through newspaper announcements in the *Cape Cod Times*, the *Falmouth Enterprise*, and the *Mashpee Enterprise*. Each of the 1,700 establishments selected received a cover letter explaining the purpose of the survey, a survey form, and a self-addressed stamped envelope for returning the survey to the Center for Policy Analysis. The survey forms were coded at the 2-digit SIC so that responses could be tabulated and cross-tabulated on this basis, although it is not possible to identify individual employers. Thirty-six (36) surveys were returned as undeliverable so that 49.3 percent of all tourist-related establishments in Barnstable County received a survey form in the mail.

The Center received 264 valid responses for a response rate of 15.5 percent. The response rate is above average for a mail survey and it captures a statistically valid cross-section of establishments by SIC Code with only one exception (see Table 2).[3] The one significant departure from the expected range of deviation (6%) is the comparatively low number of eating and drinking establishments that responded to the survey. However, it was possible to cross-reference survey responses with government statistics on selected questions (e.g., numbers of temporary foreign workers) and these comparisons provide further confirmation that the survey captures an accurate cross-section of tourist-related firms:

Table 2

SIC Code	Type of Establishment	No. Estabs. (ES-202)	% Estabs. (ES-202)	% Responses (Survey)
53	General merchandise stores	31	1.3	1.9
54	Retail food stores	245	10.0	6.4
56	Apparel & accessory stores	201	8.2	7.6
58	Eating and drinking places	769	31.4	19.7
59	Miscellaneous retail	673	27.5	33.3
70	Hotels & other lodging places	356	14.5	16.3
79	Amusement & recreation services	154	6.3	11.7
84	Museums, art galleries, etc.	18	0.7	3.0

Source: Division of Employment and Training, ES-202 (3rd Q 1999) and Center for Policy Analysis.

The employer survey was designed to solicit information on the number of seasonal employees, the occupations of seasonal employees, the full-time/part-time status of seasonal employees, the primary residence of seasonal employees, citizenship status, non-summer occupational status (e.g., college or high school student, retiree, homemaker, unemployed, etc.), summer housing accommodations, and summer residence. The survey also measures the perceived difficulty of finding seasonal employees, employer satisfaction with the quality of seasonal employees, and mechanisms for recruiting seasonal employees, including compensation and benefits.

3. Key Informant Interviews. The Center for Policy Analysis also conducted key informant interviews with 15 managers and owners who supervise 29 establishments in the resort industry using a modified version of the survey instrument in Appendix A. The key informant interviews primarily targeted large employers in the resort industry and employers operating multiple establishments in the industry. These interviews were designed to solicit more in-depth information on the recruitment, quality, and retention of seasonal employees as well as information on initiatives and recommendations for addressing the labor shortage. The Center

[3] The normal expected response rate for a mail survey is 10 to 12 percent.

for Policy Analysis contacted labor unions with bargaining rights in the targeted industries, but was unsuccessful in arranging interviews.

2.00 DESCRIPTION OF THE REGION

Cape Cod consists of the fifteen towns that make up Barnstable County. The region is bordered by the Cape Cod Canal to the west, Cape Cod Bay to the north, and Nantucket Sound to the south. The region's fragile ecosystem is characterized by pristine beaches, beautiful oceans and bays, quaint villages, and is home to a diverse mix of plant and animal life. It is 399 square miles in area and has over 500 miles of shoreline (see Figure 1).

Figure 1

Barnstable County is a unique economic region in Massachusetts, because the highly seasonal resort industry is a large component of its economic base. Barnstable County is also one of only two regions in the state, along with Martha's Vineyard, to have a regional planning agency that exercises genuine controls over land use and development. The Cape Cod Commission Act was approved by Barnstable County voters in 1990. The purpose of the Cape Cod Commission is to further "the conservation and preservation of natural undeveloped areas, wildlife, flora, and habitats for endangered species; the preservation of coastal resources including aquaculture; the protection of ground water, surface water, and ocean water quality, as well as other natural resources on Cape Cod; balanced economic growth; the provision of adequate capital facilities, including transportation, water supply, and solid, sanitary, and hazardous waste disposal facilities; the coordination of the provision of adequate capital facilities with the achievement of other goals; the development of an adequate supply of fair affordable housing; the preservation of historical, cultural, archaeological, architectural, and recreational values."

Cape Cod is accessible by road from the Bourne and Sagamore bridges via Route 28 and Route 3 respectively. The principal highways on Cape Cod are U.S. Route 6, and State Routes 6A, 28, and 132. The Cape Cod region has 1,587 miles of public roads. Routes 3, Interstate 495, and Interstate 195 all converge near the upper Cape and provide quick access to destinations west and north. However, traffic on the Cape itself can be very congested, especially during the summer months. Average daily traffic has grown by roughly 3 to 4 percent each year, putting an increasingly heavy burden on the roadways. This discourages many residents and visitors from driving to destinations outside of Cape Cod, ultimately contributing to the relative isolation of the region.

The Cape is accessible by air with connecting flights from Logan (Boston) and Green (Providence) airports to Barnstable Municipal Airport in Hyannis. Barnstable Municipal Airport, a Primary Commercial Service facility, has two asphalt runways of 5,249 feet and 5,430 feet. Total passenger enplanements have risen by 79.9 percent, from 119,450 in 1992 to 214,905 in 1999. Over $10 million of the State Transportation Bond Bill was allocated in 1997 for the expansion and renovation of the airport's terminal. The lower Cape is also accessible by air with a limited number of commercial flights from Logan (Boston) to Provincetown Municipal Airport, although 91 percent of the airport's operations are transient general aviation. Provincetown Municipal Airport has one 3,498 X 100 foot runway, but no traffic control tower.

The Cape Cod Regional Transit Authority offers public transportation service from Hyannis to Falmouth. Additional bus service runs on a regular schedule to Yarmouth, Dennis, Harwich, Chatham, Orleans, and Woods Hole. Trolley service is offered on a seasonal basis in many Cape towns. These lines connect to the Plymouth and Brockton bus service that provides bus service to downtown Boston, Logan Airport, and Provincetown. Commuter rail service from Boston currently extends to Kingston and Plymouth and many Cape residents drive to these stations and take the rail to northern destinations. Auto and passenger ferry service to Martha's Vineyard and Nantucket is offered from Woods Hole (Falmouth) and Hyannis (Barnstable), while auto and passenger ferry service to Boston departs from Harwich and Provincetown.

2.10 Economic History of the Cape Cod Region

In 1620, Cape Cod was the first landfall for the Pilgrims. At that time, the Wampanoag Indians inhabited Cape Cod and European settlement of the Cape proceeded slowly. Eventually, increasing numbers of settlers were attracted to the Cape by growth in the whaling, fishing, and shellfishing industries[PDS1]. The land-based economy largely supported the whaling and fishing industry. The production of ropes, ships, canvas, and anchors were the primary manufacturing operations of the time. Despite its burgeoning fishing industry, much of the Cape remained largely undeveloped prior to the 20th century. By the 1920's, the region began to emerge as a regional tourist destination, but it was not until after the Second World War that the Cape became a major attraction for out-of-state travelers.

Cape Cod is somewhat unique in Massachusetts because such as large proportion of its economic base is generated by money brought from outside the region by tourists, retirees, second-home owners, and Cape Cod residents working in other parts of the state (Commonwealth of Massachusetts 1993, Chap. 15). The Cape's year round economy has grown significantly in the last decade, but its resort industry remains highly volatile, because it depends on factors such as weather and the economic condition of those regions that supply its tourist trade. To lessen the economic impacts of the slow winter months, Cape Cod officials are taking steps to lengthen the tourism season by attracting tourists during the "shoulder" periods in the early spring and late fall. The large volume of visitors in the peak summer months and mounting traffic congestion during this period has residents and annual visitors leery of any type of development or attraction that might further increase summer visitors.

While the tourist and seasonal resident dollar is a vital cog in the Cape's economic engine, the growing number of tourists is also threatening the Cape's fragile environment. The Cape has unsurpassed beaches, ponds, marshes, bays and dunes. Furthermore, the water needs of the region are served by a single source aquifer. To protect this ecosystem, much of the planning in the region is focused on balancing economic growth with preservation of the region's environment. As a result, economic development planners are emphasizing the recruitment and development of "light-clean" industries, such as high technology firms. These types of industries generally provide high wage jobs while having less of an impact on the environment than traditional manufacturing. The region's relatively high level of educational attainment provides an opportunity to develop emerging industries in high technology areas such as marine technology, software engineering, and environmental technology.

Finally, Cape Cod's economy continues to have different attributes from the rest of the state. The region's population and labor pool are growing more rapidly than the rest of Massachusetts. The economy is based on small business with 81 percent of the region's companies employing fewer than 10 people. In addition, 12 percent of Cape Cod's residents are self employed; a figure that is twice the state average (U.S. Census 1990).

2.20 Demographic and Economic Characteristics

2.21 Population

The total population of Barnstable County is 208,418, according to U.S. Census Bureau 1998 estimates. Table 3 displays the population for Barnstable County from 1970 to 1998. The Barnstable County municipalities with the largest populations are Barnstable (45,187), Falmouth (31,431), and Yarmouth (22,797).

Table 3

Historical and Projected Population of Barnstable County Cities and Towns

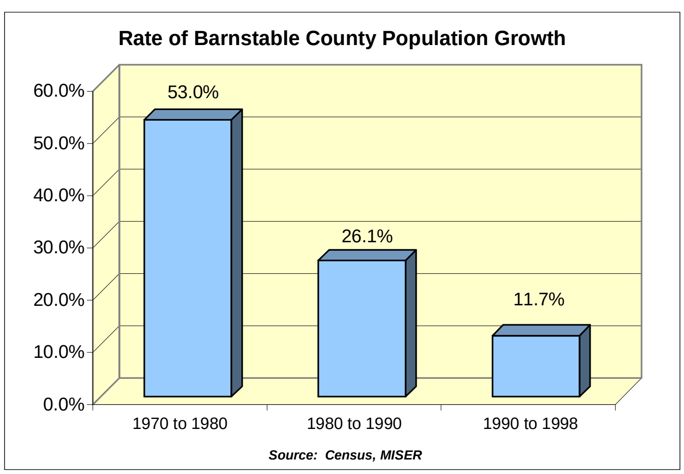
Town/City	1970	1980	1990	1998*
Barnstable	19,842	30,898	40,949	45,187
Bourne	12,636	13,874	16,064	18,007
Brewster	1,790	5,226	8,440	9,637
Chatham	4,554	6,071	6,579	7,098
Dennis	6,454	12,360	13,864	14,693
Eastham	2,043	3,472	4,462	5,033
Falmouth	15,942	23,640	27,960	31,431
Harwich	5,892	8,971	10,275	11,765
Mashpee	1,288	3,700	7,884	9,343
Orleans	3,055	5,306	5,838	6,362
Provincetown	2,911	3,536	3,561	3,743
Sandwich	5,239	8,727	15,489	18,746
Truro	1,234	1,486	1,573	1,799
Wellfleet	1,743	2,209	2,493	2,777
Yarmouth	12,033	18,449	21,174	22,797
Total	**96,656**	**147,925**	**186,605**	**208,418**

Sources: U.S. Census Bureau (* estimate)

The region's population has increased by 40.9 percent since 1980 compared to a statewide average increase of 7.1 percent during the same period. The region's rate of population increase has slowed to 11.7 percent since 1990, compared to the statewide average increase of 2.1 percent. The median age of Barnstable County residents rose nearly nine years over the past three decades: from 30.8 years in 1960 to 39.5 years in 1990, highest of the fourteen Massachusetts counties. Twenty-two percent of Barnstable County residents were over age 65 in 1990 compared to 14 percent statewide.

Figure 2 displays the decennial rate of historical and projected population growth for Barnstable County as a whole.

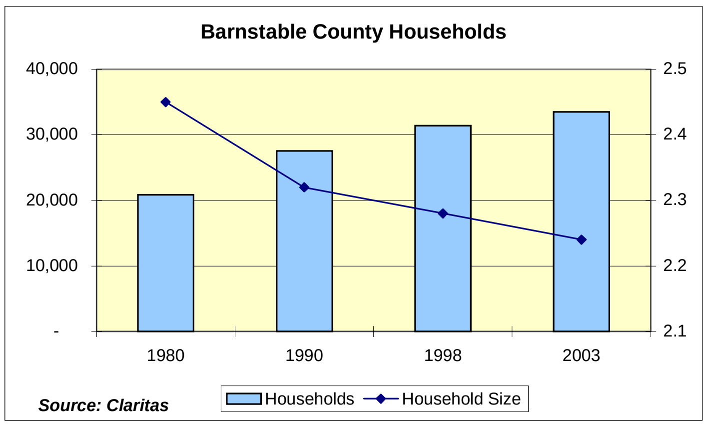
Figure 2



2.22 Households

The number of households in Barnstable County has increased by 50.4 percent since 1980. The increase in the number of households is consistent with the region's population growth over this period. Household size has decreased slightly over this time, mainly due to the region's increasing attractiveness to retirees (see Figure 3).

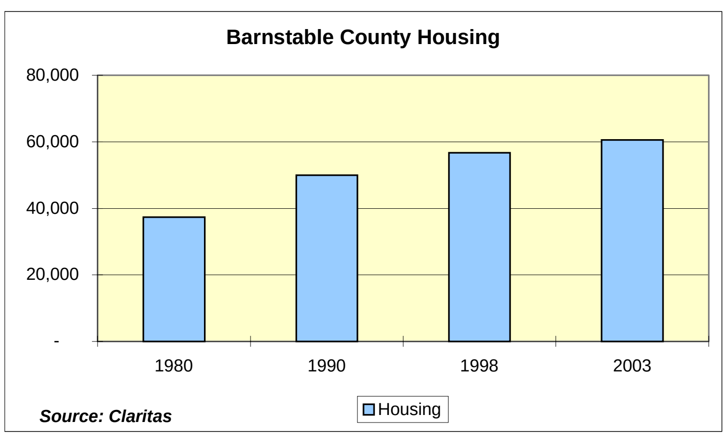
Figure 3



2.23 Housing

The region's housing stock has increased approximately 50 percent since 1980 (see Figure 4). The growth of residential development continues to place pressure on the region's environment and infrastructure capacity.

Figure 4

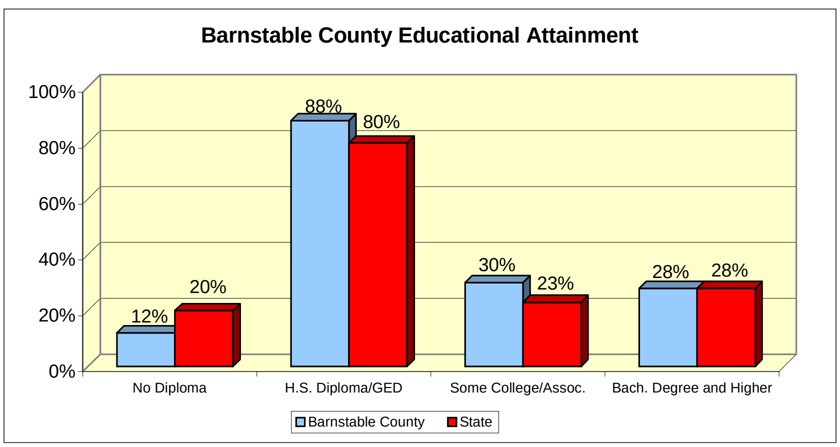


2.24 Educational Attainment

Barnstable County residents are somewhat better educated than the state's residents generally. This may be largely attributed to the region's highly educated retirement community (Commonwealth of Massachusetts 1993). Figure 5 compares the educational attainment levels of persons age twenty-five and above residing on the Cape to the state as a whole. While 20.0 percent of the state's population does not possess a high school diploma, only 11.6 percent of residents in Barnstable County do not have a high school diploma. Similarly, 28.1 percent of Barnstable County residents have earned a bachelor's degree or higher compared to 27.2 percent statewide.

While it is difficult to measure the educational attainment levels of the Cape's working population, public high school students on Cape Cod score higher than the state averages on several indicators. For example, the average four-year dropout rate for the Cape's school districts is 2.6 percent, compared to a statewide average of 3.4 percent. Non-vocational Cape Cod students (60.3%) also attend four-year colleges at a higher rate than the students statewide (53.2%). Finally, the average MCAS scores for non-vocational Cape public high schools are above state averages. The total MCAS score in 1999 for Cape Cod is 2,321, compared to a statewide average of 2,292.

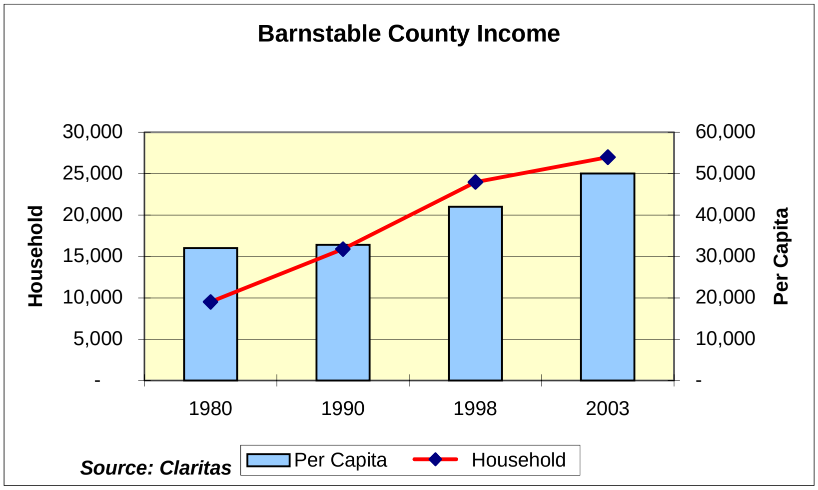
Figure 5



2.25 Income and Employment

Per capita income in Barnstable County has risen from $7,437 in 1979 to an estimated $21,312 in 1998 (see Figure 6). Total personal income in Barnstable County was $5.9 billion in 1996, an increase of 26.3 percent from 1992, compared to a 22.9 percent increase statewide. Annual average earnings in the region are $28,674 (1999) or 40.7 percent below the statewide average of $40,355 (1999).

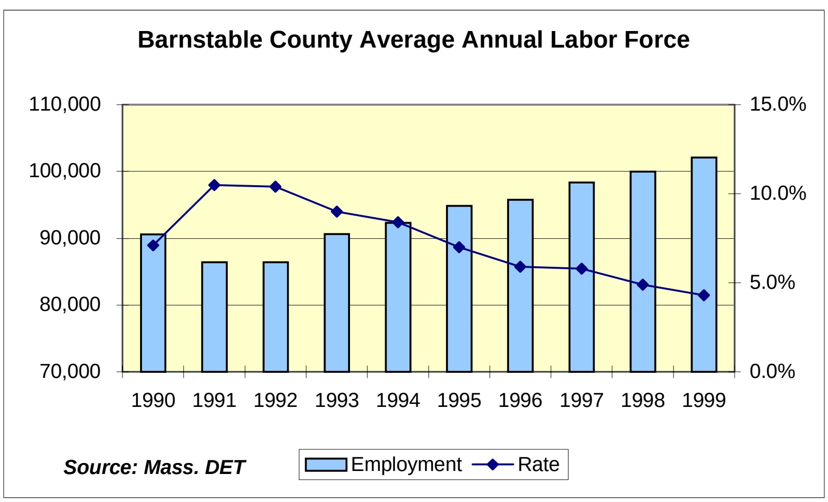
Figure 6



Barnstable County has a total annual average employment of 85,512 (ES-202 1999). In 1999 the average annual unemployment rate was 4.3 percent compared to a statewide average unemployment rate of 3.2 percent. Unemployment rates vary greatly between seasonal extremes. For example, the unemployment rate for January 2000 was 7.1 percent. This compares to a rate of 2.0 percent in August 2000 (USBLS 2000; MDET 2000).

Figure 7 displays the annual size of the labor force and the annual unemployment rate for Barnstable County from 1990 through July of 1999.

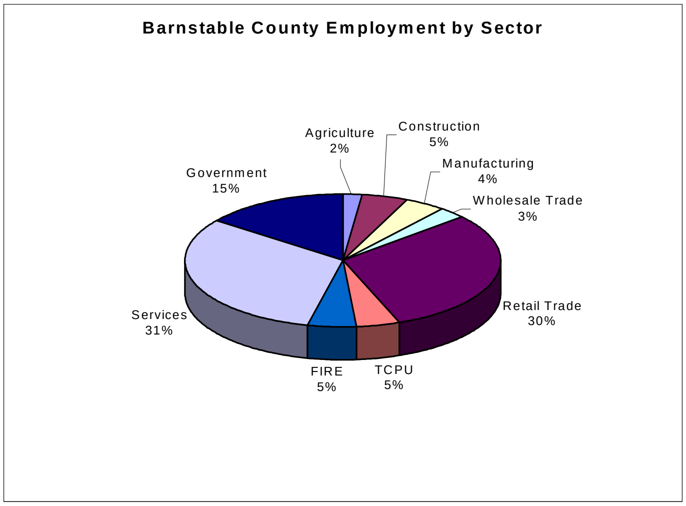
Figure 7



2.26 Primary Industries

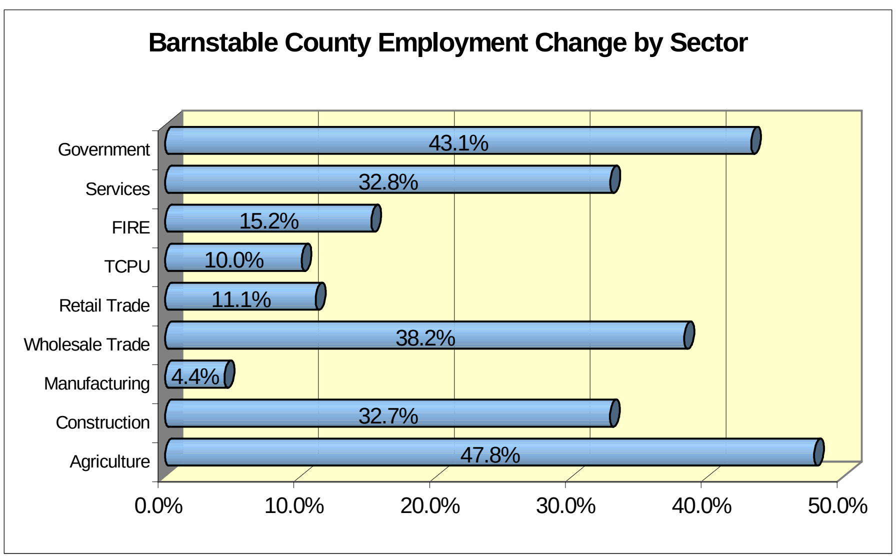
Figure 8 displays employment by sector in Barnstable County.

Figure 8



The region's two largest employment sectors are Services, with 31 percent of total employment, and Retail Trade, with 30 percent of total employment. Changes in the structure of Barnstable County's economy have paralleled statewide trends as the region's employment base has lost manufacturing jobs and shifted to an increasingly service-based economy. Figure 9 displays percentage changes in employment for each sector between 1990 and 1999.

Figure 9



2.27 Largest Industries

Table 4 shows the largest industries in Barnstable County. Four of the five largest industries are tourist related.

Table 4

Cape Cod's Largest Industries by Employment

Industry Name	Establishments	Employment
Eating and Drinking Places	775	10,635
Health Services	480	9,521
Food Stores	245	4,486
Miscellaneous Retail	678	4,240
Hotels and Other Lodging Places	357	3,776
Special Trade Contractors	536	2,834
Engineering and Management Services	373	2,791
Social Services	171	2,129
Business Services	339	2,057
Automotive Dealers and Service Stations	182	1,973
Real Estate	287	1,538
Apparel and Accessory Stores	199	1,525
Agricultural Services	302	1,455
Amusement and Recreation Services	152	1,423
Depository Institutions	121	1,383
General Merchandise Stores	29	1,322
Building Materials and Garden Supplies	106	1,185
Wholesale Trade-Durable Goods	173	1,087
Personal Services	207	1,068
Printing and Publishing	77	1,040
General Contractors	280	1,039
Educational Services	51	963
Auto Repair, Services and Parking	168	841
Furniture and Home Furnishings Stores	132	787
Communication	37	657

Source: Mass. Department of Employment & Training, 1999

2.28 Industry Clusters

Barnstable County has several identifiable business clusters or industry groupings that are linked together through shared customer, supplier, or other relationships (see Table 5). The resort industry is the largest business cluster in Barnstable County. The resort industry cluster includes eight major groups: general merchandise stores, food stores, apparel and accessories, eating and drinking places, miscellaneous retail, hotels and other lodging places, amusement and recreation services, and museums. It is estimated that 5.23 million tourists visit Cape Cod each year, excluding day-trippers (Hunter Interests 1996). Consequently, the effect of tourism on these groups' economic performance is particularly significant to the Cape Cod economy. However, Cape Cod tourism is highly seasonal with nearly two-thirds (65 percent) of visitors arriving in the summer and fall months. The resort industry cluster directly employs an annual average of 19,064 persons in 2,436 business units and accounts for 22.3 percent of the region's total direct employment. When the effect of indirect and induced impacts is calculated, the resort industry generates approximately 40 percent of the region's total employment.[4] The annual average earnings in the resort industry cluster is $17,401 with average earnings ranging from a low of $14,666 for eating and drinking places to a high of $20,676 for miscellaneous retail.

Table 5

Earnings and Employment in Selected Clusters

	Average Earnings (1999)	% of Region's Employment (1999)
Massachusetts	$ 40,355	n/a
Barnstable County		100%
Allied Health Services	$ 33,014	11.1%
Business Services	$ 35,308	6.8%
Resort Industry	$ 17,401	22.3%
High Technology	$ 40,696	2.0%

Source: Massachusetts Division of Employment and Training

[4] The total economic impact of tourism was calculated using the U.S. Department of Commerce (1997) Regional Input-Output Modeling System II (RIMS II) multipliers for the 2-digit industries in the resort industry cluster. The multipliers in RIMS II are derived from the Bureau of Economic Analysis' Benchmark Input-Output table, which shows the input and output structure of nearly 500 U.S. industries. The BEA's regional economic accounts are used to adjust the national I-O table to reflect a particular state's industrial structure and trading patterns. RIMS II is widely used in both the public and private sector by university researchers, government agencies, and private consulting firms. Empirical tests have documented that RIMS II estimates are similar in magnitude to much more expensive industry surveys and provide a cost effective mechanism for measuring economic impacts.

2.30 Primary Tourism Attractions and Activities

2.31 Historical Attractions, Theaters, and Museums

The Cape Cod Region is home to a variety of historical attractions, theaters, and museums, as displayed in Table 6.

Table 6

Cape Cod Historical Attractions, Theatres, and Museums

Attraction	Town/Location	Attraction	Town/Location
1869 Schoolhouse Museum	Eastham	French Cable Station Museum	Orleans
Arts Foundation of Cape Cod	Hyannis	Grist Mill	Chatham
Bassett Wild Animal Farm	Brewster	Harwich Historical Society/Brooks Academy	Harwich
Benjamin Nye Homestead	E. Sandwich	Heritage Museum	Sandwich
Boch Center of Performing Arts	Mashpee	Heritage Plantation of Sandwich	Sandwich
Cape Cod Children's Museum	Falmouth	Historical Museum - Atwood House	Chatham
Cape Cod Discovery Museum	Dennisport	Hoxie House	Sandwich
Cape Cod Melody Tent	Hyannis	John F. Kennedy Hyannis Museum	Hyannis
Cape Cod Museum of Fine Arts	Dennis	John F. Kennedy Memorial	Hyannis
Cape Cod Museum of Natural History	Brewster	Josiah Dennis Manse Museum	Dennis
Cape Cod Railroad	Hyannis	Katherine Lee Bates Birthplace Museum	Falmouth
Cape Cod Symphony Orchestra	Yarmouth	Museum of Truro Historical Society	N. Truro
Cape Playhouse	Dennis	National Marine Fisheries	Woods Hole
Captain Bangs Hallet House	Yarmouth	New England Fire & History Museum	Brewster
Captain Edward Penniman House	Eastham	Old Indian Meeting House	Mashpee
Chatham Railroad Museum	Chatham	Pilgrim Monument & Provincetown Museum	Provincetown
Children's Discovery Museum	Falmouth	Provincetown Art Association	Provincetown
College Light Opera	Falmouth	Sandwich Glass Museum	Sandwich
Donald G. Trayser Memorial Museum	Barnstable	Thornton Burgess Museum	Sandwich
Expedition Whydah Sea Lab	Provincetown	Woods Hole Exhibit Center	Falmouth
Falmouth Historical Society Museum	Falmouth		

Source: Cape Cod Chamber of Commerce

In addition to the numerous year-round attractions, the Cape also has seasonal historical societies that operate during the busy tourist season. Table 7 displays Cape Cod's seasonal attractions.

Table 7

Seasonal Historical Societies / Museums

Small, Seasonal Historical Societies	Location
Centerville Historical Society Museum	Barnstable
Osterville Historical Society Museum	Barnstable
Aptuxcet Trading Post Museum	Bourne
Jonathan Bourne Historical Center	Bourne
Chatham Historical Society	Chatham
Eastham Historical Society (2 museums)	Eastham
Nye House, Sandwich	Sandwich

Source: Cape Cod Chamber of Commerce

2.32 Unique Natural Features

The Cape Cod region is home to a variety of unique geographical features that reflect the coastal amenities and natural beauty that help make it a leading tourist destination. Table 8 displays some of the most prominent features and specific attractions that attract visitors to the Cape.

Table 8

Cape Cod Coastal / Environmental Amenities

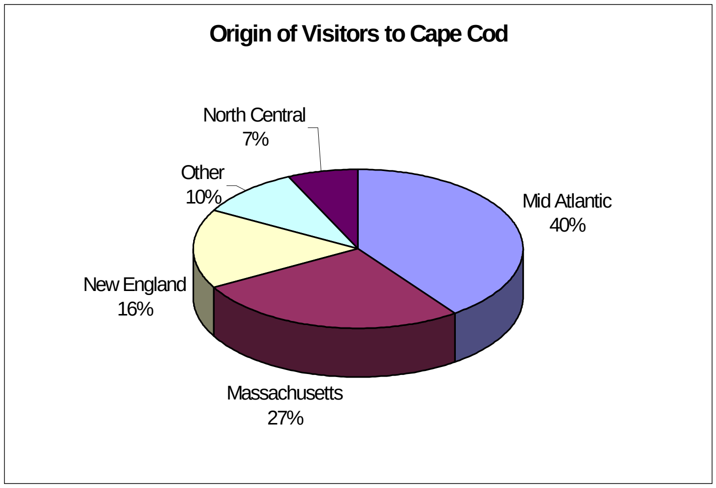
Features / Attractions	Location
Ashumet Holly Wildlife Sanctuary	E. Falmouth
Cape Cod Canal Rec. Areas (U.S. Army Corps)	Bourne
Cape Cod National Seashore	Regional
Cape Cod Scenic Railroad	Hyannis
Chatham Winery	Chatham
Monomoy National Wildlife Refuge	Chatham
National Marine Fisheries Aquarium	Woods Hole
Nickerson State Park	Brewster
Scusset State Beach	Sandwich
Shawme-Crowell State Forest	Sandwich
South Cape State Beach	Mashpee
Waquoit Bay National Reserve	Falmouth
Wellfleet Bay Wildlife Sanctuary (Mass. Audobon)	Wellfleet

Sources: Mass. Office of Travel & Tourism, Cape Cod Chamber of Commerce

2.33 Tourism Promotion and Development

The Cape Cod Convention and Visitors Bureau, a division of the Cape Cod Chamber of Commerce, is the main tourism promotion and tourist assistance agency in Barnstable County. The Cape Cod Chamber of Commerce has sponsored, conducted, and taken part in numerous studies of tourism over the last decade because of its exceptional economic significance to the Cape. As noted elsewhere, approximately 5.23 million tourists, excluding day-trippers, visit the Cape each year and these visitors account for 22.3 percent of average annual employment on the Cape. Currently, most visitors to the Cape originate in the Mid-Atlantic states (40 percent), Massachusetts (27 percent), and other New England states (16 percent). Figure 10 highlights the origins of visitors travelling to Cape Cod (ArtsMarket Consulting 1995).

Figure 10



Shoulder Seasons

The Cape Cod Convention and Visitors Bureau is aggressively implementing a strategy to increase tourist visitations during the spring and fall shoulder seasons when total room demand on the Cape declines by 50,000 to 100,000 per month from the peak summer months (June through August). One focus of this strategy is to attract small conferences and getaway weekends from nearby metropolitan areas. A strategy to target small- to medium size conferences meshes nicely with the Cape's tourism development strategy, since these types of conferences are typically held in the spring or fall when there is excess lodging capacity on the Cape and when lodging prices are below their peak summer levels (Michael J. Gill & Associates 1984; Commonwealth of Massachusetts 1998). The promotion of getaway weekends is designed as a complement to shoulder season conferences, since business and professional conferences are frequently scheduled from Monday through Thursday, while getaway weekends attract visitors on Fridays and Saturdays (Hunter Interests 1996).

Retirees, Seasonal Residents, and the Senior Market

An additional component of the Cape's tourism development strategy is to attract more retirees to the region who bring a stable income, but do not create additional pressures for job creation, business development, and school construction. Instead, additional retirement incomes can help stabilize the Cape economy on a year-round basis by providing an expanded base for retail and service establishments and by attracting off-season visitors to the Cape who come to visit family members. The same principle applies to the Cape's seasonal residents to the extent that they can be persuaded to remain on the Cape during the shoulder seasons. Likewise, senior citizens often visit locations during non-peak seasons to avoid crowds and to take advantage of lower prices during these times. However, the Cape's potential to capture the retirement and senior market, and to extend the stay of seasonal residents, depends on maintaining the region's high quality of life and natural attractiveness (Kinder & Associates 1998; O'Connell 1998).

Sustainable Economic Development

The Cape Cod Commission is responsible for developing a Regional Policy Plan every five-years which sets Minimum Performance Standards for all developments with a regional impact. The Regional Policy Plan does not change or alter any existing local, state, or federal regulations, but establishes performance standards in addition to existing regulations. The current Minimum Performance Standards encourage compact forms of development and redevelopment within certified growth/activity centers to minimize land consumption, to protect open space, and to direct development away from significant natural resource areas.

The concept of growth/activity centers in the Regional Policy Plan encourages areas of intensive development that already have adequate infrastructure and that are currently underutilized as commercial areas. The growth/activity center concept can also be used in conjunction with the state's Economic Target Areas (ETA's) and Economic Opportunity Areas (EOA's). All of Barnstable County received the ETA designation in 1994, and several towns, including downtown Hyannis, have obtained EOA designation for specific areas in their communities. Thus, the Regional Policy Plan favors the redevelopment of existing business districts over the consumption of greenfields and open space.

The Cape Cod Commission's Regional Policy Plan was adopted in 1990 and revised in 1995, based partly on extensive resident surveys. The 1995 Resident Survey reveals that 83 percent support limiting the size of new development and that a majority of residents oppose environmentally unfriendly, large-scale development projects such as a large regional shopping mall (69 percent opposed), a new 50 room motel or hotel (64 percent opposed), or a large discount wholesale or retail store (56 percent opposed). However, the results also indicate that Cape Cod residents strongly support the preservation of historic areas and open space, the control of traffic congestion, and the construction of a new regional cultural facility (79 percent). The 1995 resident survey indicates that 92 percent of all residents support the reuse of existing sites for economic development.

Summary

Cape Cod is a unique region in Massachusetts with a large percentage of its economic base concentrated in the resort industry. When the effect of indirect and induced impacts is calculated, the resort industry generates as much as 40 percent of the region's total employment. Visitors are largely drawn to Cape Cod because of its isolated character and its still unspoiled natural features. Because of this relationship between the economy and the environment, land use and economic development planning on Cape Cod is highly focused on the preservation of its historical and natural attractiveness. Cape Cod is the only region in the state with a regional planning agency exercising genuine controls over land use and development. The Cape Cod Commission was created to ensure the proper balance between sustainable economic development and the environment. The region's natural and man-made geographic isolation also contributes to the regional identity of the Cape.

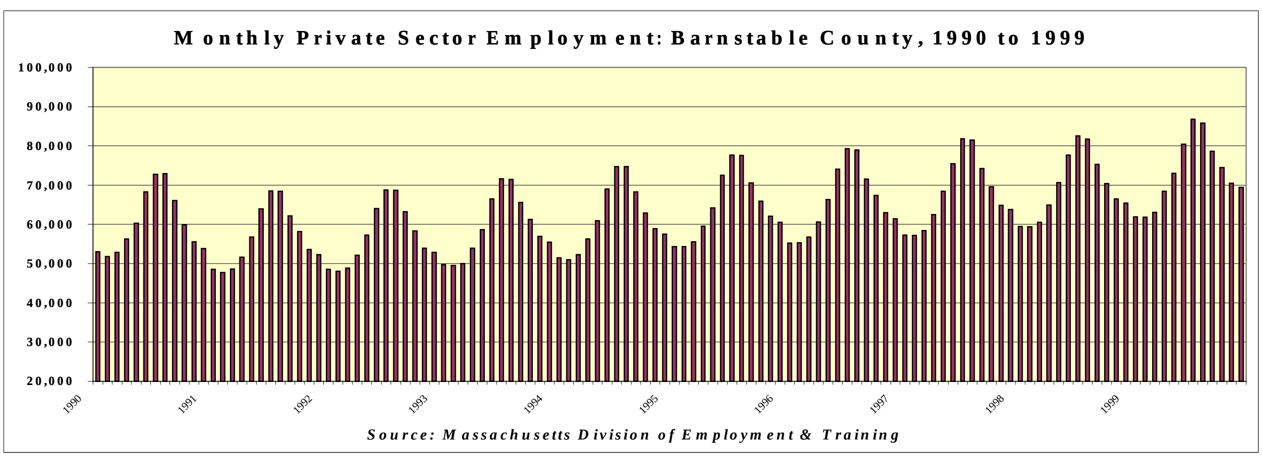
3.00 THE SEASONAL WORKFORCE

The Barnstable County economy is defined by three overlapping trends: long-term growth, seasonality, and the regular business cycle. The Cape Cod region has been one of the fastest growing economic regions in Massachusetts since 1980 as measured by growth in its population, labor force, new business establishments, and total average annual employment. The region's economy experienced its last recession in 1991 along with the rest of the state and has been participating in the state's economic recovery since 1993. However, a unique characteristic of the region's economy, when compared to the rest of the state, is the annual seasonal fluctuation that is overlaid on top of its long-term growth and in addition to the large-scale fluctuations associated with the nation's business cycle.

Seasonal fluctuations are short-term recurring patterns of product or service demand associated with the fall, winter, spring, and summer seasons of the year (Shim and Siegel 1995, 307). Seasonal fluctuations and demand for particular products or services are usually associated with weather (e.g., tourism, construction, agriculture) or holidays (e.g., toys). Seasonal industries tend to be characterized by sharp spikes in employment and unemployment (up or down), since establishments hire additional workers to manage increased seasonal demand and terminate workers as demand tails off at the end of a season.

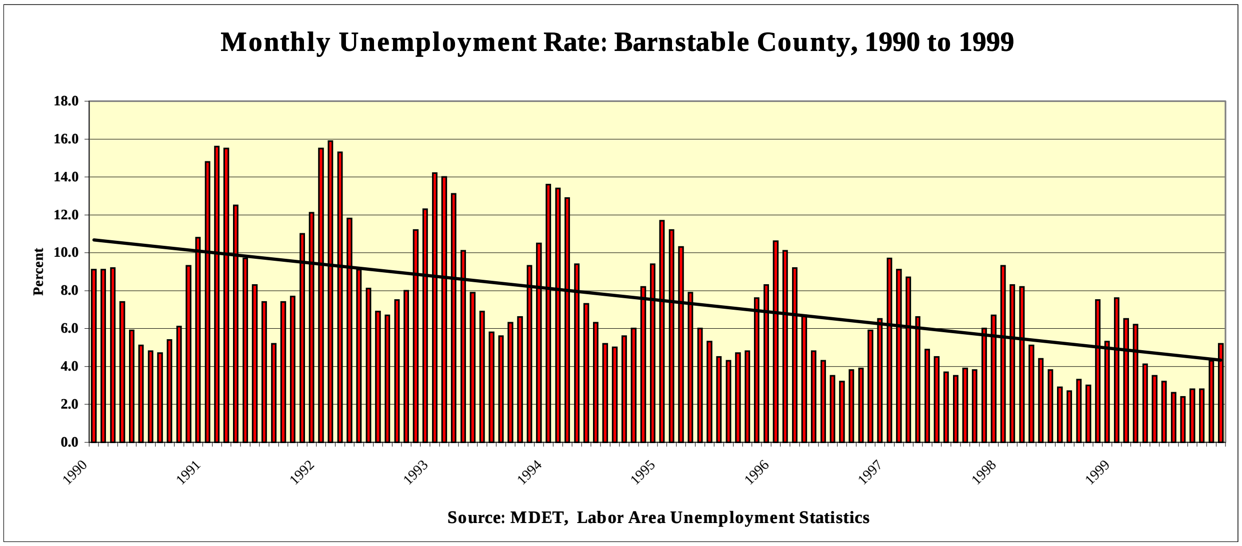
The seasonal aspect of Cape Cod's economy is mainly an effect of its tourist-oriented economy. The Cape's resort industry has a high season, two shoulder seasons, and a low season that are closely tied to the weather and to major holidays (see Figure 11). The high season runs from June through August (Memorial Day through Labor Day). The spring shoulder season runs from April through May and the fall shoulder season runs from September to late November (Labor Day to Thanksgiving Day). The low season runs from November through March. These seasons vary for individual establishments, since many businesses do not open until late spring (Mother's Day), some businesses open only for the high season, and other businesses end their fall shoulder season on Columbus Day (October 12).

Figure 11



The seasonal employment pattern in Barnstable County is defined by a trough in February of each year and a seasonal peak in July or August of each year (see Figure 12). Conversely, the county's unemployment level reaches a high in February of each year and declines to its lowest level in July or August of each year. Total employment in February of 1990 was 51,818 and by February of 1999 it was 61,841. Total employment in August of 1990 was 72,927 and by February of 1999 it was 85,832. Thus, both total year round employment and seasonal employment have been increasing in Barnstable County over the last ten years.

Figure 12



For purposes of calculating seasonal employment, the annual February trough in total employment was taken as the baseline figure for year round employment at Cape establishments in each year from 1990 to 1999. The February trough moves up and down with the business cycle and it also rises as the Cape's total year round employment increases from year to year. Thus, it provides a reliable base line for calculating seasonal employment from year to year that automatically incorporates cyclical fluctuations and growth in the Cape's non-seasonal economic base. [5]

From the seasonal trough in February to the summer peak in July/August, total employment in Barnstable County increases an average of 42.6 percent each year. The ratio of peak seasonal employment to the Cape's year round employment is remarkably consistent from

[5] It is assumed that each employee that is added after the February trough is a seasonal employee. This procedure may slightly overestimate the number of seasonal employees since it cannot factor out new year-round employees added to establishment payrolls after February. Total year round employment increased by 3.3 percent from February 1996 to February 1997, by 3.8 percent from February 1997 to February 1998, and by 3.7 percent from February 1998 to February 1999. Thus, as one moves through the year on a monthly basis, the margin of error in the estimate of seasonal employees rises from +/- 0% to +/- 3.3 percent to 3.8 percent depending on the year and the month. In other words, the March estimate of seasonal employees has nearly 0 percent margin of error, while the December and January estimate of seasonal employees is likely to be abut 3.3 to 3.8 percent too high, depending on the actual rate at which new year round employees are added by establishments during the year.

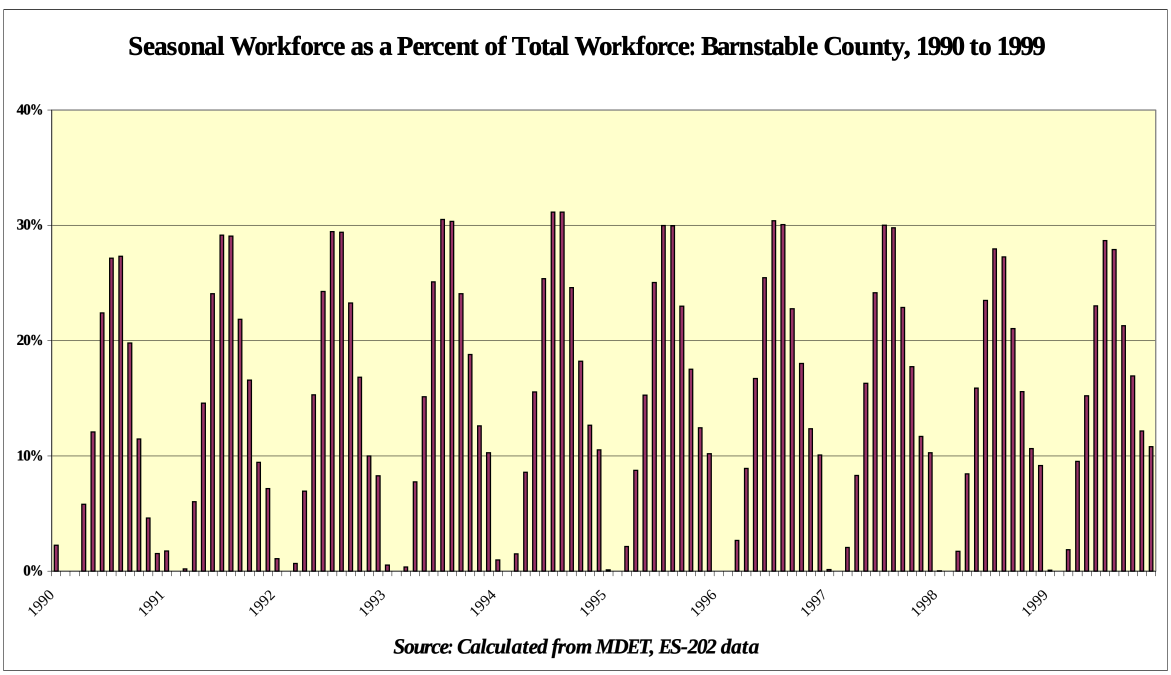
year to year and rarely deviates more than 2 to 3 percentage points from this average (see Table 9). During the last decade, the size of the Cape's peak seasonal workforce increased from 21,109 in 1990 to 24,930 in 1999**.** In 1999, seasonal employees constituted 29 percent of the Cape's total employment base (July) compared to 27 percent in 1990 (see Figure 13).

Table 9

Year	Size of Seasonal Workforce at Peak	Increase Trough to Peak
1990	21,109	40.7%
1991	20,748	43.5%
1992	20,769	43.2%
1993	23,129	44.3%
1994	23,784	46.7%
1995	23,328	42.9%
1996	24,054	42.8%
1997	24,634	43.1%
1998	23,075	38.8%
1999	24,930	40.3%
Net / Avg. Inc.	+3,821	42.6%

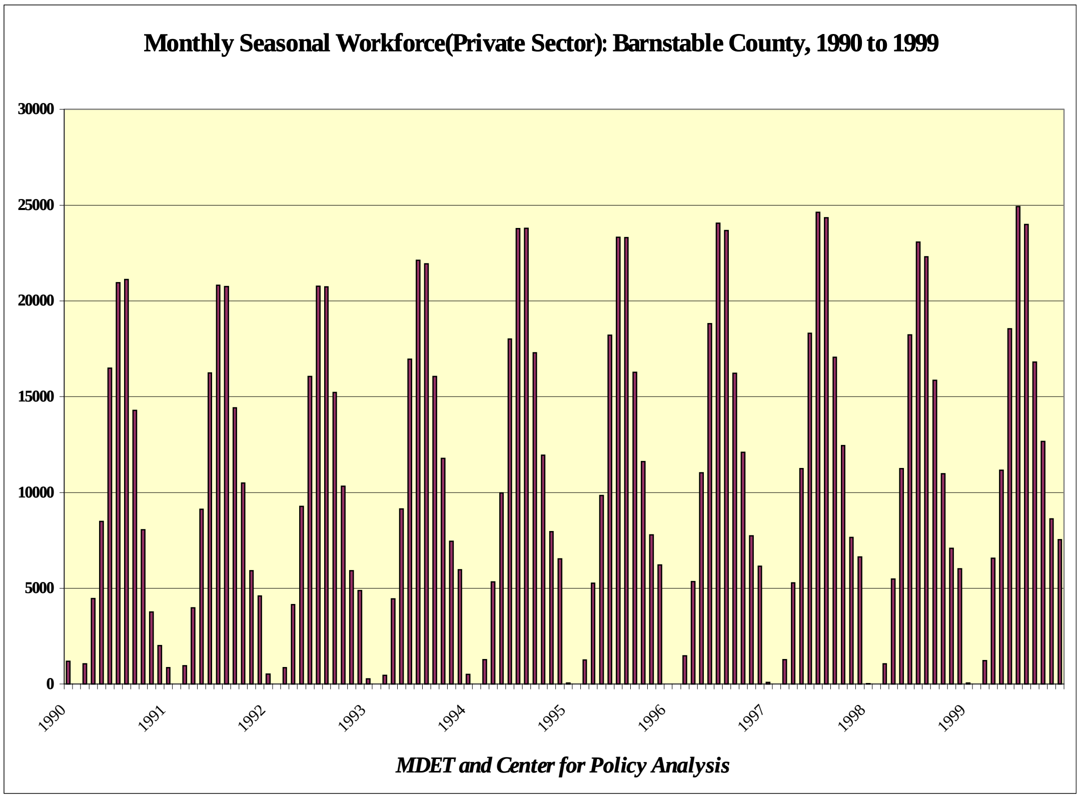
Source: Calculated from MDET, ES-202 data.

Figure 13



The net peak demand for seasonal workers has increased by 18.1 percent, or by 3,821 seasonal workers since 1990 (see Figure 14). The increase in seasonal employment during the 1990s accounts for approximately 25 percent of the growth in total *average* annual employment on Cape Cod. The key informant interviews conducted for this study indicate that many employers have an unmet demand for additional seasonal workers, particularly during the shoulder seasons.

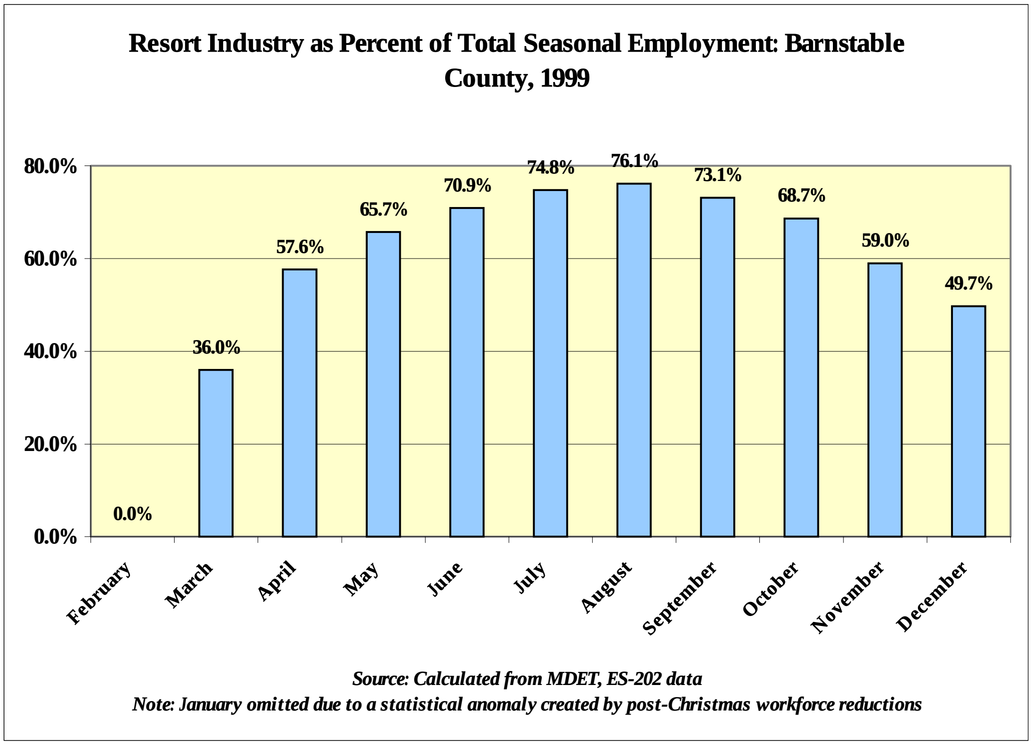
Figure 14



The Cape's expanding resort industry accounts for most of the increase in its seasonal employment base during the 1990s. The resort industry (narrowly defined) *directly* accounts for 76.1 percent of the Cape's seasonal employment during its August peak (see Figure 15).[6] During the shoulder seasons, the tourist industry accounts for a low 36.0 percent of the Cape's seasonal employment in March (near the trough of the tourist season) and 49.7 percent of the Cape's seasonal employment in December.

[6] A marginal amount of seasonal employment is government related, particularly at the municipal level. Most of the Cape's additional seasonal employment is stimulated by the indirect impact of local purchases by tourist-related businesses and the induced impacts of consumer spending by seasonal workers employed in the resort industry. There is evidently an early effect created as businesses purchase supplies to begin the tourist season and a delayed effect as consumers continue spending their last paychecks.

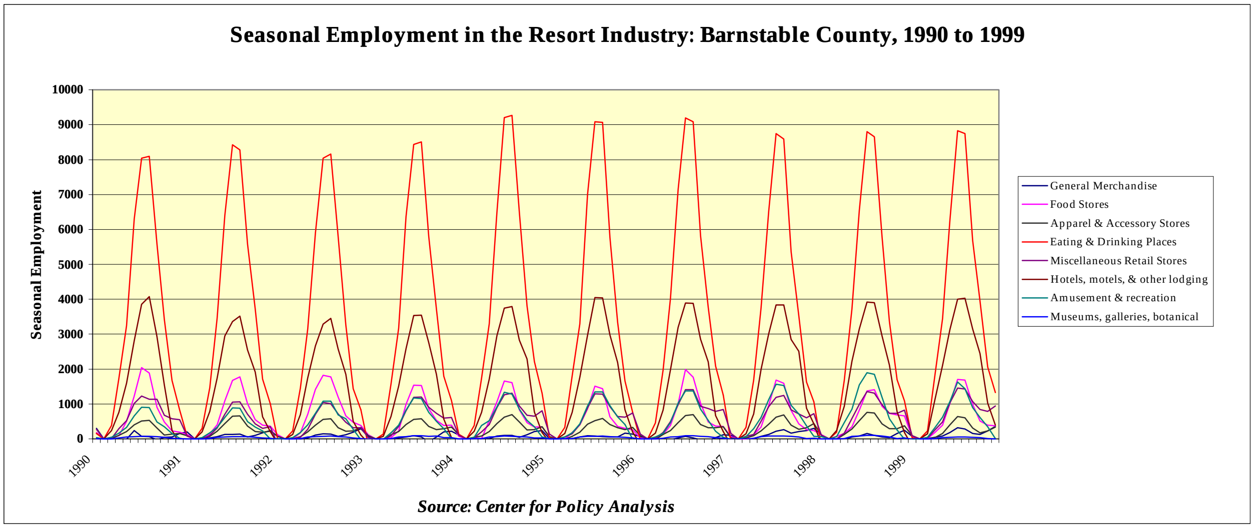
Figure 15



The seasonal employers in the resort industry can be analyzed along two axes: (1) size of seasonal employment and (2) length of the tourist season. These axes intersect to create a complex structure of seasonal demand that segments the market in terms of the number of employees required each season and the length of time that employers require workers to be available for the season. The tourist-related industries employing the largest number of seasonal employees are eating and drinking places and hotels, motels, and other lodging places. In August of 1999, eating and drinking places employed 8,743 seasonal employees followed by hotels, motels, and other lodging places, which employed 4,026 seasonal workers. Together, these two major groups account for more than two-thirds (69.9%) of tourist-related seasonal employment during the high season.

These two major groups are followed by a second tier of seasonal employers that include food stores, amusement and recreation facilities, apparel and accessory stores, and miscellaneous retail stores. These groups combined employed 5,157 seasonal workers in August of 1999 or 28.2 percent of all tourism-related seasonal employees. Museums and art galleries and general merchandise stores employ the smallest number of seasonal employees (339) and together accounted for only 1.9 percent of the Cape's tourism-related seasonal employment (see Figure 16). The Center's employer survey finds that most museums and art galleries rely on volunteers who do not appear in government statistics as wage or salary employees.

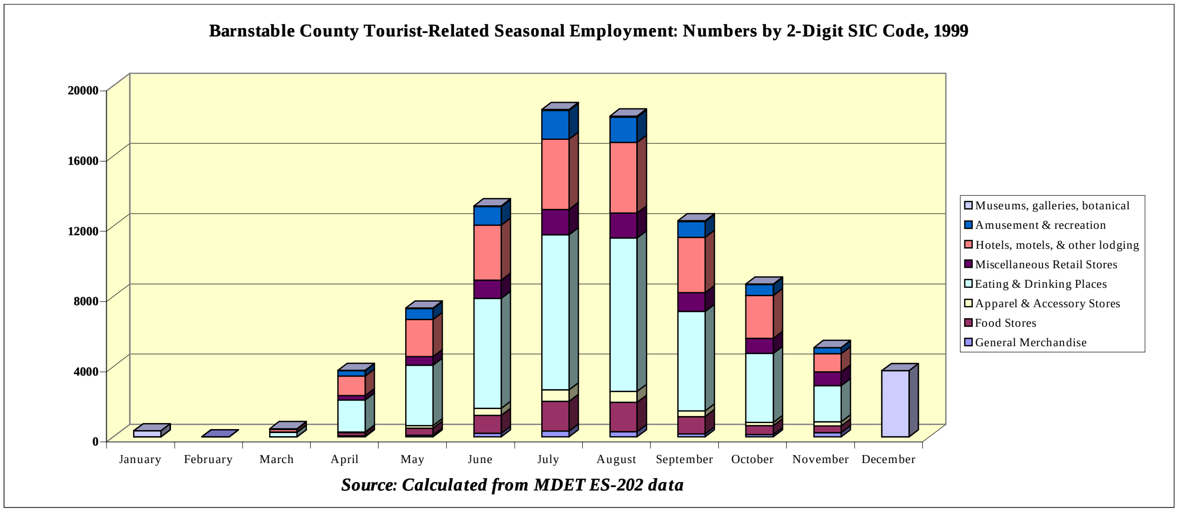
Figure 16



A second axis for analyzing seasonal employment in the resort industry is the length of the tourist season. There are three distinct jumps in seasonal employment that occur in April, May, and June as successive sectors and establishments open for the tourist season with the most dramatic ramp up occurring in June when eating and drinking establishments add most of their employees. The April spike in seasonal employment is stimulated mainly by hotel and motel establishments and by amusement and recreation establishments, which either open for the shoulder season or add employees for the shoulder season. These two major groups typically end their tourist season in November, although December has improved considerably in comparison to the early 1990s.

The May spike in seasonal employment is stimulated primarily by apparel and accessory stores, miscellaneous retail stores, food stores, and restaurants. The final spike in seasonal employment occurs in June as general merchandise stores, restaurants, and hotels continue adding seasonal employees for the peak summer months (see Figure 17).

Figure 17



Eating and drinking places create the most volatile fluctuation in the Cape's seasonal labor market. In 1999, for example, eating and drinking places went from zero seasonal employees in February to 8,824 seasonal employees in July. The demand for seasonal employees at eating and drinking places begins to pick up noticeably in April with a steep acceleration in the employment curve from June through September. The high season for eating and drinking places extends from May through October with peak employment occurring in July and August.

The tourist-related retail groups – apparel and accessories, miscellaneous retail, and general merchandise have each benefited considerably from the effort to improve the shoulder seasons. During the early 1990s, the retail groups had a summer season and a Christmas season. The summer season was confined to June through August with another sharp spike in employment in November and December. As the spring and fall shoulder seasons have taken hold on the Cape, the summer and Christmas seasons have blended into a single long season from May through December (with peaks in July and December). The strategy of building the shoulder seasons has had a noticeable effect in flattening or reducing the range of seasonal fluctuation in these sectors, particularly in the late spring (May) and late fall (September – October). These sectors have shifted from a 3-month and a 2-month season to a single 7 to 8 month season (see Figure 18).

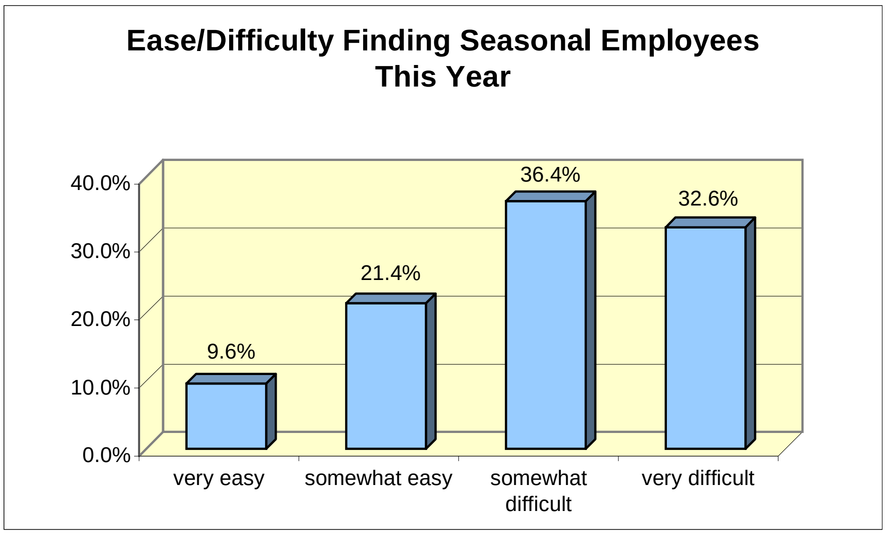
Figure 18


Cape Cod Tourist Season by Sector
Jan.
Feb.
Mar.
April
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
General Merchandise Stores
Eating & Drinking Places
Food Stores
Miscellaneous Retail
Apparel & Accessories
Hotel, Motels, & Other Lodging Places
Amusements & Recreation

4.00 STRUCTURE OF THE SEASONAL WORKFORCE

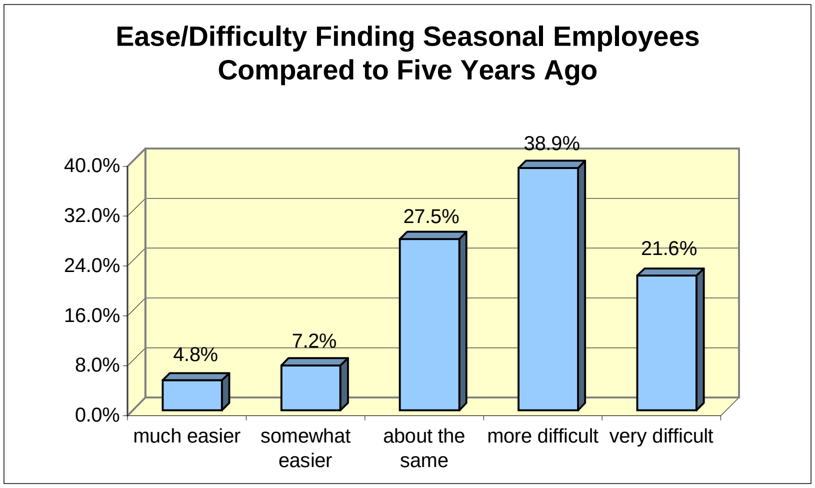
The Center for Policy Analysis conducted a mail survey of 1,700 employers in the resort industry. Survey forms were mailed to 1,700 tourist-related establishments in Barnstable County during the first week of July of 2000. The Center received 264 valid responses for a response rate of 15.5 percent. In general, the survey findings support the belief that Cape Cod employers are having an increasingly difficult time recruiting seasonal employees. More than one-third (36.4%) of the Cape's tourist-related employers report that it was somewhat difficult finding seasonal employees this year, while another third (32.6%) report that it was very difficult to find seasonal employees this year (see Figure 19).

Figure 19



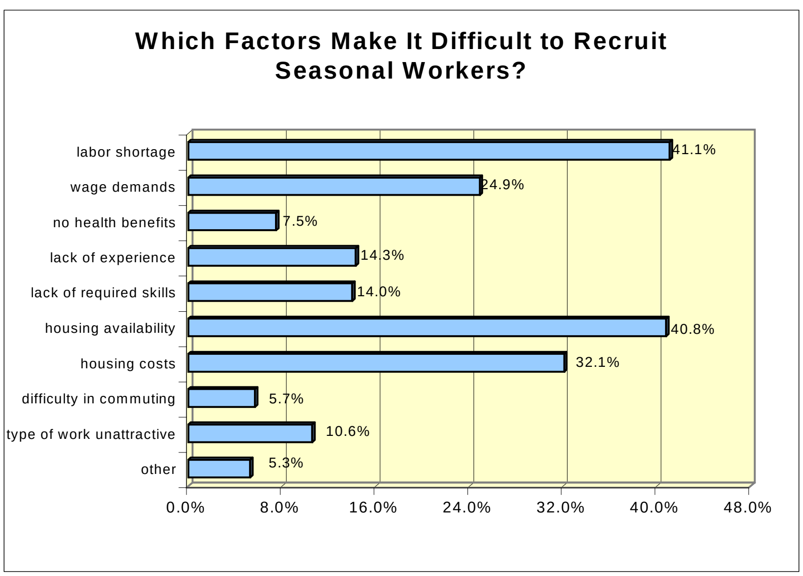
Furthermore, the difficulty in finding seasonal employees is increasing according to most employers. When asked about the difficulty of recruiting seasonal employees this year compared to five years ago, more than sixty percent of the respondents (60.5%) report that finding seasonal employees is more difficult or very difficult compared to five years ago (see Figure 20). A higher percentage of apparel and accessories stores indicate that they are having a more difficult or very difficult time finding seasonal employees in comparison to other types of businesses. It is not clear why apparel and accessory stores report this exceptional difficulty. However, one possible reason is that the core seasonal workforce is motivated to make as much money as possible during the tourist season. While nominal wages in retail stores (e.g., cashiers, sales clerks) are comparable to other sectors of the Cape's resort industry, retail stores do not offer the possibility of earning tips and, consequently, may be less attractive to many seasonal workers.

Figure 20



When asked about the factors that make it difficult to recruit seasonal workers, employers indicate that a general labor shortage (41.1%) and housing availability (40.8%) are the two biggest obstacles (see Figure 21). Housing costs (32.1%) and wage demands (24.9%) were also cited as important factors. Employers are responding to these problems with a variety of mechanisms, including housing subsidies, recruitment bonuses, and stay bonuses. The survey found that 27.2 percent of the Cape's resort industry employers are currently providing housing or a housing subsidy for seasonal employees. Hotels (50.0%), eating and drinking places (32.6%), and food stores (30.8%) are the most likely establishments to offer housing or housing subsidies to their seasonal workers.

Figure 21



4.10 General Labor Shortage

A general labor shortage was cited by 41.1 percent of the Cape's employers as one of the two most significant factors making it difficult to recruit seasonal workers. The Center's analysis has identified three major reasons for the Cape's general labor shortage that involve the intersection of national, local, and international trends. These factors include: (1) full employment at the state and national levels, (2) success in lengthening the tourist season, and (3) improvements to Ireland's economy.

The general labor shortage is not peculiar to the Cape, but it is having a peculiarly local impact on the Barnstable County labor market. Economists define full employment "as the availability of work at prevailing wage rates for all persons who desire it" (Shim and Siegel 1995, 156). Most economists define full employment as an unemployment rate of 4 percent or less. By this definition, the state has temporarily achieved full employment on a year round basis, while Cape Cod is reaching full employment during the April to November tourist season. According to the same definition, the Cape is facing acute labor shortages during much of its tourist season (May through October in 1999) when unemployment levels fall below 4 percent.

However, there are factors peculiar to the Cape's labor force and its seasonal economy that exacerbate its general labor shortage. First, as the Cape Cod and Massachusetts economies generate more full-time jobs the resident seasonal workforce has probably been shrinking as individuals move from seasonal to year round employment. Unlike many previous economic expansions, the current recovery has lasted long enough for the benefits of growth to spread outward geographically to regions of the state, such as Barnstable County, that have often failed to participate fully in the state's economic prosperity. As the earlier analysis documents, efforts to diversify the Cape's economy have been moderately successful, particularly in the areas of allied health services, business services, and high technology. As these industries expand on the Cape, they will continue to siphon resident workers out of the tourist industry as opportunities for year-round and full-time employment become available.

In addition, Cape Cod faces the peculiar situation where rapid population growth does not automatically translate into an equivalent growth in its resident labor force. It is estimated that approximately 16 to 20 percent of the Cape's employed residents commute to off-Cape establishments for full-time year round employment in Eastern Massachusetts.[7] Much of the Cape's population growth has been fueled by commuters, who move to Cape Cod to take advantage of its quality of life and good schools. Communities such as Sandwich and Mashpee are becoming Boston bedroom communities. For example, the average number of daily bridge crossings over the Sagamore and Bourne Bridges has more than doubled from 41,513 in 1972 to 93,648 in 1998. Average daily bridge crossings have continued to increase by 0.5 to 4 percent each year during the 1990s (Cape Cod Center 1999, 18).

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[7] This estimate is based on the difference between LAUS employment statistics and ES-202 employment statistics. The method of estimation can only provide a possible range of off-Cape employment, since the ES-202 data does not make it possible to determine how many people employed at Cape-based establishments reside off-Cape.

Currently, only about 30.3 percent of the Cape's peak seasonal workforce consists of year round Cape residents and only about half of these workers are adults. The Center's employer survey indicates that most adult year round residents who enter the Cape's seasonal work force are either homemakers (6.4%) or moonlighters (8.9%), who enter the workforce temporarily to supplement family income. High school students (15.0%) account for nearly half of the year round residents entering the Cape's seasonal workforce and they seek employment primarily during the high season (June – August).

A major component of the Cape's regional economic development strategy is to mitigate seasonality by building the shoulder seasons in late spring (May) and early fall (September – October). This entails lengthening the tourist season from June through August (essentially Memorial Day to Labor Day) to May through October / November (essentially Mother's Day to Columbus Day or even Easter to Thanksgiving). This strategy has been moderately successful as documented by the increased levels of employment during these months. Many of the persons interviewed for the study also report that eating and drinking places are opening earlier in the season or staying open longer, while hotels and motels report that occupancy rates have increased during these months over the last few years.

The growth of the shoulder seasons has not merely increased the demand for seasonal workers, it has generated more demand for workers who are available for 4 to 8 month periods instead of just 3 months during the high season. The development of the shoulder seasons is resulting in some adjustment frictions as employers seek out new sources of available labor, since Cape Cod's resort industry has long relied on college and high school students, whose seasonal availability is confined to the summer (June through August).

Finally, the Cape's resort industry has relied on foreign temporary workers for much of its seasonal workforce. For at least the last fifteen years, Ireland has been the Cape's main source of foreign temporary workers. However, this supply of foreign temporary workers has been drying up in the last few years due to Ireland's improving economy. The unemployment rate in Ireland has fallen from 12.0 percent in January 1996 to 4.5 percent in June of 2000. Thus, Ireland is rapidly approaching full-employment. Ireland also collects a separate statistic on "long-term unemployment," which is currently at 2.1 percent (Government of Ireland 2000). The strong performance of the Irish economy is resulting in far fewer workers seeking temporary overseas employment.

4.11 College Students

During key informant interviews, many employers observed that the Cape's resort industry developed a historical dependence on college students because the tourist season was confined to the summer months and academic calendars coincided with the Cape's tourist season. College students also found the Cape an attractive place to work during the summer. College students (U.S. and foreign) constitute 50 to 80 percent of the seasonal workforce in many establishments during peak summer months (June – August).

The college student seasonal workforce is not a single labor pool, but is more appropriately classified in two ways: (1) by permanent residence of the student and (2) the type of college attended by the student. College students are being recruited from three pools when identified by place of residence. A first group of college students have families on the Cape and return home for the summer. This group of college students accounts for about 17.2 percent of the current seasonal workforce (4,287 persons).[8] A second group of college students come from out-of-state or off-Cape Massachusetts exclusively for summer work and often for the prospect of an "endless summer." This group accounts for 14.5 percent of the current seasonal workforce (3,619 persons). Employers report a greater level of dissatisfaction with these students, but it appears that other resort areas such as Newport, South Carolina, Florida, and Southern California are replacing the Cape as more attractive venues for this type of student.[9]

Foreign students on J1 visas (see Appendix B) are another source of peak season labor supply. This group of college students accounts for about 5.2 percent of the current seasonal workforce (1,299 persons), although many of these students hold two or more jobs during the high season. Many of these students come to the United States simply to earn money for college. Ireland has been a traditional source of college students and other foreign temporary workers, but Eastern Europe is now a growing source of college student labor with Russia, Belarus, Poland, Latvia, Lithuania, Czech Republic, Slovakia, and Bulgaria being the countries mentioned most frequently by employers.

Another reason that foreign college students are attracted to Cape Cod is the European Union's promotion of international higher education (OECD 1996; Lambert 1995). Many universities in the European Union are requiring students to study abroad and work abroad for a period of time. The United States accounts for 25 percent of world gross domestic product and English is the world's predominant language for e-commerce, the Internet, business, tourism, and academia (World Bank 1999). Consequently, U.S. locations such as Cape Cod offer an attractive opportunity for the E.U.'s college students to improve their language skills and to learn about American business practices, markets, and culture. These students are highly motivated since employers must evaluate their performance for the home university for course credit and satisfactory completion of the work abroad experience is often required for graduation. It appears that France is currently the main source of work abroad students on Cape Cod.

College students in the seasonal labor force can also be classified according to the type of college or university attended by the student. Most students who come to work on the Cape attend a traditional four-year college or university. Other students attend specialized colleges

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[8] The percentages are derived from the employer survey. These percentages have been applied to the ES-202 data to arrive at estimates of the number of seasonal workers drawn from different labor pools.

[9] In open-ended responses to the mail survey and in key informant interviews, many employers report that they are reducing the number of colleges students in their workforce due to a poor work ethic, lack of service orientation (rudeness or indifference to customers), poor spelling and math skills, slovenly appearance, unreliable (e.g., missing work without cause), poor command of the English language, and lack of manners, etc. A noticeable number of these complaints were made to the investigators, but they stand in sharp contrast to the general satisfaction with workforce quality reported by employers in the mail survey.

or universities or pursue specialized majors within a traditional institution. For example, the Coonamesset Inn in Falmouth has a strong relationship with Johnson & Wales University (Providence), which has high-quality hospitality programs. The Melody Tent in Hyannis receives a large number of applications each year from students attending the Berklee College of Music (Boston). Employers report high levels of satisfaction with the latter type of student, since they view their seasonal work as preparation and entrée into their future career.

However, several factors have converged to put pressure on the college labor supply. First, in earlier years, it was common for college students to rent single–family homes and to split the rent among 6 to 10 persons to reduce individual rental costs. As a reaction to the "party atmosphere" created by large concentrations of college students, many towns adopted zoning regulations aimed at prohibiting "animal house" disturbances. For example, the Town of Falmouth prohibits more than four unrelated persons from living together in a single-family home. These types of restrictions have the unintended consequence of restricting rental housing supply, which in earlier times was not a problem. As the size of the seasonal workforce increases, particularly during high season, it exacerbates the housing shortage for all seasonal workers. These zoning restrictions affect both the price and the availability of housing for many seasonal workers including college students, who are increasingly priced out of the Cape's seasonal labor market because a larger and larger percentage of summer income is devoted to housing costs.

Changes in the academic calendar have also affected the availability of college students for the resort industry. Historically, New England's colleges and universities started classes between September 15th and 20th. This calendar allowed college students to work in the Cape's resort industry from Memorial Day through Labor Day, the Cape's traditional high season. The region's colleges and universities began shifting the start date backwards to reduce heating costs during the two energy crises in 1973 and 1979. By the 1980s, most colleges and universities were resuming classes in late August or early September, which means that U.S. college students were leaving the Cape at a time when employers need to prepare for the busy Labor Day weekend. In contrast, foreign (especially European) students are on a different academic calendar and do not begin classes until October.[10]

Finally, with the development of the shoulder seasons, the Cape's resort industry requires a larger labor supply to be available when the industry starts ramping up in the spring and that remains available into the fall shoulder season. The shoulder seasons have created demand for a new type of seasonal worker; namely, one that is available for 4 to 8 months per year, rather than 3 months per year. U.S. college students are simply unavailable during these periods and, consequently, employers are seeking new supplies of available labor. The Cape's growing population of retirees and foreign temporary workers are being used to plug this gap in the labor market.

[10] A few states such as California and Iowa do not start college classes until late September or early October. These states are usually on a quarter system, rather than a semester system.

4.12 Retirees

Resident retirees (part-year and full-year) have come to occupy a key niche in Cape Cod's seasonal labor market and they currently account for about 11.9 percent of the seasonal workforce. Retirees provide significant amounts of paid and unpaid staffing for amusement and recreation establishments, museums, galleries, and lodging places. The tourist-related establishments employing retirees report that this group of workers has a strong work ethic, extensive work experience, an enthusiastic service orientation, and also prefer to work less than full-time. Many of the key informants interviewed for the study report that they plan to increase the proportion of retirees on their seasonal payrolls and view this group as crucial to sustaining the resort industry in coming years.

Retirees are roughly one-fourth of the Cape's population and this proportion is increasing each year. In 1998, approximately 22.8 percent of the region's residents were 65 and older (an 18 percent increase over 1990) compared to 14 percent statewide (a 6 percent increase over 1990) (Gautam 1999, 21; Cape Cod Center 1999, 3). The availability of retirees for seasonal labor will continue to improve on the Cape as more retirees migrate to Barnstable County as year round and seasonal residents. In fact, the Cape Cod Convention and Visitors Bureau has identified retirees, seasonal residents, and other seniors as a major element in its tourism development strategy.

The availability of retirees for seasonal labor should also improve in the coming years due to passage of the Senior Citizens' Freedom to Work Act of 2000. This Act, which abolishes the limit on earnings for persons age 65 to 69, was passed by the U.S. Congress and signed by President Clinton on April 7, 2000. Previously, one dollar in Social Security benefits was withheld for every $2 to $3 earned by a person age 65 to 69 up to a maximum earnings cap. An individual who exceeded the earnings limit could temporarily lose Social Security benefits. By abolishing the earnings limit for this group of retirees, the new legislation eliminates a major work disincentive and effectively increases the retiree labor supply (Social Security Administration 2000).

The increasing numbers of retirees and the new federal legislation are fortuitous for Barnstable County. Retirees have already become a crucial labor supply in the ramp-up and ramp-down that occurs during the shoulder seasons. Many retirees are on the Cape year round, while part-time seasonal residents begin returning to the Cape in May and usually stay through September. Since college students are not available during these times, the supply of retirees is absolutely crucial to maintaining and building the Cape's shoulder seasons. In addition to their availability, the survey and key informant interviews suggest that retirees are not seeking to maximize income in the same way as other seasonal workers (e.g., college students and foreign temporary workers) and, hence, they do not object to having their hours reduced when it is time to shed labor in the waning weeks of the fall shoulder season.

Retirees are also important to the Cape's seasonal labor market because of their previous work experience. Many of the Cape's retirees are skilled tradesmen, craftsmen, and professionals. They have experience in a range of occupations such as landscaping, construction, engineering, facilities maintenance, accounting, bookkeeping, and management. Ordinarily, it would be almost impossible to obtain persons in many of these occupations on a part-time or seasonal basis, but most retirees are actually seeking seasonal part-time work. The trade-off for this flexibility is that retirees demand equal flexibility from employers and a congenial workplace ambience. In return for accepting low-wage part-time employment where hours can fluctuate from week to week, retirees expect comparable flexibility when time off is requested for a family visit, medical visits, special events, etc.

4.13 Foreign Temporary Workers

The Cape's seasonal tourist industry has always attracted foreign temporary workers. Temporary workers are admitted to the United States on H2B visas "to perform services of an exceptional nature (such as artists, athletes, or entertainers) or to perform temporary services or labor when persons capable of performing such services or labor cannot be found in this country (U.S. Department of Justice 1999, 102).[11] A recent study of the state's changing workforce finds that "since the mid-1980s, New England has become substantially more dependent than the nation on foreign immigration to achieve its labor force growth" (Summ and Fogg 1999, 45-46). In Massachusetts, the rate of growth in the immigrant labor force has been three times the average rate of growth for the entire labor force during the 1990s. The Center's findings confirm a recent report by the *Cape Cod Times* (June 25, 2000) that Barnstable County's hotels and restaurants are pacing the statewide trend by increasing the proportion of their workforce recruited from foreign sources, particularly as record-level low unemployment increases the difficulty of finding resident workers.

Foreign temporary workers may come to the United States on a non-immigrant H2B visa (see Appendix C). Federal law currently limits the issuance of H2B visas to 66,000 per federal *fiscal* year (October 1 to September 30). Workers with H2B visas are allowed to work only for the employer that sponsors them and are allowed to stay in this country for a maximum of 364 days, but they are usually allowed to stay only 8 or 9 months. In 1997, the most recent year for which data is available, a total of 15,706 foreign temporary workers were admitted into the United States under the H2B visa classification (U.S. Department of Justice 1999, 120). It is estimated that Cape Cod's resort industry accounts for approximately 15 percent of all H2B temporary workers admitted to the United States each year.

In 1999, 300 Cape & Islands employers applied for Alien Labor Certification and 280 of these businesses actually filled positions with 2,237 foreign temporary workers. In 2000, 450 Cape & Islands employers submitted ALC applications seeking to fill 3,142 openings (Myers 1999; Perry 2000).[12] Persons familiar with immigration and FTW's on the Cape estimate that 25 to 30 percent of the Cape's tourist-related enterprises use the H2B program and this estimate seems correct since many of the employers using the program operate from 2 to 4 different enterprises on the Cape or Islands (Perry 2000; DET 1999).

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[11] The H2B visa program is for foreign temporary non-agricultural workers. Agricultural workers are covered by the H1B visa program.

[12] Figures include all ALC applications received by MDET by July 13, 2000. The figures include ALC applications for Barnstable, Dukes, and Nantucket Counties (telephone interview with MDET ALC representative, August 21, 2000).

The H2B statistics indicate that about 11 percent of the Cape's peak seasonal workforce is composed of foreign temporary workers. The Center's mail survey, which asked employers to identify the number and percentage of foreign temporary workers employed at their establishments, reaffirms this estimate. Employers responding to the mail survey report that 11.3 percent of their seasonal workforce consists of foreign temporary workers. However, this estimate is valid only if one assumes that each worker is employed in one seasonal (ES-202) position.

Some foreign workers are employed at two or even three jobs during the tourist season and, consequently, foreign temporary workers (H2B and J1) account for more seasonal "jobs" than their numbers would indicate at first glance. While H2B and J1 FTWs account for 16.5 percent of the seasonal workforce when measured by number of persons, it is estimated that these groups may account for up to 25 percent of the total seasonal workforce when measured by the number of ES-202 positions (the standard total employment measurement).[13]

The Center's survey and the key informant interviews found that Cape employers hire foreign temporary workers from at least thirty countries and five continents (see Appendix E). The survey identified three major pools of foreign temporary workers.[14] Jamaicans comprise the single largest group of foreign temporary workers and account for about 30 to 35 percent of all H2B FTWs arriving on the Cape.[15] The Jamaican workers occupy key niches in the hotel, motel, and lodging sector (chambermaids) and in eating and drinking establishments (wait staff, dishwashers, bussing). There are also a much smaller number of Jamaican students in the seasonal workforce on J1 visas.

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[13] For example, a foreign temporary worker might hold a full-time job as a sales clerk (M-F, 8 am - 5pm) (40 hours), a part-time job on the wait staff of a local restaurant (M-F, 6pm – 11pm) (25 hours), and a part-time weekend job as a chambermaid or maintenance person at a hotel (Sat./Sun., 8am – 5pm) (16 hours). The H2B visa prohibits an individual from working for more than one employer. Nevertheless, since many of the Cape's employers own more than one enterprise, it is possible for an individual to hold more than job without violating the visa's restriction. There is no employer-linked restriction on the J1 visa.

[14] The Center for Policy Analysis attempted to obtain information on the country of origin for all H2B visas issued to persons working in Barnstable County. The Immigration and Naturalization Service Statistics Branch does not collect or tabulate "destination" statistics for "non-immigrant" visas such as H2B and J1 below a state level aggregation.

[15] There is sizeable population of Brazilian immigrants, whose exact numbers cannot be determined and are even a matter of controversy among experts on immigration. Most of these immigrants are permanent resident aliens who are integrated into the year round economy. Summ and Fogg (1999, 38) observe that "Brazil has been a growing contributor to the stock of new immigrants in Massachusetts, however, the estimated number of immigrants from Brazil based on the 1990 Census and the 1996-1997 Current Population Statistics Surveys are well below those cited by the local media and Brazilian officials." Boston newspapers reported 150,000 Brazilians living in the Boston Metro area in the late 1990s and the *Cape Cod Times* reports that 5,000 to 10,000 Brazilians are living on the Cape today (Tsukimori 2000b), when only 507 Brazilians were living on Cape Cod in the 1990 Census. In contrast, Fogg and Summ estimate that no more than 15,000 Brazilians live in the entire state based on the best available data. The Center's employer survey suggests that Brazilians occupy positions in the resort industry in roughly the same proportion as Jamaicans, which means there are probably no more than 800-1,000 Brazilians in the Cape's resort industry workforce, mainly in the Hyannis area.

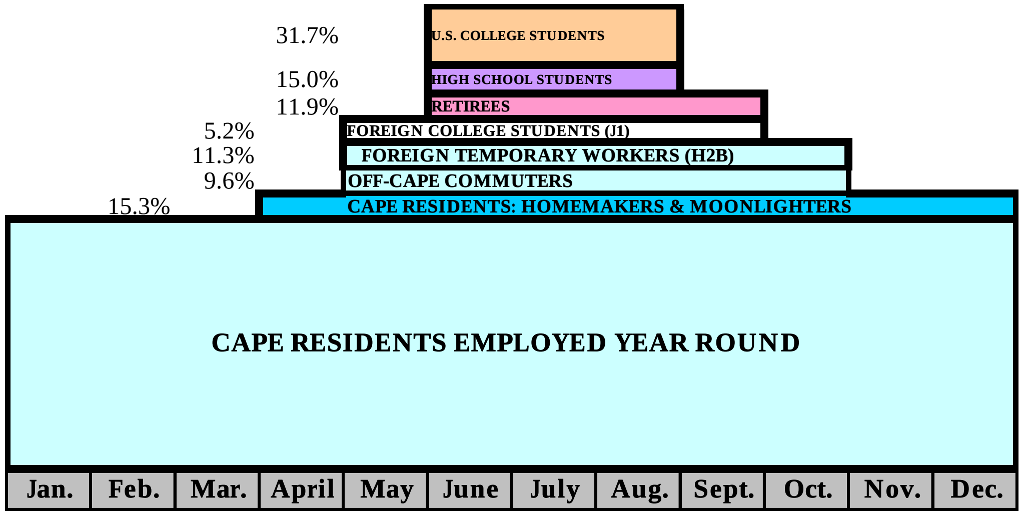
The other two sources of foreign temporary workers are mainly college students from Western Europe, especially France and Ireland (although the Irish presence is diminishing). England and Belgium, which like France, are aggressive participants in the European Union's international higher education initiative are also sending student FTWs to the Cape. The other source of FTWs is the rapidly increasing number of J1 students coming from Eastern Europe and the former Soviet Republics, particularly Russia, Belarus, Lithuania, Poland, and the Czech Republic. Based on the best available data, the Cape appears to account for a majority of all H2B visas issued to Jamaican workers entering the United States (U.S. Department of Justice 1999, 120-22).[16] The small number of foreign workers entering the United States on H2B visas from countries identified in the employer survey suggests that the vast majority of seasonal workers arriving from Western and Eastern Europe enter on J1 student visas.[17]

The growing significance of foreign temporary workers to the Cape's seasonal economy is indicated by the surge in the number of employers applying to MDET for Alien Labor Certifications. Applications from Cape Cod and the Islands increased from 300 in 1999 to 410 in 2000, while the number of openings that employers sought to fill showed a comparable rate of increase. Foreign temporary workers have become a vital component of the Cape's seasonal workforce for two reasons. Foreign temporary workers provide an important bridge into the spring shoulder season that is only partially filled by retirees, many of whom tend not to return to the Cape until sometime in May. Likewise, FTWs allow many employers to continue operating deep into the fall shoulder season even after many retirees in the seasonal workforce leave for warmer climates after Columbus Day. Foreign temporary workers also play an exceptional role in mitigating the Cape's general labor shortage because they usually work 2 to 3 jobs, which has allowed the Cape to push beyond the frontiers of full employment during the high season. illustrates the structure of Cape Cod's seasonal workforce.

[16] In 1997, the numbers of persons granted H2B status for the entire United States from selected countries was Belarus 3, Belgium 83, Bulgaria 2, Czech Republic 11, France 32, Hungary 3, Ireland 55, Latvia 10, Lithuania 0, Poland 15, Russia 67, Slovakia 9, and Jamaica 1,901 (U.S. Department of State 2000; U.S. Department of Justice 1999, 120-22).

[17] In 1997, the numbers of persons granted J1 status for the entire United States from selected countries was Belarus 612, Belgium 1,141, Bulgaria 792, Czech Republic 2,163, France 9,910, Hungary 1,612, Ireland 8,275, Latvia 346, Lithuania 700, Poland 3,084, Russia 8,471, Slovakia 1,554, and Jamaica 592 (U.S. Department of State 2000; U.S. Department of Justice 1999, 120-22).

Figure 22



4.20 Housing

Housing availability and housing costs for seasonal workers were both identified as major difficulties in recruiting seasonal workers. Once seasonal workers are recruited it is also necessary to locate housing for these employees. The employer survey and other data indicate that no fewer than 7,746 seasonal workers come to the Cape each year in search of housing. These workers include off-Cape or out-of-state college students (3,619 persons), foreign college students (1,299 persons), and H2B foreign workers (2,828 persons) (see Table 10).

Table 10

Primary Residence of Seasonal Workers	Percent	Number	Breakdown by Type of Worker: Retirees	U.S. College	Foreign J1 (College)	Foreign H2B	High School	Homemakers	Moonlighters	Other
Barnstable County	59.4%	14,808	2,968	4,287			3,735	1,601	2,217	
Plymouth County	0.5%	117								117
Bristol County	9.1%	2,260								2,259
Out-of-State / Off-Ca	14.5%	3,619		3,619						
Foreign	16.6%	4,127			1,299	2,828				
Total	100.0%	**24,930**	2,968	7,906	1,299	2,828	3,735	1,601	2,217	2,376

The resort industry's increasing reliance on foreign temporary workers, including foreign students, has made this issue more salient for employers, since the H2B visa program requires employers to arrange housing for FTWs prior to their arrival in the United States. The key informants interviewed for the study all identified housing availability and housing costs as a major difficulty in recruiting seasonal workers.

In the key informant interviews, many employers observed that housing costs have already become part of the labor cost structure for operating on the Cape and that employers who fail to plan these expenses into their cost structure will be unable to attract an adequate seasonal workforce. The Center's employer survey found that 27.2 percent of employers now provide some type of housing or housing subsidy for seasonal employees. The types of establishments that are most likely to provide housing or a housing subsidy are museums and galleries (66.7%), hotels, motels and lodging places (50%), eating and drinking establishments (32.6%), and retail food stores (30.8%) (see Table 11).

Table 11

Businesses That Provide Housing or Housing Subsidy	
Business Type	Percent
General Merchandise Stores	0.0%
Retail Food Stores	30.8%
Apparel & Accessory Stores	7.1%
Eating and Drinking Places	32.6%
Miscellaneous Retail	14.6%
Hotels & Other Lodging Places	50.0%
Amusements & Recreation Services	22.7%
Museums, Art Galleries, etc.	66.7%

Source: Center for Policy Analysis Employer Survey

The analysis of housing trends on Cape Cod is complicated by a number of factors that make it difficult to identify any simple relationship between population and housing stocks. These factors include the large number of housing units constructed for seasonal, recreational, or other occasional uses; the conversion of owner-occupied homes to vacation rentals during part of the summer season, and the distribution of housing units by type and price range. In 1990, there were 135,192 housing units in Barnstable County, but only 57,606 (42.6%) were owner occupied single-family homes (see Table 12). Another 2,375 units (1.8%) were mobile homes and trailers, and 23,400 housing units were 1-unit detached or multiple unit rentals. There were 46,834 units (34.6%) available for seasonal, recreational, or occasional use. In 1990, Barnstable County had 77,586 households with an average household size of 2.4 persons. In 1990, there was a 4.5 percent homeowner vacancy rate and a 12.7 percent rental vacancy rate (U.S. Census 1990).

Table 12

Housing Units: Barnstable County, 1990

Total	1 unit, detached	1 unit, attached	2 to 4 units	5 to 9 units	10 or more units	Mobile home, trailer, etc.
135,192	109,417	5,503	9,200	3,929	4,768	2,375
100%	80.9%	4.1%	6.8%	2.9%	3.5%	1.8%

Source: U.S. Census of Population and Housing

It is estimated that by 1998 Barnstable County's population had increased to 208,418, which means that County's number of year round households had increased to 86,841, if average household size remains the same. This is an increase of 9,525 households, or 11.9 percent, between 1990 and 1998. The number of housing units in Barnstable County has increased from 135,192 in 1990 to 147,189 in 1998, an increase of 11,997 housing units (Cape Cod Commission 1998, 47). At first glance it might appear that the number of new housing units has exceeded the increase in households by 2,472 over this eight-year period. However, this simple ratio is misleading for several reasons.

First, an undetermined but significant number of the new housing units are seasonal homes for summer residents. When this variable is taken into account, it is likely that housing stocks for year round residents have either barely kept pace with the increase in population or increased at a rate slightly below the increase in population. This tentative equilibrium between supply and demand is further complicated by the influx of higher-income Boston commuters who are able to bid up the price of housing.

The Cape's housing costs appear comparatively less expensive to Boston residents and, consequently, this southward migration has also fueled an increase in median home prices. In 1999, the average price of houses sold in Greater Boston was $259,840 compared to $244,578 on Cape Cod. The prices of homes sold in 1999 by Cape Realtors increased by 22 percent from the $200,012 average price reported in 1998. The 22 percent one-year rate of increase (1998-1999) in the Cape's average housing prices was nearly twice the statewide rate of increase of 12 percent (Cape Cod Commission 2000).

There are also anecdotal reports that many rental cottages are being withdrawn from the rental market and converted into seasonal homes. The *effective supply* of housing is also complicated by the fact that many cottages and other rentals lack heating and insulation because they were constructed when the Cape's tourist season was confined to the summer. Thus, many of these cottages are uninhabitable during the early spring and late fall. As the shoulder seasons become more vibrant, and the number of seasonal workers remaining on the Cape during this time increases, there is additional pressure placed on the housing stock in addition to the fact that the total number of seasonal workers continues to increase.

The best available measure of the availability of owner-occupied and rental housing is maintained by the Cape Cod Center for Sustainability. This organization has constructed two housing affordability indicators for Barnstable County using generally accepted standards of measurement. Despite the addition of more than 10,000 new housing units from 1990 to 1998, only 200 to 400 of these units qualify as low or moderate income housing. In 1998, average rental prices in Barnstable County were $1,050 per month (including utilities). The Cape Cod Center for Sustainability estimates that 46 percent of renter households paid more than one-third of their household income for shelter, 37 percent of renters paid more than 35 percent, and 22 percent of renter households paid more than 50 percent of their household income for shelter (Cape Cod Center 1999, 20). It is estimated that there was a "rental gap" of $708 per year for households at the estimated median household income. Since resort industry jobs typically pay below average wages, and seasonal rental prices increase in the high season, the rental gap for seasonal workers is probably much wider.

The combination of H2B visa regulations, a tight housing supply, and rising rental prices are forcing employers in Cape's resort industry to adopt aggressive strategies to insure the availability and affordability of housing for their seasonal employees. The most dramatic development is the direct ownership of housing for seasonal employees. This strategy typically involves the purchase of a small hotel, motel, apartment house, or single-family residence. For example, the Coonamesett Inn recently purchased the 24-room Falmouth Hotel for use as a "dormitory" that houses many of its seasonal workers with the rent heavily subsidized by the owner/employer. The Wequassett Inn and Resort and Golf Club (Chatham) owns a 32-room motel where it accommodates up to 60 seasonal employees and it has also rented four more buildings for the summer of 2000 to house another 30 workers. The Provincetown Inn and Outer Reach Hotel has set aside a block of rooms at each of their properties for their seasonal employees, which they rent to them at an affordable price.

The Heritage Plantation provides limited on-site housing to Student Interns. The Swan River Restaurant purchased a house for its foreign temporary workers. Similarly, Van Rensselaer's restaurant (Wellfleet) has purchased five trailers and, for the 2000 season, rented two additional cottages to house nearly half of its total seasonal workforce. Red Jacket Inns, the owner of four properties in South Yarmouth, has purchased three houses and is building a fourth this summer to accommodate its seasonal workforce.

Many employers arrange housing for seasonal employees through various mechanisms. Stop & Shop rents several single-family homes and cottages in blocs sufficient to accommodate from 100 to 120 seasonal student workers employed at its seven Cape Cod stores. Wendy's in Orleans arranges housing for its thirty seasonal employees in a single family house and a dormitory, subsidizes the rent, and pays basic utilities (i.e. electricity, gas, cable TV).The company that owns Daniel Webster Inn and Hearth 'N Kettle restaurants currently rents seven houses and apartments for its seasonal employees. Ocean Edge Resort rents condominiums for 28 employees and reports that it is planning to build some on-site employee housing in the near future. One major employer encourages its year-round employees to rent rooms in their homes to seasonal workers, while many small proprietors are doing the same thing on an individual basis (Key Informant Interviews and Perry 2000). In most of these cases, the employer frequently pays the rents or provides a significant rent subsidy.

4.30 Wages

A secondary consideration in recruiting seasonal workers is wage demands. These demands are themselves a product of the general labor shortage and escalating housing costs on Cape Cod. However, it is significant to note that only 24.9 percent of respondents to the mail survey identified wage demands as a factor making it difficult to recruit seasonal workers. The key informant interviews confirmed that most employers were simply meeting wage demands. There were very few complaints by employers that they were unable to meet wage demands, but instead most employers saw better wages as a way to attract and retain good employees.

The limited resistance to wage increases among employers suggests that much of the increase is passed off to tourist-consumers through price increases, but also that wage demands are not out of line with the statewide labor market. A comparative analysis of industry and occupational wages supports the view that wages are not out of line with the rest of the state, nor even compared to adjacent service delivery areas such as the South Coastal SDA (Plymouth) and the New Bedford SDA. This observation holds true whether one examines industry-wide wages or the wages of specific occupations in the resort industry. Indeed, the industry and occupational wage data suggest that after many decades of below average wages, the long-running economic recovery and attendant labor shortage are finally pulling Cape Cod's wage levels into line with state averages (although the resort industry remains a "low wage" industry, comparatively speaking) (see Table 13).

Table 13

Resort Industry Wages

SIC	Industry	Massachusetts 1995	Massachusetts 1999	Barnstable County 1995	Barnstable County 1999	Massachusetts Rate of Increase	Barnstable County Rate of Increase
53	General Merchandise	$16,954	$19,133	$15,054	$17,512	12.9%	16.3%
54	Food Stores	$15,101	$17,731	$14,162	$16,155	17.4%	14.1%
56	Apparel & Accessory Store	$16,860	$21,049	$12,883	$16,458	24.8%	27.7%
58	Eating & Drinking Places	$11,156	$13,833	$11,702	$14,666	24.0%	25.3%
59	Miscellaneous Retail Stores	$18,030	$23,016	$17,307	$20,676	27.7%	19.5%
70	Hotels, motels, & other lod	$18,843	$22,741	$15,618	$18,752	20.7%	20.1%
79	Amusement & recreation	$19,395	$24,643	$16,335	$17,876	27.1%	9.4%
84	Museums, galleries, botani	$18,746	$22,433	$17,338	$17,872	19.7%	3.1%

Source: Massachusetts Division of Employment & Training, 1999

Industry-wide wage comparisons, which measure the annual average earnings for all occupations in a particular industry, indicate that most sectors of Cape Cod's resort industry are still paying wages between 8.5 percent (general merchandise) and 27.5 percent (amusement and recreation) below the statewide average in their respective industries. There is some indication that general merchandise stores (e.g., Sears, Bradlee's, K-Mart) and apparel stores are raising wages faster than similar stores elsewhere in the state, but industry wage levels are still below the statewide average. Amusement and recreation facilities, museums, and galleries are facing very little wage pressure, partly because they draw on a large pool on unpaid volunteers.

The one exception to the overall trend is eating and drinking places, which now pay wages that are 5.7 percent above the statewide average for the industry and, if current trends continue, this wage premium will grow wider in the coming years. It should be noted that the ES-202 annual average wage statistics probably understate the wage differential for eating and drinking places, since many of the restaurants in Barnstable County are seasonal operations that pay out their "annual" wages over a shorter period of time than a year round restaurant in Boston or Worcester. Moreover, these establishments have the potential to exert a disproportionate impact on wages in the Cape's resort industry, despite appearing to be its lowest wage sector.

First, eating and drinking establishments account for 47 percent of the Cape Cod resort industry's seasonal workforce when it reaches peak employment levels in July and August. Second, the ES-202 wage data does not capture the fact that while nominal reported wages are up to 20 percent lower than in other seasonal industries, "tips" account for a substantial portion of employee earnings in restaurants, bars, and taverns. A wage differential of $3.00 to $4.00 per hour can be more than offset with tip income and these jobs also allow workers greater influence over their income by offering better service. Thus, positions on the wait and bar staff of an eating or drinking establishment are frequently jobs of preference for many seasonal workers.

This observation is reinforced by the U.S. Bureau of Labor Statistics 1998 occupational wage data (see Table 14). A comparison of the hourly wages paid for key occupations in the resort industry reveal that in most occupations the wages paid on Cape Cod and the Islands are approaching the statewide average. In addition, Table 14 compares the wages paid on Cape Cod and the Islands to the South Coastal SDA and the New Bedford SDA, which are both adjacent to the Cape Cod and Islands SDA. In most occupations, the wages paid on Cape Cod and the Islands are below those paid in South Coastal SDA, where wages generally track those paid in the Boston Metropolitan area. Conversely, in most occupations, the wages paid on Cape Cod and the Islands are higher than those paid in the New Bedford SDA, where wages are generally among the lowest in Massachusetts (Barrow 2000).

Table 14

COMPARISON OF MEAN HOURLY WAGE, 1998

OCCUPATION	STATE	CC & ISLANDS	SO. COASTAL*	NEW BEDFORD**
Sales & Related Occupations				
Cashiers	$7.51	$7.55	$7.70	$7.29
Counter & Rental Clerks	$8.17	$8.28		$7.07
Salepersons, Retail	$9.38	$9.20	$9.51	$8.92
Stock Clerks, Sales Floor	$8.79	$8.62	$9.44	$8.62
Clerical & Administrative Support				
Hotel Desk Clerks	$8.92	$8.56		
Receptionists & Information Clerks	$10.19	$9.48	$10.43	$9.25
Reservation & Transportation Ticket Agents	$12.73	$9.39	$8.40	
Shipping, Receiving & Traffic Clerks	$12.81	$9.51	$10.99	$10.61
Stock Clerks - Stockroom, Warehouse or Storage Yard	$11.06	$9.99	$10.70	$11.42
Service Occupations				
Amusement & Recreation Attendants	$7.83	$8.30		
Baggage Porters & Bellhops	$6.63	$6.70		
Bakers, Bread, & Pastry	$10.25	$9.66	$11.13	$9.57
Bartenders	$7.00	$6.93	$6.95	$7.65
Combined Food Preparation & Service Workers	$7.04	$7.38	$7.10	$6.39
Cooks, Fast Food	$7.23	$7.99		
Cooks, Institution or Cafeteria	$10.86	$11.88	$10.72	$11.00
Cooks, Restaurant	$9.98	$10.19	$10.44	$8.07
Dining Room & Cafeteria Attendants & Bartender Helpers	$7.23	$6.42	$7.27	$6.90
Food Preparation Workers	$8.08	$8.08	$8.54	$7.05
Hosts & Hostesses, Lounge, Restaurant, & Coffee Shop	$7.91	$7.61	$7.97	
Janitors & Cleaners (except maids & housekeeping)	$9.55	$10.01	$9.95	$8.38
Maids & Housekeeping Cleaners	$8.85	$8.39	$8.61	$7.56
Waiters & Waitresses	$6.45	$5.91	$6.60	$5.82

Source: Massachusetts Division of Employment & Training and U.S. Bureau of Labor Statistics

Note: *The New Bedford SDA includes Acushnet, Dartmouth, Fairhaven, Freetown, Lakeville, Marion, Mattapoisett, New Bedford, Rochester, and Wareham.

**The South Coastal SDA includes Braintree, Carver, Cohasset, Duxbury, Halifax, Hanover, Hingham, Holbrook, Hull, Kingston, Marshfield, Middleborough, Milton, Norwell, Pembroke, Plymouth, Plympton, Quincy, Randolph, Rockland, Scituate, and Weymouth.

Again, the main exception to this general pattern is the wages paid to cooks in fast food establishments, restaurants, and cafeterias. These statistical findings are consistent with the results of the Center's employer survey and its key informant interviews, where kitchen help, especially cooks, were repeatedly identified as the occupations where it was most difficult to recruit seasonal workers. Likewise, many key informants complained that they were "competing against Wendy's" or "losing workers to Dunkin' Donuts." Similar reports have appeared in the local press (Tsukimori 2000a) and the Center's findings are consistent with these anecdotal observations.

The sense of wage shock reported by some employers may stem partly from the fact that eating and drinking establishments, particularly fast food restaurants, are typically viewed as a low-wage sector with unskilled workers. While it may fly in the face of conventional criticisms of the new economy's service sector – where such jobs are cited to exemplify the "underside" of the new economy – eating and drinking establishments may be leading an upward push on resort industry wages on Cape Cod, particularly for those workers on the lowest rung of the occupational structure.[18] However, it must also be observed that these wages are merely "average" when compared to statewide levels and that, for the first time, a sustained economic recovery is finally pulling Cape Cod into the orbit of the state's larger prosperity.

Nevertheless, employee turnover and housing subsidies are two additional factors that must be taken into account when evaluating the Cape's seasonal labor costs. Some employers complain that "job hopping" for an extra $0.50 to $1.00 per hour has become more common among seasonal workers due to the tight labor supply and more intense wage competition. The turnover creates additional expenses such as employee recruitment and human resource processing, on-the-job training, lost productivity, and over-time for incumbent employees.

Most employers have opted to deal with turnover by raising wages to a level that minimizes the incentive for job-hopping. A small percentage of employers (12.4%) offer current employees a bonus for recruiting new employees. The recruitment bonuses on average range from $50 to $200 for each person referred to the employer who is hired and who stays for 30 days or longer. Some employers are also offering $100 to $200 signing bonuses to new employees with the pay out usually tied to a minimum stay requirement.

A few employers are now offering end-of-season or stay bonuses to workers who stay with the establishment for the full season. These incentives are designed both to minimize job-hopping and to encourage college students to remain with the establishment through the Labor Day holiday. The stay bonuses are usually from $300 to $500 and are pegged to Labor Day or even a later date. One employer offers a stay bonus of $0.25 per hour for every hour worked during the season if they remain to the end of the season. However, many of the key informants who have tried stay bonuses do not find them useful, because college students nearly always leave early to attend classes and the lost bonuses can be more than offset with a $1.00 per hour increase in wage. This particular problem has created additional incentives for employers, especially those in the hotel, motel, and lodging sector, to shift toward H2B foreign temporary workers, whose visas tie their employment to a particular employer at a prevailing wage fixed by the U.S. Department of Labor.

As noted above, the Center's employer survey found that 27.2 percent of the employers responding to the survey now provide housing or housing subsidies for seasonal employees. These subsidies range from small weekly amounts paid to landlords to subsidize their seasonal employees' rents to leasing blocks of rooms for employees (at no cost to the employee), to the

[18] The Cape's wage push may provide an example that the service economy can provide 'living wage' jobs in a full employment situation.

provision of free employer-owned housing. The housing subsidies are a substantial addition to total labor costs and their prevalence among resort industry employers suggest that housing subsidies are becoming a standard component of total labor costs for Cape Cod's resort industry. Finally, many employers are also providing free bicycles to employees for transportation.[19]

4.40 Recruitment Factors by Industry

The factors identified by employers that make it difficult to recruit seasonal employees do not uniformly impact different sectors of the Cape's resort industry. Table 15 identifies these factors by sector (SIC Code). For this study, variables are considered statistically significant if the Pearson chi-square is below .05.

Table 15

Percent Businesses Indicating that the Following Factors Make it Difficult to Recruit Seasonal Workers

Business Type	Labor Shortage	Wage Demands	No Health Benefits	Lack of Experienced Workers	Lack of Required Skills	Housing Availability	Housing Costs	Difficulty of Commuting	Type Work Unattractive
General Merchandise Stores	60.0%	40.0%	0.0%	0.0%	0.0%	20.0%	0.0%	0.0%	0.0%
Retail Food Stores	70.6%	41.2%	0.0%	11.8%	11.8%	35.3%	35.3%	5.9%	11.8%
Apparel & Accessory Stores	35.0%	30.0%	5.0%	10.0%	10.0%	45.0%	30.0%	0.0%	0.0%
Eating and Drinking Places	59.6%	34.6%	7.7%	21.2%	21.2%	73.1%	59.6%	5.8%	15.4%
Miscellaneous Retail	27.3%	18.2%	5.7%	11.4%	10.2%	21.6%	14.8%	4.5%	4.5%
Hotels & Other Lodging Places	46.5%	11.6%	7.0%	16.3%	14.0%	48.8%	46.5%	11.6%	30.2%
Amusements & Recreation Services	35.5%	35.5%	22.6%	19.4%	19.4%	41.9%	25.8%	6.5%	0.0%
Museums, Art Galleries, etc.	12.5%	12.5%	0.0%	0.0%	12.5%	12.5%	12.5%	0.0%	12.5%
Statistically Significant?	yes	yes	no	no	no	yes	yes	no	yes

The cross-tabulation of recruitment factors by industry sector identified four statistically significant relationships. The general labor shortage is having its greatest impact on general merchandise stores, retail food stores, and eating and drinking establishments. However, in the two retail sectors problems with labor supply are related to wage demands, while eating and drinking establishments identify housing availability and housing costs as a related problem. As noted earlier, the retail sector faces stiff competition for labor supply from eating and drinking establishments that pay higher hourly wages (e.g., fast food restaurants) or that provide opportunities for tip income (e.g., restaurants and bars). Many of the retail establishments are offsetting hourly wage differentials with housing subsidies for seasonal employees and by shifting to H2B visa workers who are tied to a single employer.

In contrast, many eating and drinking establishments link the seasonal labor shortage to housing availability and housing costs. The majority of food service and drinking establishments are small employers. In 1998, 48.3 percent of the Cape's food service and drinking places employed only 1 to 4 persons and 61.4 percent had less than 10 employees (U.S. Department of Commerce 2000, 43). It is likely that larger food and drinking establishments,

[19] Transportation was a minor complaint among employers. The main complaints about the Cape's summer bus service is that there are not enough stops and the hours of service (particularly at night) do not accommodate lodging and restaurant employees who work evening or night shifts.

that are part of a corporate chain, and those tied to other resort businesses will be able to provide housing, but that small independent establishments, which constitute the bulk of employers in this sector, will find it difficult to provide housing for seasonal employees. In addition, as more employers move into the H2B area, they are being forced to deal with housing issues for the first time due to program requirements.

Hotels, motels, and lodging establishments were the only sector to identify the unattractiveness of the work as a statistically significant factor in the recruitment of seasonal employees. Many of the establishments in this sector are moving into the H2B program, which effectively binds employees to a single employer.

4.50 Most Difficult Occupations to Recruit

The employer survey indicates that 43.3 percent of respondents have difficulty recruiting for specific occupations. The occupations mentioned most frequently in the mail survey and the key informant interviews fall into three categories: (1) kitchen help and wait staff, (2) grounds and facilities, and (3) life guards.

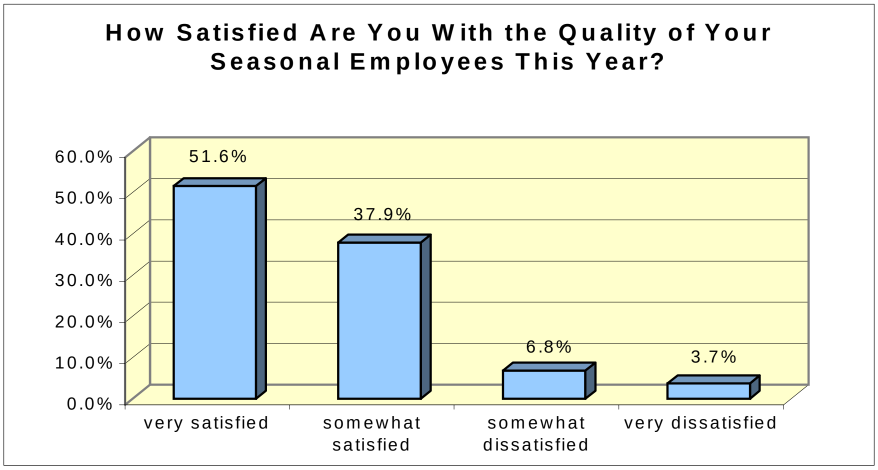
Eating and drinking establishments and lodging places are more likely than other types of tourist-related businesses to report that they have difficulty recruiting specific occupations. This difficulty is partly because these establishments account for such a large proportion of seasonal hiring on Cape Cod, but their greatest difficulties are with specialized skilled occupations. Eating and drinking establishments report exceptional difficulties in recruiting an adequate number of seasonal cooks and chefs. This finding is consistent with the fact that occupational wages in these areas are rising faster than average and it is consistent with anecdotal reports by the local media (Tsukimori 2000a).

Hotels, motels, and other lodging places with swimming pools report considerable difficulty recruiting certified lifeguards, cleaning staff, and experienced personnel for grounds, maintenance, and facilities.

4.60 Satisfaction with Quality of the Seasonal Workforce

Despite the increased difficulty of recruiting seasonal employees, a large majority (89.5%) of the Cape's seasonal employers are very satisfied (51.6%) or somewhat satisfied (37.9%) with their seasonal employees (see Figure 23). As noted earlier, a substantial group of employers are particularly dissatisfied with the work habits and skills of U.S. college students and most of the dissatisfaction with seasonal employees come from this group. There was also some minor level of dissatisfaction registered with the skills of welfare-to-work employees. Amusement and recreation services, apparel and accessory stores, and miscellaneous retail establishments (which draw more heavily on retirees) are most likely to be very satisfied with their seasonal workers, while eating and drinking establishments (which rely heavily on college students) are more likely to be somewhat satisfied.

Figure 23



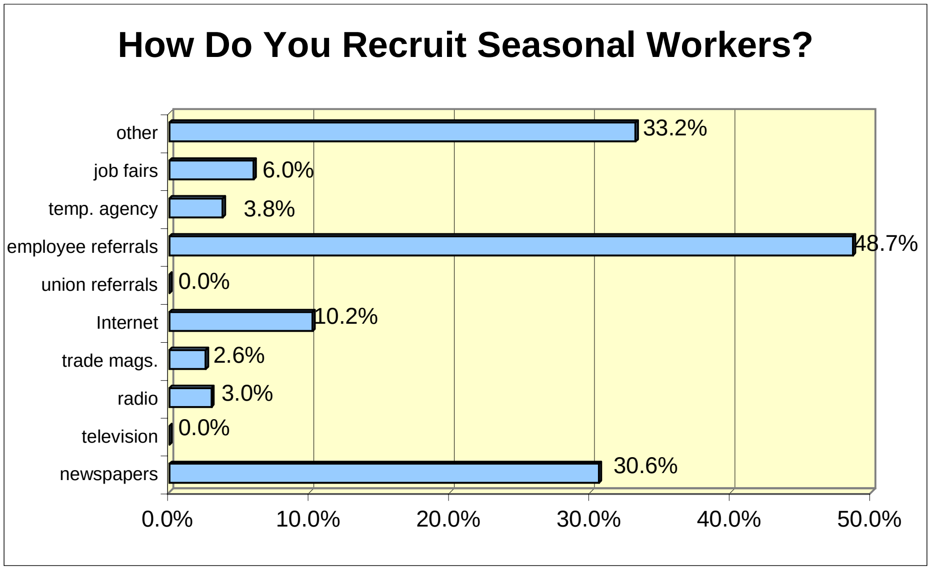
Consequently, it is worth noting that the key informant interviews found that employers' overall level of satisfaction with college students was related to what type of college students are recruited by the employer. Most employers who rely on college students report their greatest satisfaction with two types students: (1) U.S. students who are enrolled in specialized programs or majors and (2) foreign students enrolled in a work abroad program or internships at their home institution. The employers interviewed are very satisfied with U.S. college students who are enrolled in specialized programs or majors related to the hospitality, recreation, and resort industries or those enrolled in culinary schools. These students often bring specialized skills to their jobs, but more importantly they regard their seasonal employment as on-the-job training for a future career and, therefore, take it more seriously. Foreign college students (J1 visa) who are enrolled in a work abroad program or internship are evaluated by the employer for course credit at the home institution and, in some cases, satisfactory completion of the program is required for graduation. Thus, there are additional incentives besides income for taking the job seriously.

4.70 Recruitment Mechanisms

The employer survey indicates that the majority of the Cape's seasonal employees are recruited from employee referrals (48.7%), other mechanisms (33.2%),[20] and the newspaper (30.6%) (see Figure 24). Only 10.2 percent of the Cape's employers are currently using the Internet to recruit seasonal employees and only 6.0 percent participate in any type of job fair or career exposition.

[20] This category includes foreign recruitment agencies tied to the H2B visa program.

Figure 24



Established employers report that one of their best and most reliable recruitment mechanisms is referrals from current or past employees and many employers report that they have built up a reliable supply of workers who return year after year. Newspapers are a major mechanism for recruiting seasonal workers, but it is mainly useful for recruiting local residents. The two most important recruitment mechanisms to emerge in recent years are the use of foreign recruitment agencies and the Internet. There are numerous foreign recruiting agencies in the United States that can be easily accessed on the Internet (e.g., entering H2B Visa as a keyword). These firms charge anywhere from $350 to $3,000 per worker to process the paperwork for an alien labor certification, DOL approval, and H2B visas.[21] These agencies also screen and interview prospective employees in the foreign country, including criminal record checks and reference and work experience checks. Many of these firms have developed strong links with a particular nation or geographic region (e.g., Jamaica, Brazil, Eastern Europe, Mexico), where they develop a working relationship with local offices of the U.S. State Department and maintain regular employment databases on workers interested in temporary employment in the United States.

It is estimated that 25 to 30 percent of the Cape's resort industry employers currently use a foreign recruitment agency to screen and recruit H2B visa workers. As noted, the number of Cape Cod and Islands employers applying for alien labor certifications increased from 300 in 1999 to 410 in 2000. The most frequently used firm is Antioch Associates in Yarmouth. This firm reports that its placement of foreign temporary workers on H2B visas has nearly doubled in the last three years. It is estimated that Antioch Associates processed approximately 46 percent of the H-2Bs for foreign temporary workers coming to Cape Cod in 2000 (up from about one-third in 1999). Antioch Associates is the main pipeline to Jamaica, which supplies

[21] The wide range in prices is related to several factors. Some agencies include the H2B employee's transportation and visa processing expenses in the fee, while others bill this as a separate charge. Agencies charge more to recruit skilled employees than unskilled employees.

approximately 30 percent of the foreign temporary workers coming to Cape Cod on H2B visas. Antioch Associates processed 670 Jamaican workers in 1999, although the firm reports that it is currently exploring new sources of workers in Nepal, Bulgaria, and elsewhere (see Myers 2000). Other firms that were mentioned by employers include Global Staffing in Atlanta and Alliances Abroad in Texas.

The key informants also identified two institutional sources for recruiting foreign college students on J1 or H2B visas. The Junior Business Ambassador Program, headed by Francoise Royer (frroyer@hotmail.com), is a source of approximately 15 French college students, who come to the Cape for six month paid internships in their junior year. These students arrive on April 1 of each year and arrive with secretarial, marketing, tourism, and international trade skills. The students are bi-lingual (French, English) and, in some cases, trilingual (German or Spanish). Ms. Royer reports that the program is "looking for more companies next year" who are willing to arrange six-month paid internships (see Appendix F).

The Council on International Education Exchange (www.ciee.org) and Council Travel (http://www.counciltravel.com) also maintain work abroad websites that are known to students throughout the world. These websites post job openings from employers and provide a forum for linking employers and prospective foreign student employees.

Finally, although the Internet is being used to advertise seasonal openings by only 10 percent of the Cape's resort industry employers, those who use it report excellent results. The employers who currently use the Internet indicate that they regularly receive dozens to hundreds on online applications and inquiries, particularly from U.S. and European college students. For example, one key informant who used the Internet for the first time this year to recruit foreign college students received 300 overseas applications for about 50 positions (not including U.S. student applications). These employers post their notices on company websites, commercial websites such as monster.com, and educational exchange websites such as CIEE. Once employers become familiar with the H2B and J1 visa routines, some employers are turning to the Internet to recruit directly and conduct their own background and employment checks through international phone calls or visits to the country.

5.00 SUMMARY AND RECOMMENDATIONS

The Cape has long been advertised as an affordable family destination, especially for short get-away vacations by New England and Mid-Atlantic residents. The Cape's ability to maintain low prices has been closely related to year round and seasonal labor costs that have been well below the state average and comparatively less costly real estate prices. However, the Cape's general labor shortage, a seasonal housing shortage, and rising real estate prices are converging to drive up costs for the Cape's resort industry. Most employers did not report any difficulty in passing these costs along to tourists. Consequently, it is our view that a changing cost structure related to seasonal labor and housing availability may drive the Cape's resort industry from a low-cost model to a high value model of tourism (Reich 1992). For example, one key informant notes that "employers simply have to build housing into their labor cost structure." Another key informant concludes that "it will be impossible to expand volume indefinitely" and, therefore, the "ideal situation for the Cape is fewer tourists spending more money."

The Cape's labor shortage and housing costs are accelerating this movement by increasing labor costs in labor-intensive tourist sectors through direct wage increases and housing subsidies. A logical conclusion to this market-based scenario is that larger firms will purchase housing units for employees, which previously used as low-cost vacation rentals. As business owners purchase housing for seasonal workers, rental units are taken off the market that would have been available to vacationers and many of the low-end properties will be pulled off the vacation rental market. In fact, many summer rentals are already priced in the $1,000 to $1,500 per week range. It is likely that larger higher value-added resort type establishments and corporate-affiliated employers with the capacity to purchase or lease employee housing will pass much of these costs on to consumers. A long-term continuation of this process may slow the growth in tourist visits, or at a minimum, shift the tourist base toward a more affluent type of tourist. Some of the key informants report that more European tourists are coming to the Cape than previously and these foreign tourists seek longer stays and more amenities.

This may well be a desirable scenario for sustainable development on Cape Cod, but it has the potential to dramatically reshape its historic culture and image by making the Cape less accessible to many families that have been attracted to the region as an inexpensive destination. Furthermore, the rising cost structure is already shifting a large share of new employment *growth* from small "mom and pop" enterprises to medium-sized and larger – presumably corporate – establishments. Business establishments of nearly all sizes have shown employment growth since 1993 when the Cape started emerging from the last recession. Currently, establishments with less than 10 employees account for 68 percent of all establishments in Barnstable County (U.S. Department of Commerce 2000), but they account for only 21.1 percent of the County's employment growth from 1993 to 1998. Barnstable County continues to add small businesses (1 to 4 employees) at a rapid pace (see Figure 25) but *employment growth* is being driven by the expansion of medium- and large-sized establishments. From 1993 to 1997, 89.5 percent of Barnstable County's net employment growth in the resort industry occurred in establishments with 20 to 99 employees, while 52.2 percent of the industry's net employment growth occurred in establishments with 50 to 99 employees (see Figure 26).

Figure 25

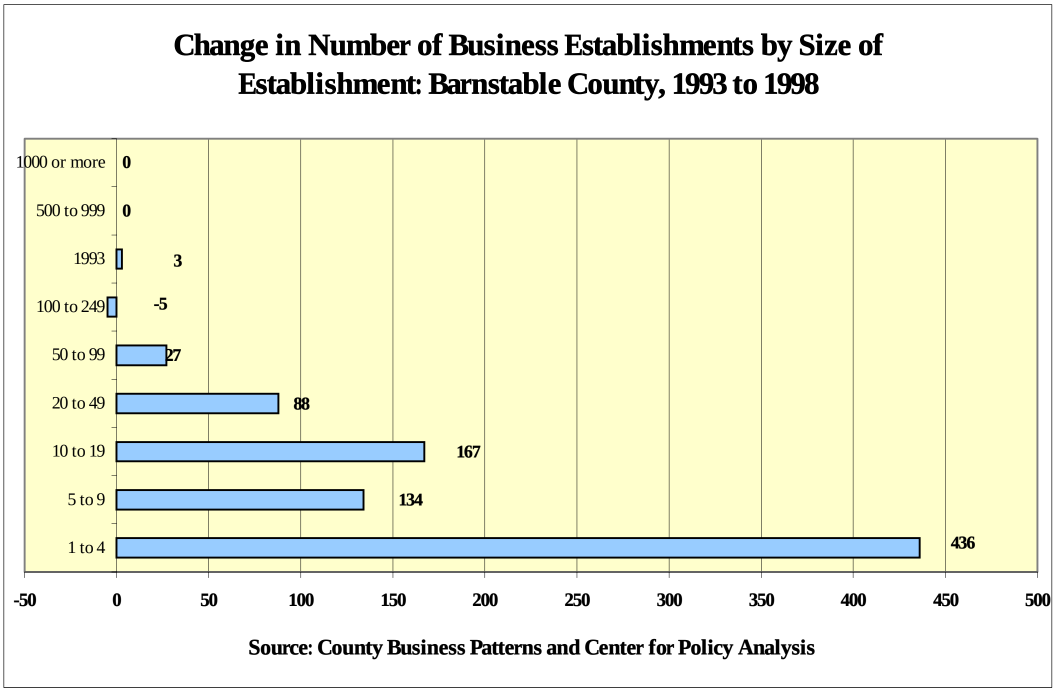
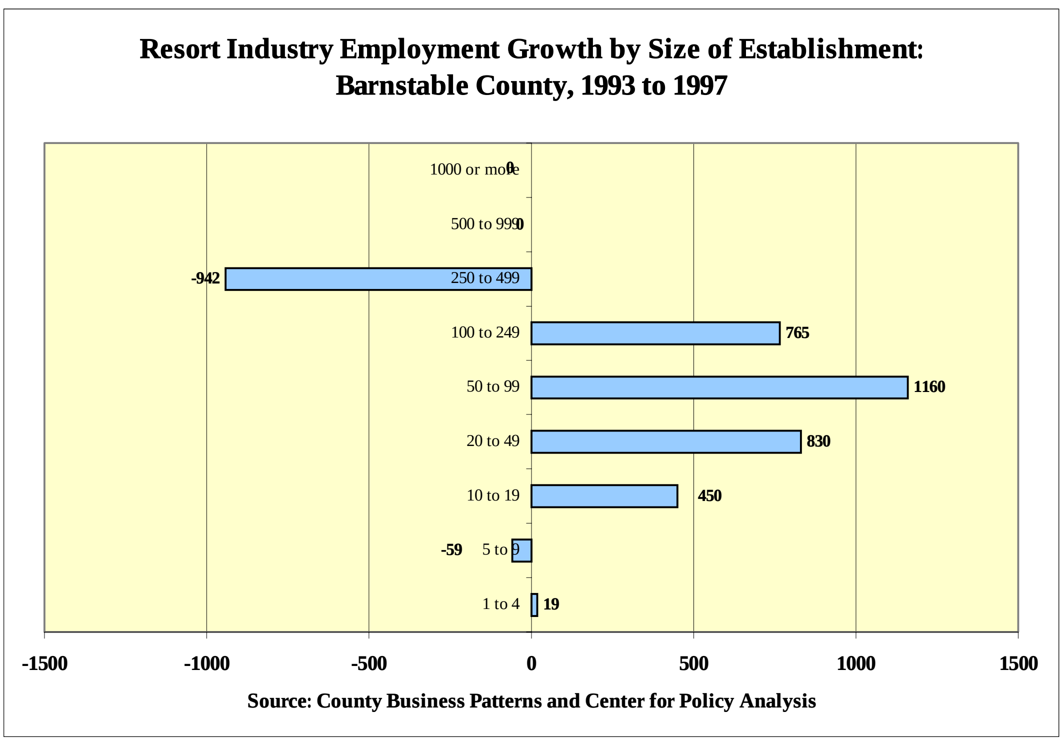


Figure 26



Despite the general trajectory of the Cape's resort industry, there is a consensus among industry executives that the problem "will not solve itself." The Cape's seasonal labor shortage has been evident to many in the industry going back to the mid-1980s, since the increase in tourists consistently exceeds growth of the resident seasonal labor force. Cape Cod's resort industry is becoming increasingly dependent on foreign temporary workers (H2B and J1) and seasonal residents (i.e., retirees). Moreover, the increased reliance on foreign workers is occurring at a time when the Cape's traditional foreign labor supply in Ireland is drying up due to an improved economy in that country. Thus, there are some adjustment frictions in the seasonal labor market as employers learn the H2B process, shift to the Internet, and seek out new labor supplies.

While there would seem to be some limit to the volume of tourist traffic the Cape can sustain, it was noted by many persons that tourist traffic continues to climb from year to year. Hotel and motel occupancy rates continue to increase and are reaching 90 to 100 percent during the high season, while occupancy rates continue to increase during the fall shoulder season especially. As rental rates continue to escalate, more and more permanent residents are vacating their homes for various periods of time during the summer and renting their homes to tourists. Thus, as the Cape's population and housing stock have increased, the availability of space for tourists at the high end of the market has increased, while low cost housing for seasonal workers is drying up.

The employers who responded to the mail survey, as well as those interviewed for the study, identified several strategies that businesses are pursuing to minimize the seasonal labor problem. We do not believe that there is a single overarching solution to the Cape's seasonal labor and housing shortages, but there are a number of measures that can chip away at the problem if pursued by individual employers, business organizations, and government agencies in various combinations.

5.10 Labor Supply

1. Meet wage demands. The Cape's employers have been meeting wage demands, although in some sectors a pattern of "job-hopping" for marginal wage increases has emerged to create higher than usual rates of employee turnover. In some cases, this development is creating a raiding mentality among some employers who seek to meet short-term labor shortages by raiding other enterprise, rather than building the long-term supply of seasonal labor.

2. Management Style. Resort industry executives report that "management style" can help offset marginal wage competition to the extent that working conditions and workplace ambience are also crucial to maintaining workforce loyalty and stability. Many firms that pay relatively "low" wages ($7.50 per hour) are able to maintain a loyal and stable seasonal workforce with repeat workers each year, while many higher wage firms ($9.00 per hour) are having a great deal of difficulty in recruiting or retaining workers. Some of the key items identified by employers as part of a progressive management style, include:

    a. Flexibility in Scheduling. Flexibility is particularly important to retirees, although it may be feasible only for larger enterprises with numerous employees whose work schedules can be shifted around by day and time without loss of coverage.

b. Employee Appreciation. Management consultants throughout the country are advising employers to demonstrate appreciation for loyal employees and many of the Cape's Resort industry employers have initiated events such as a weekly pizza party, weekend cookouts, free coffee and muffins, and other small amenities such as free passes to movies or tourist attractions.

c. Bi-lingual Supervisors. Many of the Cape's lodging establishments rely on Portuguese and Brazilian immigrants as a major part of their housekeeping staffs. These establishments report that bi-lingual supervisors (e.g., executive housekeeper), who are capable of interacting with chambermaids, housekeepers, and others in their native language assists in recruiting and retaining seasonal and year round employees.

d. On-the-Job Training. Employers can attract and retain seasonal employees by providing on-the-job training that gives unskilled workers an opportunity to upgrade their skills. The training does not need to be expensive, but can include skills such as computing and keyboarding, cash register, wait skills, etc. that give seasonal workers the possibility for advancement and higher earnings from season to season.

e. Bicycles. Many employers purchase bicycles and lend them to seasonal employees for personal transportation.

2. Specialized Business-School Partnerships. A few employers have developed long-term relationships with specialized colleges, universities, and institutes such as Johnson & Wales University and the Berklee College of Music. Johnson & Wales requires an employer to arrange housing for students before the institution will work with an employer. Employers are very satisfied with these arrangements, but there are other possibilities that most employers have not explored:

a. International Institute of Culinary Arts. The Cape's employers were not aware that a private co-educational culinary institute opened in the City of Fall River in 1997. The Institute is now well-established with more than 100 students and offers a two-year certification in culinary arts and restaurant hospitality, see, http://www.culinaryschools.com/schools/564.html

For a list of other culinary institutes in the United States and New England see, http://www.culinaryschools.com/

b. European Institutes. A few respondents to the Center's employer survey report that they are developing internship arrangements with European culinary schools and institutes, which can be accessed at the website above.

c. Upper Cape Cod Regional Vocational/Technical High School and Cape Cod Regional Technical High School. Cape Cod's Vocational and Technical high schools offer three programs related to the tourist industry: culinary arts, hospitality, and horticulture. Each of these programs includes a cooperative education element in which students spend time working and learning in their respective fields. However, the hospitality programs are currently under-enrolled. Thus, while these programs are an important piece to the Cape's employment puzzle, they are not enough to satisfy the Cape's employment needs.

The state and federal governments are now providing funds to develop school-to-work partnerships that can be accessed through the regional Workforce Investment Boards (formerly Regional Employment Boards). The resort industry's employers need to become more involved in these initiatives to insure that they are linked to local occupational requirements.

d. Cape Cod Community College. The Cape's hospitality and resort industry is also not utilizing the resources of the Cape Cod Community College. Many employers are unaware of the programs offered by the community college and they were unsure of how to approach the institution. The college and the business community both need to find ways to strengthen this relationship, since CCCC does offer many programs of interest to the Cape's resort industry, including:

    (1) certificate programs in culinary arts, hotel front office procedures, customer service, horticulture, and office systems technology,

    (2) associate degrees in hotel/restaurant management and retail management, see, http://www.capecod.mass.edu/

3. Urban Residents. The City of New Bedford has a relatively high unemployment rate (5.3%) compared to the rest of the state (2.6%) (August 2000). The wages paid on Cape Cod are also generally higher than those paid in the City of New Bedford even for unskilled occupations. Consequently, individual firms or groups of workers are beginning to arrange vanpools from New Bedford to the Cape's major hotel establishments sometimes with the aid of the Immigrants Assistance Center in New Bedford:

    a. The Sea Crest Resort and Conference Center operates a vanpool out of New Bedford, which transports Portuguese and Portuguese-American housekeepers to the hotel on a year round basis.

    b. Ocean Edge Resort and Sheraton Tara provide vans to transport groups of Portuguese and Portuguese-American housekeepers to the Cape. The van operates seven days a week on a year round basis with two pick up spots on the north and south end of the city.

4. Partnerships with Opposite Season Resorts. There are possibilities for partnerships and labor exchanges with opposite season resorts in northern New England and upstate New York. The states of Vermont, New Hampshire, and New York have a November to April winter ski season. In the southern United States, the high season for Florida and South Carolina is during the winter and spring months. Consequently, there are opportunities to provide year round employment to seasonal workers through greater coordination with

winter resorts in upstate New York, New England, and the Southern United States. These opportunities include:

a. Intra-corporate transfers and labor exchanges within firms that have business properties in multiple locations,

b. Annual job fairs and labor exchanges among opposite season resorts to be arranged by private business organizations, government or private employment agencies.

c. Advertise job openings with the state employment security agency in those states at the end of the winter or spring season.

5. Inter-Establishment Partnerships. There are also possibilities to utilize the existing seasonal labor supply more effectively through better coordination among establishments on Cape Cod:

   a. Coordinate Multiple Site Enterprises. There are many multiple unit enterprises on the Cape that do not effectively coordinate their use of existing employees on a Cape-wide basis. These firms have the ability to develop site-to-site shuttles, to engage in more multi-site scheduling, and to adopt employee sharing among different units of the same enterprise.

   b. Seasonal Labor Exchange. Many of the Cape's foreign temporary workers prefer to work at more than one job during the high season, but employers report that they lack transportation to other job sites or cannot find second and third jobs. A mechanism needs to be developed that allows employers who are seeking additional seasonal help to make contact with employers who have "surplus" seasonal help.

4. Foreign Temporary Workers. Most of the Cape's foreign temporary workers are European college students on J1 visas and other foreign workers, mainly from Jamaica, on H2B visas. Many employers are tapping this supply of labor for the first time and, consequently, there is a learning curve in seeking out foreign recruitment agencies, initiating the H2B visa process, and learning new ways of recruiting foreign workers (e.g., Internet). However, employers with experience in the process report that it works smoothly and that they are very satisfied with the quality of their seasonal foreign workers. However, for employers entering the H2B and J1 market for the first time, there are both caveats and advice:

   a. Foreign recruitment agencies. Foreign recruitment agencies offer a convenient mechanism for recruiting highly motivated foreign temporary workers with experience in the resort industry.

   b. Advance Planning. Many employers entering the H2B visa market for the first time are frustrated by the lengthy process required to obtain foreign temporary workers. Even if an employer uses a foreign recruitment agency, it is necessary to start early, since the regular process takes several months and there are often delays in processing H2B applications by the Immigration and Naturalization Service. The employers with experience in the H2B process report that they initiate the process by submitting applications for Temporary Labor Certification by the end of October (i.e., the first month of the federal fiscal year) with the knowledge that the H2B process can take up to 7 to 8 months. Similarly, foreign students who are seeking work abroad internships must often arrange their employment in the fall semester to begin work in April or May.

c. Training Workshop. The large number of employers entering the H2B process for the first time suggests that many employers would benefit from a training workshop on the H2B visa process.

d. H2B Visa Program Changes. The H2B visa application is a cumbersome process that puts most of the responsibility for the paper work on the employer. While most employers who use the program successfully are reconciled to its difficulties, the Massachusetts Restaurant Association is spearheading a lobbying effort to update and modernize the program. The MRA's recommendations include:

(1) visas should be for a three year period, reviewed annually to ensure that the workers are paying their taxes, have not been convicted of serious crimes, etc.,

(2) foreign workers should be allowed to seek part-time employment in addition to their primary employment, as most of them are anxious to increase earnings to send money home (hence increasing the legal labor supply),

(3) H2B visas should target entry level and semi-skilled workers for jobs that Americans are presently not seeking as proven by lack of applicants.

(4) H2B visas should be indexed to state unemployment numbers so that there will be ample workers available during periods of low unemployment while at the same time ensuring that no American would be denied an opportunity because of too many foreign workers.

(5) the paperwork should be less cumbersome so that any small business can easily apply for workers under any visa program.

5. Internet. The Internet is not being used by most of Cape Cod's employers. The Internet offers a variety of free and low-cost avenues for posting job notices, including:

a. Company websites maintained on commercial Internet service providers. There are many website design firms that will design and maintain company websites at a relatively low cost.

b. Colleges and universities in the United States and Europe maintain student employment and career centers, where job postings are updated regularly. Most institutions of higher education will post job notices at no cost to the employer.

c. College and university students who are looking for work abroad and foreign internship experiences check many sources, including the internationally recognized web sites maintained by CIEE and Council Travel. The CIEE is the best known international student exchange organization in the world and it has long been known as the leading organization for student travel and student exchange programs. In recent years it has responded to new initiatives in international higher education by moving into "work abroad" programs, see, http://www.councilexchanges.org/home.html for information on work abroad and http://www.councilexchanges.org/jobsusa/

d. College and university students are also likely to check key words on the Internet such as "Cape Cod." A central web-based seasonal job bank maintained by a public or private agency (other than MDET) would be likely to attract considerable attention from United States and foreign college students.

e. Commercial websites (e.g., monster.com) offer a low-cost mechanism for posting job notices that are accessed every day by persons throughout the world.

f. The Massachusetts Division of Employment and Training maintains a labor exchange that also posts job openings on the Internet.

5.20 Housing

1. Employer Provided Housing. Employer provided housing is being called "the new reality" for Cape Cod's tourist industry. More than a quarter (27.2%) of the Cape's resort industry employers already provide some type of housing subsidy for seasonal employees. The number of employers providing housing and the number of units provided by employers appear to be increasing each year. Seasonal employee housing costs are becoming a permanent expense in the Cape's resort industry cost structure, but the provision of housing is often not feasible for smaller establishments or enterprises. Consequently, a number of options are recommended:

   a. Joint equity arrangements. It may be possible for a business, financial, or government institution to establish a mortgage clearinghouse, where small employers could jointly purchase employee housing facilities, such as single-family homes, small motels, or lodging houses with housing slots allocated to the owners in proportion to equity.

   b. Zoning and Regulation Changes. Zoning changes are likely to be controversial, but even small amendments to existing regulations could expand the housing supply for seasonal workers and for year round Cape residents. It should be emphasized that the shortage of affordable housing on the Cape affects year round residents as well as seasonal workers. Consequently, solutions to both problems need to be pursued in tandem:

      (1) By raising the limit on the number of unrelated persons allowed to inhabit a single-family dwelling from 4 to 5 or from 4 to 6, the housing supply available to seasonal workers would expand significantly in those towns where such restrictions exist.

(2) The liberalization of zoning ordinances to permit more multi-unit housing, cluster zoning, and more affordable housing must be part of a long-term solution to providing affordable housing for seasonal and year round residents. Group housing for unrelated individuals is often prohibited by zoning ordinances.

c. Redevelopment. Many employers recommend the redevelopment of abandoned buildings and old motels as dormitory style housing for seasonal workers. A public sector strategy, or a public-private partnership might develop a network of 3 to 4 dormitory style housing facilities in areas with dense concentrations of tourist establishments such as Falmouth, Hyannis, Dennis/Orleans, and Provincetown. This strategy could be pursued in several different ways, including:

(1) the construction of more publicly-owned affordable housing with set asides for seasonal employees,

(2) the provision of low-interest loans for the private construction of more affordable housing or to assist with the creation of joint equity mortgages for small establishments who cannot currently provide housing to employees.

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APPENDIX A

EMPLOYER SURVEY

The UMass Dartmouth Center for Policy Analysis is conducting a survey on behalf of the Cape Cod Commission of approximately 1,700 tourist-dependent businesses on Cape Cod. The survey solicits information about the composition, origins, and recruitment of seasonal and summer workers. The purpose of the survey is to assist the Cape in adopting initiatives dealing with summer workforce issues such as hiring and housing.

As part of this effort, please help by taking a few minutes to fill out the questionnaire below. Please answer each question to the best of your ability. Any information provided will be useful even if you cannot answer all the questions. Information about individual companies will be kept strictly confidential by the Center for Policy Analysis and will not be released in any form that conveys information about individual businesses. If you have any questions about the survey, please call the Center at 508-999-8943.

1. Is your business establishment open year round? (please circle answer) Yes No

2. If you answered **NO** to question 1, during what months is your business establishment open? (please write-in answer) ________________________________

3. For the summer of 2000, approximately how many of your establishment's employees are year round employees versus seasonal employees (please enter the **number** of employees):

   Year Round _________ Seasonal ___________

4. Please fill in or circle the appropriate answers concerning the number of **seasonal** employees currently employed by your business establishment. A seasonal employee is any person (full-time or part-time) who is hired on a temporary basis:

	Number Seasonal Employees	**How many of these are foreign citizens?**
Full-time	________	_________
Part-Time	________	_________

5. For the summer of 2000, approximately how many of your seasonal employees will be employed by your establishment for:

Length of employment	Number
1 month	______
2 month	______
3 months	______
4 months	______
5 months	______
6 months	______

6. What is the primary (year round) residence of your seasonal employees?:

Location	Number
Barnstable County	_______
Plymouth County	_______
Bristol County or elsewhere in Massachusetts	_______
Out-of-State	_______
Foreign	_______

If foreign, what country(ies) and how many from each ___________________________

____

7. What is the primary occupation of your current seasonal employees?:

Occupation	Number
Management	_______
Professional / Technical	_______
Sales	_______
Administrative Support	_______
Service	_______
Construction	_______
Skilled Blue Collar (e.g. mechanics, precision production)	_______
Laborers / Helpers	_______
Other specify) _________________	_______

8. How many of your seasonal employees are:

	Number
College Student	______
High School Student	______
Homemaker	______
Retired	______
Employed Elsewhere	______

9. How would you rate the ease or difficulty of finding an adequate number of seasonal employees this year? (please circle the appropriate answer):

   Very Easy   Somewhat Easy   Somewhat Difficult   Very Difficult

10. Did you find it easier or more difficult to recruit an adequate number of seasonal employees this year compared to five years ago? (please circle the appropriate answer):

Much Easier	Somewhat Easier	About the Same
More Difficult	Very Difficult	Not Applicable

11. Were there any specific occupations for which it was particularly difficult to recruit an adequate number of seasonal employees this year? (please circle one answer) Yes   No

    If yes, identify the occupations where it was most difficult to recruit seasonal employees:

    ____

12. Which, if any, of the following factors make it difficult to recruit seasonal workers? (check all that apply):

    - ❑ Labor shortage
    - ❑ Wage demands
    - ❑ No health benefits offered
    - ❑ Lack of experience
    - ❑ Lack of required skills
    - ❑ Housing availability
    - ❑ Housing costs
    - ❑ Difficulty of commuting
    - ❑ Type of work unattractive
    - ❑ Other (please specify) ____

13. Overall, how satisfied are you with the quality of your seasonal employees this year? (please circle one answer):

    Very Dissatisfied   Somewhat Dissatisfied   Somewhat Satisfied   Very Satisfied

14. What mechanisms does your business establishment use to recruitment seasonal/summer employees? (circle all that apply):

- ❑ Newspapers
- ❑ Television
- ❑ Radio
- ❑ Ads in trade magazines
- ❑ Ads posted on the Internet
- ❑ Referrals by unions
- ❑ Referrals by current employees
- ❑ Temporary employment agency
- ❑ Attendance at job fairs
- ❑ Other (please specify):____

15. Do your business establishment offer current employees a bonus for recruiting new employees?

    (please circle one)   Yes   No

    If a bonus is offered, how much is it?____

16. Does your company provide housing or a housing subsidy for any of its employees?

    Yes No If yes, how many employees _____________

17. Please feel free to provide other comments below such as the aspects of your current seasonal workforce that you are most satisfied / dissatisfied with:

Please return the survey questionnaire in the enclosed self-addressed stamped envelope to the Center for Policy Analysis, University of Massachusetts Dartmouth, 285 Old Westport Road, North Dartmouth, MA 02747-2300

Or fax the survey questionnaire to 508-999-8374

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APPENDIX B
J1 VISA

The Immigration and Nationality Act (INA) provides two nonimmigrant visa categories for persons to participate in exchange visitor programs in the United States. The "J" visa is for educational and cultural exchange programs designated by the Department of State, Bureau of Consular Affairs, and the "Q" visa is for international cultural exchange programs designated by the Immigration and Naturalization Service (INS). Most of the foreign college students entering Cape Cod's seasonal labor force obtain admission to the United States with the J1 Visa.

The "J" exchange visitor program is designed to promote the interchange of persons, knowledge, and skills in the fields of education, arts, and sciences. Participants include students at all academic levels; trainees obtaining on-the-job training with firms, institutions, and agencies; teachers of primary, secondary, and specialized schools; professors coming to teach or do research at institutions of higher learning; research scholars; professional trainees in the medical and allied fields; and international visitors coming for the purpose of traveling, observing, consulting, conducting research, training, sharing, or demonstrating specialized knowledge or skills, or participating in organized people-to-people programs.

Unlike the H2B visa program (see Appendix C), persons seeking admission on a J visa must have sufficient funds to cover all expenses or funds must be provided by the sponsoring organization in the form of a scholarship or other stipend. Thus, the employer is not required to provide transportation costs to or from the United States, nor is the employer required to arrange housing as with the H2B visa. Employers are not required to demonstrate that no qualified U.S. citizen or permanent resident alien workers are readily available in the area of intended employment in order to offer the position to the holder of a J1 visa. Employers are also not required to pay a prevailing wage to J1 visa holders. Furthermore, the J1 is not tied to a single employer (but to its holder) and, consequently, J1 study abroad workers may legally hold more than one position with different employers (again in contrast to the H2B visa). However, J exchange visitors must have sufficient scholastic preparation to participate in the designated program (e.g., employment), including knowledge of the English language, or the exchange program must be designed to accommodate non-English speaking participants.

In addition, the burden for arranging employment and processing the J1 visa falls on the foreign applicant (in contrast to the H2B). Participants in the J program must present a Form IAP-66 Certificate of Eligibility for Exchange Visitor (J-1) Status prepared by a designated sponsoring organization (e.g., an employer). Applicants for exchange visitor visas should generally apply at the U.S. Embassy or Consulate with jurisdiction over their place of permanent residence. Although visa applicants may apply at any U.S. consular office abroad, it may be more difficult to qualify for the visa outside the country of permanent residence, since J visa applicants must demonstrate to the consular officer that they have binding ties to a residence in a foreign country, which they have no intention of abandoning, and that they are coming to the United States for a temporary period. Federal regulations do not specify the exact form that such evidence since the circumstances of individual applicants can vary greatly.

Each applicant for an exchange visitor visa must pay a nonrefundable US$45 application fee and submit:

1) An application Form OF-156, completed and signed. Blank forms are available without charge at all U.S. consular offices;

2) A passport valid for travel to the United States and with a validity date at least six months beyond the applicant's intended period of stay in the United States. If more than one person is included in the passport, each person desiring a visa must make an application;

3) One photograph 1 and 1/2 inches square (37x37mm) for each applicant, showing full face, without head covering, against a light background; and

4) A completed Form IAP-66 prepared by a designated sponsoring organization (e.g., home university and/or employer).

However, after a visa is issued, the Immigration and Naturalization Service, not the Department of State Consular Officer, determines the length of time that a J status exchange visitor is allowed to stay in the United States. At the port of entry, an INS official stamps and endorses Form I-94, Record of Arrival-Departure, specifying the period of time that the alien is authorized to stay in the United States. As a matter of practice, the length of stay is ordinarily restricted to 90 to 120 days.

APPENDIX C
THE H2B VISA

H-2B temporary work visas are available to persons coming to the United States to engage in temporary, nonagricultural employment. The critical prerequisite to obtaining an H2B visa is the requirement that the job and the U.S. employer's need for the foreign worker must be temporary in nature. The employer's need for the worker must generally be for a one-year period or less, although the term temporary covers one-time occurrences, recurring seasonal need, a peak load, or an intermittent need.

The H-2B visa is issued in one-year increments with discretionary one-year extensions being possible. However, an alien can be admitted to the United States on H-2B status for a maximum of three years (i.e., three one-year increments). After the maximum three-year period has expired, the foreign worker cannot seek to extend or change their visa status, nor can they be readmitted to the United States under other nonimmigrant classifications unless the alien has resided and been physically present outside the United States for the immediate prior six months.

For an employer to hire a foreign temporary worker (H2B), the employer must first demonstrate that no qualified U.S. citizen or permanent resident alien workers are readily available in the area of intended employment to accept the temporary position offered to the foreign worker. This claim is documented by filing an Alien Labor Certification application with Massachusetts Division of Employment and Training. The position is advertised by the state's labor exchange for 30 days. MDET screens any U.S. citizens or permanent resident aliens who respond to its recruitment effort.

Once the Division of Employment and Training has completed the recruitment effort (30 days), the U.S. Department of Labor (DOL) Regional Certifying Officer will determine whether the position offered and the employer's underlying need for the position are truly temporary in nature. If the DOL agrees that the position is temporary, it will "certify" the case. At this point, the state's employment agency has determined that no qualified U.S. citizens or resident aliens are available to fill the position and the DOL has determined that the position is temporary.

The employer must also obtain certification from the U.S. Department of Labor that the employment of the foreign national will not displace qualified U.S. workers or adversely affect the working conditions of U.S. workers who are similarly employed. Consequently, employers have to pay H2B workers the prevailing wage for the advertised position as determined by the U.S. Department of Labor. H2B's also require the employer to find qualified candidates abroad, pay for their transportation to and from the United States, and arrange for housing in the United States.

If an employer obtains DOL certification for the position, the employer must then file form I-129 Petition for Non-immigrant Worker with the Immigration and Naturalization Service Center having jurisdiction over the place of intended employment (Boston). The INS will generally approve any H-2 B case that has been certified by the DOL. Moreover, even if DOL does not certify the case, the INS retains the authority to approve an H2B petition provided that the U.S. employer can convince the INS that the position is truly temporary in nature.

APPENDIX D

FACE-TO-FACE INTERVIEWS

Person Interviewed	Title	Establishments	Location	SIC	Description
Brad Goodale	Human Resources	Ramada Inn Regency	Hyannis	70	Hotels & Motels
		Ramada Inn on the Square	Falmouth	70	Hotels & Motels
		Gull Wing Suites	S. Yarmouth	70	Hotels & Motels
William Zammer	President	Coonamessett Inn	Falmouth	58	Eating & drinking place
				70	Hotels & motels
	President	Flying Bridge Restaurant	Falmouth	58	Eating & drinking place
	President	Bally's Restaurant	Mashpee	58	Eating & drinking place
		Heritage Plantation	Sandwich	84	Museums & art galleries
Barbara Kessler	Human Resources	Ocean Edge & Conference Ctr	Brewster	70	Hotels & motels
		Ocean Edge Golf Shop	Brewster	79	Amusement & recreation
		Ocean Edge Tennis Shop	Brewster	59	Miscellaneous retail
Robert Ahern	President	Swan River Fish Market	W. Dennis	54	Retail food market
	President	Swan River Restaurant	W. Dennis	58	Eating & drinking place
Jane Zimmerman	Owner/President	Antioch Associates			
Mark Gervais	General Manager	Tara Hyannis Hotel	Hyannis	70	Hotels & motels
Kathy Olson	Personnel Director				
Tony Raine	Manager	Cape Cod Melody Tent	Hyannis	79	Amusement & recreation
Beth De la Cruz	Store Manager	Bradlee's	Hyannis	53	General merchandise
Linda Roy	District Human Resources	Bradlee's	Falmouth	53	General merchandise
		Bradlee's	Dennis	53	General merchandise
		Bradlee's	Orleans	53	General merchandise
Thomas Moore	General Manager	Red Jacket Beach Motor Inn	S. Yarmouth	70	Hotels & motels
		Blue Rock Motor Inn	S. Yarmouth	70	Hotels & motels
		Blue Water Resort	S. Yarmouth	70	Hotels & motels
		Green Harbor on the Ocean	W. Yarmouth	70	Hotels & motels
Thomas M. Hoye	General Manager	Motel 6	S. Yarmouth	70	Hotels & motels
Ernest Smiley	Owner/Manager	Wendy's	Orleans	58	Eating & drinking place
Joshua Woodward	Store Manager	Stop & Shop	Dennis	54	Retail food store
Gary Knop	Assistant General Manager	Provincetown Inn	Provincetown	70	Hotels & motels
		Outer Edge Resort		70	Hotels & motels
		Pilgrim Pool Bar and Grill		58	Eating & drinking place

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APPENDIX E

Percent of Employers Reporting Foreign Temporary Workers by Country of Origin

Country/Region	Percent
Africa	
South Africa	**0.6%**
Zimbabwe	**0.6%**
Total	**1.1%**
Asia	
China	**0.6%**
India	**0.6%**
Nepal	**1.1%**
Taiwan	**1.1%**
Turkey	**0.6%**
Total	**4.0%**
Caribbean	
Dominican Republic	**1.1%**
Jamaica	**13.0%**
Total	**14.1%**
Eastern Europe	
Bulgaria	**1.7%**
Czech Republic	**3.4%**
Poland	**2.8%**
Slovakia	**2.3%**
Yugoslavia	**1.1%**
Total	**11.3%**
Former Soviet Republics	
Armenia	**0.6%**
Belarus	**3.4%**
Latvia	**1.1%**
Lithuania	**4.0%**
Russia	**3.4%**
Total	**12.4%**
Latin America	
Argentina	**0.6%**
Brazil	**10.7%**
Columbia	**0.6%**
Guatemala	**0.6%**
Total	**12.4%**
North America	
Canada	**2.3%**
Mexico	**1.1%**
Total	**3.4%**
Western Europe	
Belgium	**1.7%**
England	**2.3%**
France	**5.1%**
Ireland	**13.6%**
Portugal	**1.1%**
Spain	**0.6%**
Total	**24.3%**

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APPENDIX F

THE JUNIOR BUSINESS AMBASSADOR PROGRAM

The Junior Ambassador Program (J.B.A.) was created in 1989 to provide senior-level international marketing students with six-month internships (April 1-September 30) in American businesses. The J.B.A. program is a partnership between the National School of Commerce (ENC) and the University of Paris VIII, in association with the French Ministry of National Education and the French Ministry of Foreign Trade. The J.B.A. program has placed carefully selected students with American small- and medium-sized host companies for the past nine years.

The National School of Commerce is responsible for the selection and the preparation of the students and their placements in the U.S. To be selected for the program, a student must have an excellent academic record and a degree in Marketing or Tourism, which is awarded by the French Ministry of National Education after a highly competitive national examination taken two years after high school graduation. The interns are fluent in three languages (French, English and Spanish or German) and have significant work experience in European firms. The preparation in France consists of a seven-month full-time training program including courses in Global economics, International Trade, Marketing, Law, Accounting, American Culture and Business Practices, the European Union, Computer Science and Foreign Languages. In the past, American host companies have taken advantage of the interns' language skills to develop their marketing activities in Europe, Canada, Mexico or South America. However, being involved in international trade is not a program requirement and interns can also be given assignments in the American market.

The ENC makes necessary arrangements so that students arrive in the U.S. with a J1 Visa, which permits the intern to work for 6 months in the U.S. and to receive a stipend for their activities. One or two faculty members from ENC will meet with company representatives and their intern at least once during the internship. The students arrive in the U.S. with the appropriate Visa, a certificate of good health, and full health insurance, although they must apply for a social security number after arriving in the United States. All interns sign a code of conduct for behavior on the job prior to their arrival in the U.S. Students are asked not to request vacation time, but it is suggested that companies schedule, at their convenience, five days of unpaid leave, in addition to regular holidays for purposes of educational travel in the U.S. Upon their return to France in October, each student must present written and oral reports, in French and in English, to a faculty committee in order to graduate.

The host company must provide the intern with room and board and a stipend of $100 a week for personal expenses. In the past, housing has included living with one or several host families, renting or sharing an apartment, living on a college campus, paying the intern an entry level salary, assisting in finding a safe, one-room apartment and making living expenses the intern's responsibility. If it is necessary for the intern to buy or rent a car, then it may be necessary to adjust the stipend. The company must also complete a form provided by ENC in order to process the visa application. The company must also notify the Director of ENC and the Head of the J.B.A. program in case of an emergency or crisis, so that the intern's family can be contacted immediately.

More information about the J.B.A. program can be obtained by contacting:

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