



**Written Testimony of Rosanna Maietta
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**Submitted to the
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Unleashing America's Workforce and Strengthening Our Economy

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Good morning, Chairman Walberg, Ranking Member Scott, and distinguished members of the committee. I appreciate the opportunity to speak about the state of the American hospitality workforce. My name is Rosanna Maietta. I am the President and CEO of the American Hotel and Lodging Association (AHLA), the national trade group representing all segments of the U.S. lodging industry. For over 115 years, AHLA has been dedicated to advancing the interests of the hospitality sector, its workforce and stakeholders, including hotel owners, franchisees, real estate investment trusts (REITs), iconic brands, management companies, independent properties, bed & breakfasts, state hotel associations, and industry suppliers.

Our industry is a vital part of the American economy, comprising nearly 64,000 hotels, 33,200 of which are small businesses. U.S. hotels generate more than \$352 billion in sales annually and support roughly one in every 25 jobs nationwide. The hotel industry contributes significantly to local communities, generating more than \$83 billion in tax revenue at the federal, state, and local levels.

The hotel industry offers more than just a job. It creates opportunities for fulfilling lifelong careers and pathways to accessing a better life – where, regardless of background or circumstances, hotel associates can achieve prosperity through perseverance and a commitment to service. The most distinguished leaders in our industry, from general managers to owners to brand CEOs, can recall starting on property washing dishes, making beds, and helping guests. In every corner of America, from city centers and interstate exits, to roadside attractions, and exotic destinations, hotels are more than just buildings – they are symbols of upward mobility and the success that comes with achieving the American Dream.

I appreciate the opportunity to share the story of the lodging industry with you today, and to emphasize how critical our sector is to job creation, economic growth, and the prosperity of communities across the United States.

Workforce Recovery Post-Pandemic

One of the most significant challenges our industry faced in recent years is the dramatic impact of the COVID-19 pandemic. At the height of the crisis, U.S. hotels lost over 680,000 employees virtually overnight – a significant blow to the industry and the employees who depend on it. While American hotels have largely recovered from the pandemic, hotel employment is still 8.8 percent below pre-pandemic staffing levels, with more than 200,000 fewer people currently working in hotels.

In 2024, hotels directly employed more than 2.15 million people and are on track to continue the upward trend of workforce growth this year. We anticipate an increase in total wages, salaries, and compensation surpassing \$128.47 billion in 2025. Despite these encouraging numbers, our industry continues to experience workforce shortages, inflationary pressures, and the negative effects of overregulation.

Strategies for Workforce Retention

Addressing workforce shortages has become a top priority for our industry. According to a December 2024 survey by AHLA, nearly two-thirds of hoteliers are still facing significant staffing challenges. To address these concerns, employers have adopted several successful strategies aimed at attracting and retaining workers including raising wages.

Since the pandemic, average hotel wages have increased more than 15 percent faster than average wages throughout the general economy. Hoteliers are not just offering jobs; they're creating career opportunities. Hotels are raising wages faster than the national average and providing flexible hours and better benefits to demonstrate the commitment to those who comprise the foundation of our industry.

Hoteliers are providing additional benefits for staff, including customizing shift lengths, tuition reimbursement, and personal travel discounts, amongst others. The lodging sector has a proven track record of creating not simply jobs, but pathways for sustained and rewarding careers. The leading job-listing website, Indeed, ranked hotel housekeeping positions near the top of careers for upward mobility. This highlights the tremendous opportunities for workers to transition from entry-level roles to management positions, often in just a few years. In fact, more than half of hotel general managers started in entry level positions.

The Hotel Industry's Dedication to Recruitment, Retention and Advancement

Early in my career at AHLA, I served as the President and CEO of the AHLA Foundation. The Foundation has been promoting the hotel workforce for more than 70 years and plays a critical role in addressing the ongoing workforce challenges within our industry. With more than a dozen programs, initiatives, and professional development resources to meet current and prospective employees where they are, the AHLA Foundation champions the hotel industry one career at a time. Since its inception, the AHLA Foundation has, through the generous contributions of industry leaders and hotel

companies, reinvested nearly \$44 million into the hotel industry and supported over 45,000 potential and current workers through its various initiatives.

Additionally, the Foundation provides approximately \$1 million annually in scholarships to students pursuing degrees in hospitality at academic institutions across the country, including first generation college students and older adults who are back in school for the second act of their career after working in a completely different industry. We also support the retention of current industry employees by providing professional development scholarships that bolster their ongoing skill-building and career advancement with courses and certifications helpful for advancement.

The Foundation partners with and funds a variety of community-based organizations to provide skill-building for workers. By combining our industry's opportunities with our partners' expertise in skill-building and support services, we create sustainable pathways to economic independence and career growth. These programs provide entry points to the engine of opportunity that is our industry, with skills that can lead to lifetime employment.

In the same spirit of supporting local communities, AHLA has long appreciated this committee's efforts to reform the Workforce Innovation and Opportunity Act (WIOA). WIOA helps Americans—particularly young people and those facing challenges finding work—get good jobs and build careers. Reforms to WIOA included in *A Stronger Workforce for America Act*, the bipartisan bill produced by this Committee last Congress, would improve WIOA to better connect employers to the workforce system, strengthening our ability to find and keep skilled workers.

Impact of Inflation on the Hospitality Sector

While the hotel industry has made significant strides in rebuilding the workforce, we continue to face economic pressures, particularly from inflation. The rising costs of goods and services, increasing labor costs, and increased tax burden on hoteliers have put a strain on hotel budgets. Inflation has dramatically impacted the hospitality sector, with operational cost increases outpacing revenue growth.

The need to address labor shortages and attract skilled workers has led to wage increases across various positions, but this has been accompanied by a significant increase in costs, including property insurance rising by over 15 percent last year, along with workers' compensation, and healthcare—among other expenses. Moreover, as the cost of goods and services continues to rise, many hotels are forced to adjust their pricing structures, even as they struggle to maintain profitability.

Labor shortages remain a key challenge, particularly for frontline positions, and contribute to inflationary pressures on employers and consumers. Even though hotels are expected to add more than 14,000 additional employees in 2025, employment levels will still fall short of 2018 and 2019 levels by nearly 200,000.

The Threat of Overregulation to Small Businesses and the Franchise Business Model

In addition to inflation concerns, the hotel industry is facing regulatory challenges that could exacerbate staffing issues. Hotels have recently faced aggressive overregulation by the federal government, particularly focused on the franchise business model.

Franchised hotels support more than 2.8 million jobs and account for nearly 60 percent of all U.S. hotels. They also generate nearly \$100 billion in economic impact annually. Franchising has proven to be one of the most successful drivers of entrepreneurship across the United States and throughout our history. However, recent regulatory actions, including the National Labor Relations Board's (NLRB) attempt to change the legal standard for joint employer liability, posed a significant threat to the franchise model. Had the NLRB's rule been upheld, it would have dramatically disrupted the franchise system and threatened protections for brand standards, including crucial standards related to health and safety standards and anti-human trafficking training.

Hoteliers and small businesses across the country were forced to rely on a court ruling to restore the traditional definition of a joint employer. While the court ruling was critical, **AHLA continues to urge Congress to codify the traditional joint employer standard into statute by passing the "Save Local Business Act,"** which will create much needed certainty for small hotel operators on this important issue.

U.S. Department of Labor Proposed Overtime Rule

Across the country, hoteliers have embraced higher wages, additional workplace benefits and increased flexibility to attract workers and create career opportunities. Against this backdrop, in 2024, the U.S. Department of Labor (DOL) implemented a new overtime eligibility standard. The DOL rule would have increased the minimum salary threshold by nearly 65 percent with only a few months for implementation.

AHLA opposed these changes to the law, as they would have disproportionately impacted small business hoteliers and likely forced them to eliminate key positions that serve as steppingstones for individuals pursuing lifelong careers in the industry. Our surveys revealed that the overwhelming majority of hoteliers expected to reclassify workers from salaried to hourly positions, which would have constrained access to benefits, hours, and flexible work arrangements. Further, the rule would not only have increased direct staffing costs, but also associated costs including payroll taxes, federal and state unemployment taxes, and insurance, all of which would have had adverse effects on employee morale and career advancement opportunities.

A federal court overturned the proposed rule at the end of the year. Ultimately, a federal one-size-fits-all approach that ignored market pressures and discounted regional considerations would have negatively affected the lodging workforce.

The Need to Expand the Seasonal Guest Worker Program

It's important to note that many hotels and resorts, by their nature, are located in seasonal destinations, or places that are difficult to travel to on a regular basis, making it challenging to attract employees. That's why we urge Congress to expand the H-2B program, which permits employers to hire temporary nonimmigrant workers for seasonal, intermittent, or peak-load employment.

Many hotels operate in areas where demand for accommodations fluctuates significantly based on the seasons, such as hotels in ski areas in the winter or hotels in coastal and lake regions in the summer. These seasonal positions are particularly difficult to fill given workforce shortages, so many of our members rely on the H-2B seasonal guestworker visa program to fill vital positions. Across the economy, there are simply not enough workers to meet demand, as evidenced by the 8 million job openings in the U.S. with only 6.8 million eligible workers to fill them. Despite efforts to attract American workers through higher wages, increased flexibility, and expanded benefits, gaps remain, especially in locations that depend heavily on seasonal tourism.

The H-2B program is a critical tool for America's hoteliers at times when they most need the help. Additionally, there are several protections built into the program. The U.S. Department of Labor ensures guest workers are not displacing Americans and that the employment of H-2B visa holders will not adversely affect the wages or working conditions of similarly employed U.S. workers.

AHLA urges Congress to provide additional relief by increasing the volume and expanding the availability of H-2B visas, which will provide U.S. employers the workforce certainty they need to plan effectively for their seasonal staffing needs and ensure the stability of the hospitality sector.

Support from President Trump on Legal Guest Worker Programs

President Trump, a hotelier himself and a longtime advocate for legal guest worker programs, has recognized their importance in supporting our business model. As an expert in the hospitality industry workforce, the President has often shared his experience of using guest workers at his own properties, underscoring the crucial role that legal guest workers play in filling staffing shortages and keeping businesses competitive.

Extending the Tax Cuts and Jobs Act is Critical for Job Creation

In addition to workforce concerns, our industry's growth and long-term stability are closely tied to the extension of the Tax Cuts and Jobs Act (TCJA). These tax provisions have been crucial in supporting job creation, driving economic growth, and ensuring that businesses—especially small businesses—remain competitive.

Tax Provisions Critical to the Hotel Industry

Make the Small Business Deduction Under Section 199A Permanent

The majority of hotel owners are small business owners who license their brand and operate independently. They own real estate, manage capital, employ workers, and take on significant financial risks. The Section 199A small business deduction provides essential tax relief to these owners, helping them reinvest in their businesses, improve operations, and create new jobs. Making this provision permanent will provide much-needed certainty for small hotel operators, ensuring that they remain competitive and continue to thrive.

Preserve the Like-Kind Exchange

Internal Revenue Code Section 1031 allows hotel owners to defer capital gains taxes when reinvesting proceeds into another property, stimulating investment, job creation, and economic growth. This provision has been instrumental in enabling hotel owners to upgrade properties, create new jobs, and boost local economies. Any limitations, caps, or repeal of this provision would significantly curtail investments and job creation, especially in the hospitality sector.

Permanently Extend Bonus Depreciation / Full Expensing

Full expensing allows hotel owners to immediately deduct the cost of capital improvements, which incentivizes reinvestment in properties and creates jobs. Hotels are constantly upgrading and modernizing their facilities to attract guests, and full expensing has been crucial in making these improvements while aligning the tax treatment of these investments with the economic impact. If this provision expires, it would severely limit small businesses' ability to make critical updates and reduce economic growth by stifling the demand for construction and skilled trades.

Support for "No Tax on Tips"

The hotel industry is a people-first business, with over 800,000 workers who receive tips. President Trump's proposal to eliminate taxes on tips is vital in ensuring that workers keep more of their hard-earned income, helping them achieve the American Dream. The proposal will support a workforce that is the backbone of the hospitality industry, allowing workers to retain more of their earnings.

Conclusion

The state of America's hotel workforce is one of both progress and challenges. While we have made significant strides in rebuilding the workforce and providing new opportunities for career advancement, we continue to face economic pressures from inflation, workforce shortages, and overregulation. The hospitality sector remains committed to attracting and retaining talent, investing in workforce development, and creating good jobs for millions of Americans. However, we welcome a regulatory environment that supports these efforts.

We look forward to continuing our work with the Education and Workforce Committee, and with incoming Labor Secretary Chavez-DeRemer, to ensure that our industry remains a vibrant, sustainable, and valuable contributor to the U.S. economy.

Chairman Walberg, Ranking Member Scott, and members of the committee, thank you for your time and support of America's hotel and lodging industry.