



May 22, 2019

Dear Chairwoman Velázquez, Ranking Member Chabot and Members of the Committee,

I want to thank you for giving me the opportunity to come and speak to you on behalf of a company that I helped to found 22 years ago.

Challenger Sports is a Lenexa, KS based corporation, in Congresswoman Davids district, that focuses on soccer camps and training programs for children ages 2-18. The majority of our coaches come from the United Kingdom and Brazil on either J-1 exchange visitor visas for the summer period, or H-2B visas for a period of approximately 9 months. Over the past 15+ years of utilizing the H-2B program, we have grown it into an approximate \$10 million revenue source, with over 300 foreign workers. This year, our anticipated need for H-2B workers was 322, in 27 locations nationwide.

This division of our company is critical to the entire company's success, as many of our clients depend on us for not only their seasonal training programs, but also summer camps, uniforms, tournament management, coach education and even for our cultural soccer tours abroad. If we cannot deliver the trainers that we've promised our clients, then they will not only look elsewhere for their coaches, but also for the other services we provide.

Every year, we make attempts to recruit qualified US coaches, without much luck, thus we depend on the H-2B program. For the past three years, in addition to the mandated recruitment efforts that take place during the H-2B application process, we also placed full page advertisements in Soccer Journal, United Soccer Coaches' official magazine, sent email blasts looking for qualified coaches to every member of USC, emailed every NCAA/NAIA soccer coach looking for current or former players who would like to coach, placed ads online in every major metropolitan area in the US and did anything else that we could think of in order to find American soccer coaches. We advertise and pay wages well over the prevailing wage issued by the Department of Labor.

The fact is, there just are not enough American workers available to work full time on seasonal programs. Jobs are not being taken away from US workers by Challenger Sports' H-2B workers. In fact, jobs are being created by them. The few US based coaches that we do have on our staff, are coaches because they came up through our programs as kids and learned about the game from our foreign workers and the many, many coaching clinics we run across the country.

Issues with the cap the past few years, and especially this year, are having a devastating effect on our company. Revenues are down, and expenses are up...we're facing layoffs, and not replacing workers who resign, because the company cannot provide promised training services to our clients, which means they stop utilizing our other services, as well. Challenger Sports, across the soccer services division and the uniform division, currently employs 160 individuals on a full time, year-round basis. This number is down about 10% in the past three years, largely due to our struggle to provide organizations with the seasonal training services they require.

Of our 27 locations, 12 of them had start dates prior to April 1st, meaning they were a part of the first half fiscal year cap of 33,000. Of those 12, we were lucky enough to get eight petitions on file with USCIS before the cap closed. We had to cancel programs in the other four sites, which will result in lost revenues in the hundreds of thousands for the Academy division alone, not to mention lost revenue for clients who will go elsewhere for their uniforms, equipment, camps, tournament management, etc.

The remaining 15 locations would have been filed on January 1st, at 12:01am, were it not for the Department of Labor once again being unprepared for the deluge of applications they received. As such, they were filed the minute iCert reopened the week following, along with applications for 95,000 other workers, trying desperately to fit into the 33,000 slots allotted to H-2B workers for the second half cap.

On Tuesday, February 19th, USCIS announced that they had receipted enough petitions to close the cap, with only five of our 15 applications, representing 56 workers, on file. This meant that we would get only 147 of the 322 visas that we need to run our programs. By our conservative estimates, this will result in a loss of revenue of nearly \$4MM from our seasonal training division alone, with approximate additional revenue losses of \$2MM across the other divisions, that are affected by our inability to deliver core business services to our largest clients. This represents a 17% reduction in revenue from last year.

An example of this situation is a contract with a club, where we have asked for only one H-2B worker. Because we cannot provide them with the trainer they need to run their program for 8 months, we'll lose not only the \$40,000 in revenue for that trainer, but also a camp contract that last year, saw 403 children participate over the course of two weeks, and grossed \$42,385 in revenue. Additionally, this club had provisionally agreed to purchase \$250,000 in uniforms and equipment. Because we cannot provide them with the one thing they really want, they will turn elsewhere for all of the goods and services we provide.

Our Chicago office runs camps and training programs in the Upper Midwest. They needed 21 visas in the greater Chicago area and 15 in Wisconsin. The clubs that they service are all large, elite level clients, who utilize multiple trainers and are highly profitable relationships for Challenger. We've now had to explain to one of our top salesmen in that office – a US worker – that his commission potential has gone down to near zero, because he doesn't have staff he needs to run those programs.

In addition to the lost revenues, which are pretty black and white, we're facing other issues, which could have long lasting repercussions that we may not know the full effect of for years. We're struggling to recruit not just US based staff, but also our foreign workers. We've promised our foreign staff positions over the past couple of years that we cannot fulfill, because the cap is reached before we obtain the visas needed to employ them. This is damaging to our reputation, as an employer. We're also disappointing tens of thousands of children - an estimated 80,000 - who depend on our professional staff to coach their teams.

Once again, in February, Congress authorized the Secretary of Homeland Security, to release an additional 69,320 H-2B visas. Nearly three months later, after millions of dollars in revenue was lost by small businesses across the country, DHS finally released less than half the amount authorized, but to returning workers only. For us, this was much too little and far too late. We have already brought out the vast majority of our returning workers on the visas that got on file before the cap closed, leaving us with only 45 staff eligible to return this summer, well short of the 175 visas we missed out on because of the cap.

Conservatively, our business earns \$33,000 in revenue per H-2B worker. If you use that figure, to represent lost revenue for every other business that applied for H-2B workers through the Department of Labor in January, that could be \$2 billion nationwide. The trickle-down effect of that is enormous. The current administration keeps touting the low unemployment rate in the United States. If we are to be prideful of that, we must also understand that there are not workers who want to perform the seasonal H-2B jobs. Challenger Sports struggles to find youth soccer coaches. I cannot imagine how difficult it must be to find people who want to do backbreaking landscaping work, process seafood or travel the country as carnival workers.

Finally, Congress must also act now. Businesses like ours cannot keep going, year after year, with this uncertainty of whether or not we will be able to meet the demands of our clients and business needs. As the economy has rebounded over the past few years, the demand for seasonal foreign labor has skyrocketed, and the current regulations do not allow companies to fill this demand for their workers.

As Acting Secretary of Homeland Security Kevin K. McAleenan stated, "Congress is in the best position to establish the appropriate number of H-2B visas that American businesses should be allocated without harming U.S. workers. Therefore, Congress – not DHS – should be responsible for determining whether the annual numerical limitations for H-2B workers set by Congress need to be modified and by how much, and for setting parameters to ensure that enough workers are available to meet employers' temporary needs throughout the year."

Congress must act now to raise the cap to a level befitting our current economy. Please stop leaving this to last minute, delayed, pushed back appropriations bills and work to enact legislation that will provide for permanent and lasting cap relief.

Thank you for your time and consideration in this matter, and for the support you give to businesses like ours. Please let me know if I can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Shoare". The signature is fluid and cursive, with a large loop at the end.

Derek Shoare  
Senior Vice President  
Challenger Sports Corp.