



**2013
WORKFORCE &
IMMIGRATION
STUDY**



FOREWORD



Mr. Todd McCracken
NSBA President & CEO

The National Small Business Association (NSBA) is the nation's first small-business advocacy organization celebrating more than 75 years. Focused on federal advocacy, and operating on a staunchly nonpartisan basis, NSBA is a recognized leader of America's small-business community, with 65,000 members in every state and industry in the nation.

In addition to our wide array of advocacy efforts, NSBA provides critical data on the small-business community. Throughout the year, we conduct a series of surveys and quick polls, chief among them are our two Economic Reports: the NSBA Mid-Year Economic Report and the NSBA Year-End Economic Report. This survey, "The 2013 Workforce and Immigration Survey" is focused on how small-business owners deal with issues addressing their workforce, namely, training and education, unionization, and a significant portion is dedicated to immigration issues.



Mr. David Ickert
NSBA Chairman

For some time, NSBA's members and leadership have expressed concerns over worker shortages in a host of industries. According to the survey, almost half of all small-business respondents said they rely on highly-skilled workers with a science, technology, engineering and mathematics (STEM) background. It's no surprise, then that there is broad agreement that a new visa category ought to be created for highly-skilled workers.

NSBA has weighed in on a host of immigration proposals, including mandatory E-Verify and penalties for small-business owners who violate the law. While there exists a great deal of concern over illegal immigration, only slightly more than half said they would support mandating an E-Verify system. Even fewer support significant penalties on employers who knowingly hire illegal immigrants. NSBA's priority in any new rules or requirements continues to be to ensure that the practical implications of a mandatory E-Verify system or a new penalty structure are reasonable and workable for small businesses of all kinds.

The educational preparedness of workers also is an issue facing small business. One-third said the quality and education of the current workforce is not meeting their needs. Furthermore, 92 percent of small businesses offer some kind of additional training to employees.

Finally, the survey asked small-business owners about their experience with labor unions and found that, among those who were targeted by a unionizing campaign, more than a third are now officially unionized employers.

The 2013 Workforce and Immigration Survey was conducted on-line Feb. 6 – Feb. 27, 2013 among nearly 300 small-business members of NSBA.

We hope you find this survey useful. Please contact NSBA's media office for inquiries at press@nsba.biz.

Sincerely,

A handwritten signature in blue ink, appearing to read "David A. Ickert".

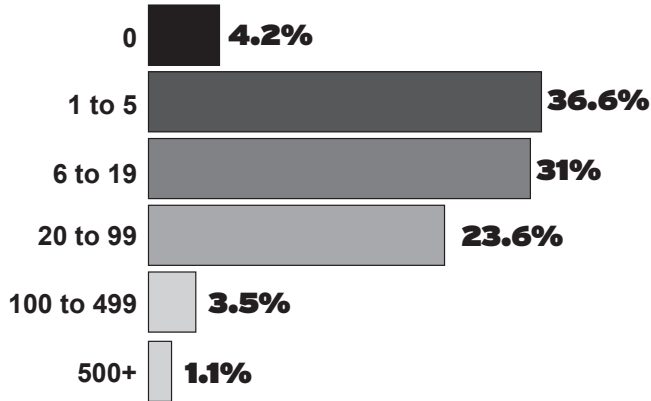
David Ickert
NSBA Chair
Air Tractor, Inc.

A handwritten signature in black ink, appearing to read "Todd McCracken".

Todd McCracken
NSBA President and CEO

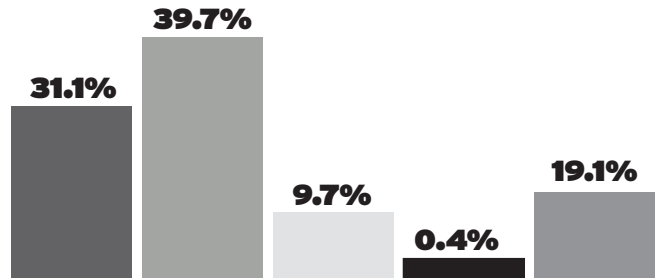
DEMOGRAPHICS

HOW MANY TOTAL FULL-TIME PERSONNEL ARE CURRENTLY EMPLOYED BY YOUR BUSINESS?



WHICH OF THE FOLLOWING BEST DESCRIBES THE STRUCTURE OF YOUR BUSINESS?

C-CORP S-CORP SOLE PROPRIETORSHIP
 PARTNERSHIP LLC



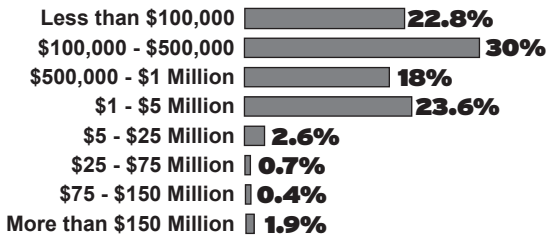
IN WHAT REGION IS YOUR BUSINESS LOCATED?

New England	2.6%
Mid-Atlantic	17.9%
Great Lakes	17.9%
Farm Belt	6.0%
South	26.5%
Mountain	14.6%
Pacific	14.6%

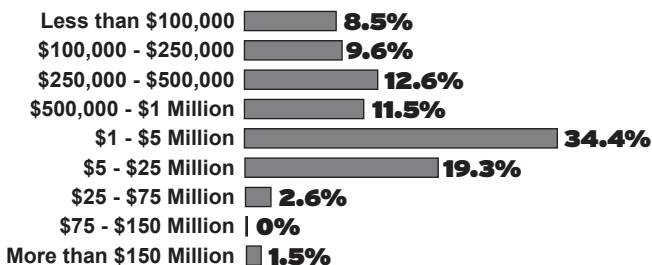
WHICH OF THE FOLLOWING BEST DESCRIBES THE INDUSTRY OR SECTOR IN WHICH YOUR BUSINESS OPERATES?

Construction	16.2%
Manufacturing	13.2%
Professional Services	10.9%
Retail	6.4%
Agriculture	6.0%
Defense	6.0%
Transportation	6.0%
Distribution	5.6%
Professional (Doctor, Attorney, Accountant)	5.3%
Insurance	4.1%
IT (Software/Hardware)	3.8%
Real estate	3.8%
Health Care	3.0%
Fabricated Products	2.6%
Chemicals	1.5%
Finance	1.5%
Printing and Publishing	1.5%
Food Service	1.1%
Hospitality/Tourism	1.1%
Biotech	0.4%

WHAT WAS YOUR TOTAL PAYROLL FOR THE MOST RECENT FISCAL YEAR?



WHAT WERE YOUR GROSS SALES OR REVENUES FOR YOUR MOST RECENT FISCAL YEAR?

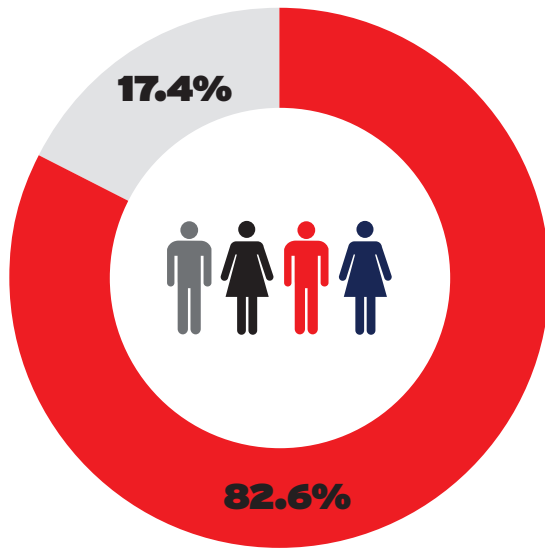


IMMIGRANT WORKFORCE

As the immigration debate continues to be a hotly contested topic in Washington, D.C. and throughout the country, NSBA has been working to ensure policymakers understand the unique challenges facing small businesses when it comes to issues ranging from worker shortages to compliance with programs such as E-Verify, the worker verification program run through the Department of Homeland Security.

DO YOU EMPLOY ANY IMMIGRANT WORKERS?

YES NO



WHAT FORMS OF IDENTIFICATION DO YOU MOST OFTEN USE TO DETERMINE AN EMPLOYEE'S LEGAL STATUS WHEN FILLING OUT THE I-9 FORM?

Driver's license	83.9%
State ID card	14.6%
Passport	19.7%
Visa	10.2%
Social security card	74.4%
Birth certificate	28.3%
Other	6.7%

HAVE YOU EVER BEEN PRESENTED FALSE IDENTIFICATION BY AN EMPLOYEE?

YES



14.8%

NO



64.6%

UNSURE



20.5%

ON AVERAGE HOW QUICKLY DO YOU PUT NEWLY HIRED EMPLOYEES TO WORK?

Immediately	27.7%
Within 3 days	23.5%
Within 1 week	29.2%
Within 2 weeks	15.8%
More	3.8%

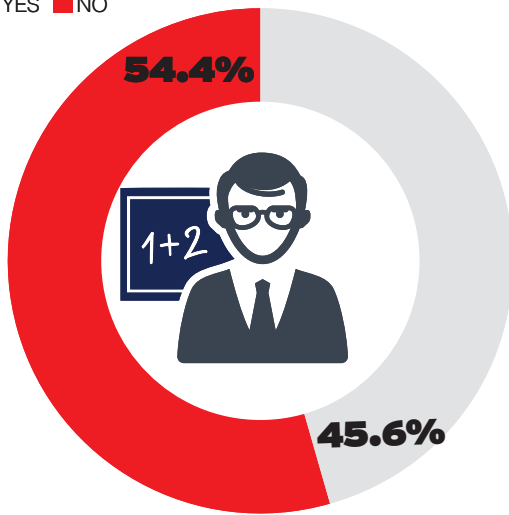
“As with everything in a small business, they move quickly: 80 percent put new hires to work within one week, making any kind of delay a drain on the business.”

AVAILABLE IMMIGRANT WORKERS

NSBA's members and leadership have expressed concerns over worker shortages in a host of industries. As such, NSBA supports policies to increase the number of available visas for foreign-born students graduating from a U.S. university with an advanced degree in a science, technology, engineering or mathematics (STEM) field; increase the cap for H-1B and H-2B visas for skilled and temporary workers; and provide additional visas for highly-skilled immigrant entrepreneurs who start and run a business in the U.S.

DOES YOUR BUSINESS IN ANY WAY DEPEND ON WORKERS WITH A BACKGROUND IN SCIENCE, TECHNOLOGY, ENGINEERING OR MATHEMATICS?

■ YES ■ NO



“ Almost half of all small-business respondents said they rely on highly-skilled workers with a STEM background.”

HAVE YOU APPLIED FOR H-1B OR H-2B GUEST-WORKER VISAS IN THE PAST 3 YEARS?

4.9% **86.7%** **8.3%**



YES



NO



Not sure what an H-1B or H-2B visa is

“ When asked why they were turned down in getting the H-1B or H2B visa, half of those impacted reported problems with prospective employee's paperwork.”

WERE YOU SUCCESSFUL IN GETTING THE VISA?

YES



83.3%

NO



16.7%

IMMIGRATION POLICY

NSBA's stance on immigration reform is based on how various policy imperatives impact small business, namely, availability of workers and compliance with new and/or existing rules and regulations.



Regarding availability of workers, there is broad agreement that a new visa category ought to be created for highly-skilled workers and slightly lower—but still a majority—support for a new visa category for immigrant entrepreneurs as well as increasing employment-based visas.

When it comes to new or existing requirements, despite the high levels of concern over illegal immigration, just slightly more than half support requiring all employers comply with some kind of E-Verify system. The overwhelming majority (76 percent) do not use the current system or have never even heard of it. It is worth noting that there was no specific description of the existing E-Verify program.

Regarding employer penalties, a slim majority (53 percent) said they would support “significant fines” for employers who knowingly hire illegal immigrants. While no definitions were offered in the survey, it is worth noting that some current proposals would enforce civil fines that range between \$25,000 and \$75,000 per violation and criminal penalties of up to 10 years in prison—the same time served for second-degree murder.

The reality of today's system, according to the Government Accountability Office, is that more unauthorized workers are deemed authorized by the system (3.3 percent of all E-verify cases) than are found unauthorized to work (2.9 percent of all E-verify cases). What this would mean under a mandate is that, given there are four to five million new hires in the U.S. per month, E-verify will deny employment opportunities for about 28,000 to 35,000 Americans per month. Furthermore, it currently takes several months, on average, to resolve database mistakes, leaving both the employer and employee in legal and business limbo. If E-Verify is changed to apply to all new hires, this waiting period will increase dramatically.

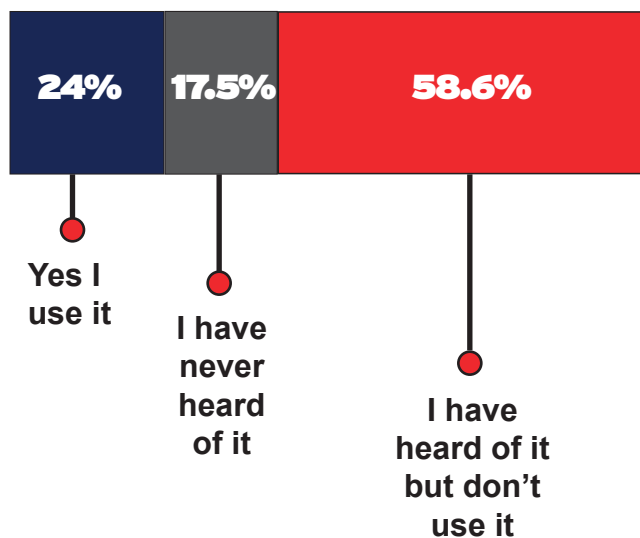
PLEASE INDICATE YOUR LEVEL OF SUPPORT FOR THE FOLLOWING IMMIGRATION REFORM PROPOSALS.

REFORM PROPOSAL	 SUPPORT	 OPPOSE
Create a new visa category for students in the science, technology, engineering or mathematics (STEM) field	67%	16%
Create a new visa category for highly-skilled immigrant entrepreneurs who start a company in the U.S.	57%	29%
National ID Cards	47%	38%
Increasing allowable employment-based visas	57%	27%
Mandatory participation in E-verify	56%	24%
Mandatory participation in an improved E-verify system with certain safe harbors for small business	67%	15%

“ There is very little opposition among small-business owners for creating new visa programs for highly-skilled immigrant workers and entrepreneurs ”

IMMIGRATION POLICY

ARE YOU FAMILIAR WITH THE FEDERAL GOVERNMENT'S EMPLOYEE ELIGIBILITY VERIFICATION SYSTEM KNOWN AS E-VERIFY?



DO YOU BELIEVE EMPLOYERS WHO KNOWINGLY HIRE ILLEGAL IMMIGRANTS SHOULD...
(CHECK ALL THAT APPLY)

Face significant fines	52.5%
Be given one warning before any penalties are assessed	39.8%
Face moderate fines	19.7%
Face jail time	15.1%
Not face any punishment or fines	6.2%
Other	4.2%

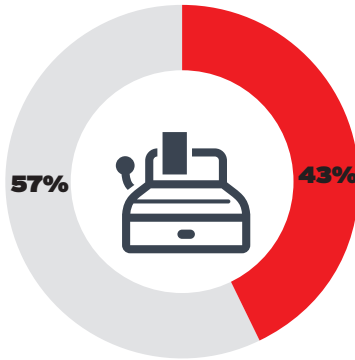
“ When confronted with the current reality of the E-Verify system, particularly given that only 24 percent have actually used the E-Verify system, we would expect a marked drop in support of mandating this program on all employers. ”

WORKFORCE EDUCATION AND RECRUITMENT

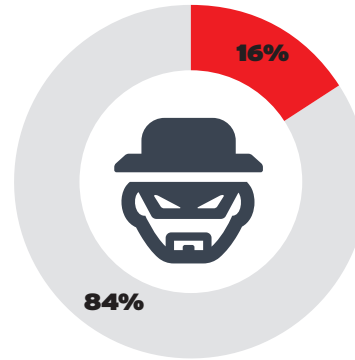
While the majority of respondents said the quality and education of the current workforce is meeting their needs as a small-business owner, the fact that one-third say their needs are not being met is of concern. Not surprising, 82 percent provide on-site training for their employees' specific positions, and 32 percent offer money toward employees' continuing education or certification programs.

DO YOU CONDUCT EITHER OF THE FOLLOWING ON PROSPECTIVE EMPLOYEES?

■ YES ■ NO



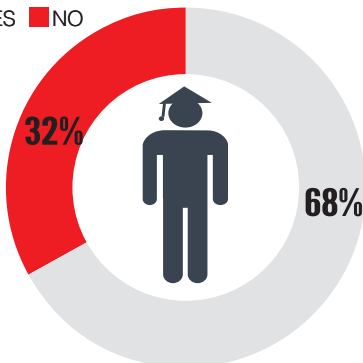
CREDIT CHECK



CRIMINAL BACKGROUND CHECK

DOES THE QUALITY/EDUCATION OF THE WORKFORCE MEET YOUR NEEDS AS A SMALL-BUSINESS OWNER?

■ YES ■ NO



ARE YOU AWARE OF ANY STATE OR LOCAL TAX INCENTIVES FOR SPECIALTY TRAINING FOR YOUR EMPLOYEES?



WOULD YOU TAKE ADVANTAGE OF TAX INCENTIVES TO PROVIDE YOUR EMPLOYEES WITH ADDITIONAL EDUCATION AND/OR TRAINING?



HOW DO YOU RECRUIT NEW EMPLOYEES?

Friends and family	59.7%
On-line jobs posting service	40.7%
My company's Web site	22.2%
Vocational schools	16.9%
Local career fairs	11.7%
School job fairs	10.5%
Other	37.1%

WHAT LEVEL OF EDUCATION DO YOU SEEK FOR YOUR EMPLOYEES?

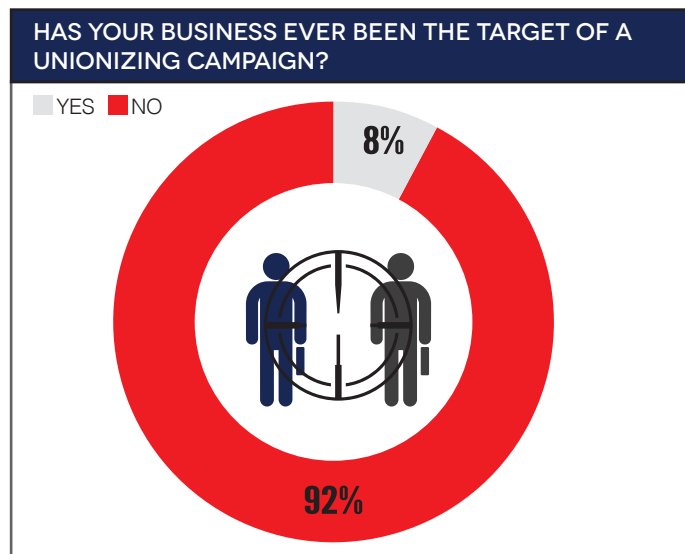
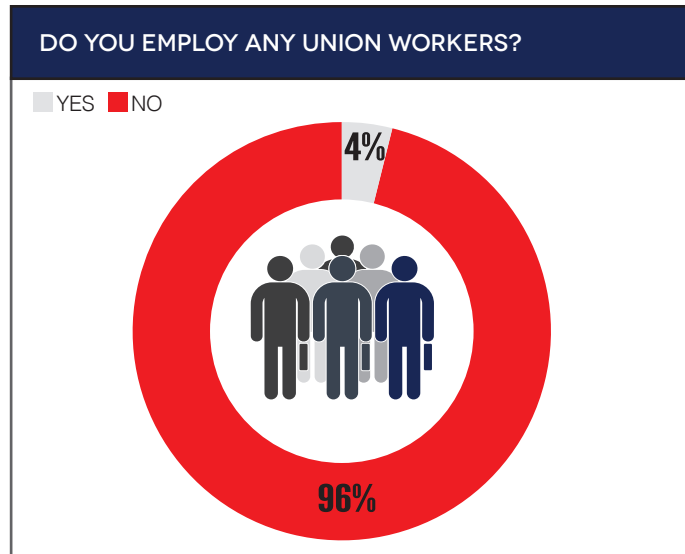
High-school	47.4%
Technical or vocational training	38.7%
College degree	34.8%
Some college	28.9%
Industry certifications	20.9%
No education requirements	18.2%
Masters or higher degree program	15.0%
Other	5.9%

WHAT KIND OF TRAINING/EDUCATION PROGRAMS DO YOU OFFER YOUR EMPLOYEES?

On-site training for their specific position	81.6%
Money for employees' continuing education or certifications	32.2%
Apprenticeships for certain trades	14.9%
None	8.2%
Other	6.3%

UNION RELATIONS

NSBA has been outspoken against over-reaching efforts from labor unions and the National Labor Relations Board to embolden union organizers ability and access to small businesses. With 40 percent of respondents to this survey having fewer than five employees, it's no surprise that just seven percent report being the target of a unionizing campaign. That said, among those who were targeted, more than a third are now officially unionized employers.



WHAT WAS THE OUTCOME OF THAT CAMPAIGN?

I am now a unionized employer	3.1%
The union organizers failed to get enough support and I am not unionized	6.2%
Other	0.9%
N/A	89.8%

METHODOLOGY

The 2013 Workforce and Immigration Survey was conducted on-line Feb. 6 – Feb. 27, 2013 among nearly 300 small-business members of NSBA representing every industry in every state in the nation. While the results in this survey can be extrapolated to the at-large small-business community, it is worth mentioning that NSBA members tend to be older, more well-established small businesses.

