



*Testimony of*  
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United States House of Representatives  
Energy and Commerce Committee  
Subcommittee on Commerce, Manufacturing and Trade

*Where the Jobs Are: Bringing Tourism to America*

May 16, 2012

Chairman Bono Mack, Ranking Member Butterfield and Members of the Subcommittee:

I am Debbie Marriott Harrison, Senior Vice President for Government Affairs at Marriott International. Thank you for the opportunity to testify today on behalf of our company in connection with the Subcommittee's ongoing hearings on job creation. I am proud to be able to report largely positive news from Marriott and the travel industry on this subject.

This year, Marriott is celebrating its 85<sup>th</sup> anniversary. Our company has humble roots that run deep here in the District of Columbia. In 1927, my grandparents, J.W. and Alice Marriott, opened a nine-seat root beer stand on 14<sup>th</sup> Street Northwest after moving to Washington from Utah. Thirty years later, after growing that small operation into the Hot Shoppes restaurant chain, they opened their first hotel near Hoover Field, now Reagan National Airport, just across the 14<sup>th</sup> Street Bridge.

My father, who stepped down in April as our CEO after 60 years of service, oversaw our evolution into one of the world's leading hospitality companies. We have taken the core values that made the Hot Shoppes a special place and are applying them to a business now focused exclusively on the management of hotels. Our system includes over 3700 hotels worldwide operating under 18 brands, including the Ritz-Carlton, Renaissance, Courtyard and iconic Marriott lines. We operate in all 50 states, and I suspect in each of your respective districts, as well as 73 other countries and territories around the globe.

Our business has come to be divided roughly equally between hotels that Marriott manages directly – typically our larger, full-service properties – and hotels that are managed by franchise partners operating pursuant to our strenuous service standards. Marriott's earnings are derived from agreements with hotel owners that primarily reward the delivery of solid hotel occupancy rates and revenues measured per available room.

Marriott's associates are integral to our efforts to provide value to our customers, owners and shareholders. We invest in them accordingly, and our corporate mission to "Open Doors to a World of Opportunity" applies to both guests and employees with equal force. Marriott is proud to be doing its part to put Americans back to work, and my hope today is to encourage this Subcommittee to further consider and promote federal policies that will enable us to continue providing meaningful economic opportunities to an ever-growing workforce.

### **Marriott's Workforce Expansion**

Marriott's continuous expansion has brought our total global workforce to approximately 300,000 associates, and we are on track to reach 330,000 by the end of this year. In the United States, that figure will stand at 212,000.

I am happy to report to the Subcommittee that in the U.S. alone we expect to hire some 50,000 people this year. Most of those hires will be the result of retirements and turnover, but – in contrast to the downturn of 2009-2010 – we are once again able to fill those positions as soon

as they come open. Approximately 4000 of our 50,000 hires will be for positions that are entirely new and the result of hotel construction. By the end of 2014, our current forecasts call for the addition of another 14,000 domestic positions in our system due to expansion.

Marriott takes pride in the fact that we provide job opportunities that are satisfying, dynamic and a springboard for advancement. We like to think this is a byproduct of our constant adherence to my grandfather's advice to "Take care of Marriott employees so that they will take care of our customers." We refuse to simply leave people in low-wage, low-skill jobs, because associates who see a path upward from entry-level positions are more invested in their jobs and in serving customers well.

We therefore cross-train and promote from within whenever possible, strive to provide the best benefits packages available, and employ a workforce that is over 90% full-time. Over half of our general managers – who run multi-million dollar annual operations – rose to their positions from the ranks of hourly employees. Our general managers' resulting loyalty is evidenced by the fact that they have worked for Marriott for an average of 24 years, whereas our competitors' have an average of four years of service.

We have developed an award winning English-language training program ("Sed de Saber") and are currently exploring partnerships with non-profits to develop a citizenship and naturalization assistance program for our substantial number of immigrant employees. Our "World of Opportunity" initiative is also helping young people from disadvantaged backgrounds reach their full potential by providing life and vocational skills.

Accolades for our human resource policies come from a range of sources that reflect the awe-inspiring diversity of our associates. We have been ranked as one of *Working Mother* magazine's 100 Best Companies for over 20 years. *Latina Style* has ranked us as one of its top companies for Latinas for fourteen straight years. *Black Enterprise* has recognized Marriott as one of its 40 Best Companies for Diversity for seven straight years. We have received top honors from the Human Rights Campaign for our provision of complete benefit packages to our LGBT employees. The National Association for Female Executives has ranked us high on its list of the Top 50 Companies for Women, which recognizes organizations whose policies promote the advancement of women.

In short, Marriott offers solid employment opportunities to a broad swath of the U.S. workforce, and we have helped thousands climb the economic ladder by providing meaningful career paths. We look forward to building upon these successes and further increasing hiring as the global economic recovery progresses. Congress can assist us in this endeavor by addressing the following issues.

### **Opportunity for Growth: Welcoming International Travelers to our U.S. Hotels**

In 2011, we were pleased to see business travel rebound, our meetings segment show signs of strength, and growth in leisure travel. Group travel has returned to 2007 levels. Each of

Marriott's 18 lodging brands – covering the full range of price-points – benefited from an overall increase in business.

We are capitalizing on growing domestic economic momentum as well as the growth of middle classes in emerging markets like Brazil, India and China. In our view, we stand on the brink of a “Golden Age of Travel.” The pool of travelers worldwide has experienced exponential growth in recent years, and the total number of international trips taken will surpass 1 billion in 2012. Marriott is ready to offer a warm welcome to guests of all nationalities in every market where we operate, with special attention to linguistic, architectural, culinary and cultural details. For example, our New York Marriott Marquis hotel has adjusted its menus, signage and staff language training to better host a recent influx of Chinese travelers.<sup>1</sup>

Here in Washington, our company is engaged in promoting policy initiatives that will ensure the United States – and by extension, our 3100 domestic hotels – receives the greatest possible share of this growing global travel market. I second the recommendations of my colleagues and friends from the U.S. Travel Association and Brand USA that are with me on the panel today, and Marriott fully supports the work of their organizations.

We frequently cite the rule of thumb established by the U.S. Travel Association's research that one American job is created for every 35 international visitors entering this country. At Marriott, for every five full-service hotel rooms we add to our system, we create roughly 3 jobs. If Congress supports the following initiatives to bring international travelers to our doors, Marriott will eagerly add new positions in response to their demand for our services.

- *Marriott is Invested in Building Brand USA*

Marriott's work in promoting inbound international travel to the U.S. began in earnest with our support for the Travel Promotion Act (TPA), signed into law in 2010. I want to thank you, Chairman Bono Mack and Ranking Member Butterfield, as well as a number of other Members of the Subcommittee, for your votes supporting passage of the TPA.

Marriott has kept its promise to support the public-private partnership created by the TPA, which has grown into Brand USA. We have made a \$1 million cash investment in the organization, supported by a \$2 million pledge of in-kind contributions. We were pleased to see that our investments in Brand USA helped free up matching funds raised from fees levied on travelers entering the United States from Visa Waiver Program countries.

We see great potential in Brand USA's marketing work, which launched in earnest last month. We would appreciate the continued support of Members of the Subcommittee for this

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<sup>1</sup> See B. De Lollis, *NYC's Marriott Marquis ready for Chinese Visitors*, USA TODAY, February 5, 2012 (<http://travel.usatoday.com/hotels/post/2012/02/marriott-marquis-time-square-ready-for-chinese-visitors-/617688/1>); R. Yu, *Chinese Travelers are seeing the USA in record numbers*, USA TODAY, February 2, 2012 (<http://travel.usatoday.com/flights/story/2012-01-31/Chinese-travelers-are-seeing-the-USA-in-record-numbers/52905866/1?csp=tf>).

important campaign – which poses no expense to taxpayers – to make sure the United States is the top tourist destination in the world. Congress needs to celebrate Brand USA’s efforts while also protecting its revenue stream.

- *Marriott’s Prospective International Guests Demand an Efficient U.S. Visa Process*

Having laid the groundwork for enticing additional travelers to come to the U.S., we now need to ensure that those travelers are able to enter the country as easily and quickly as security protocols will permit. Marriott’s priority, of course, is to entice international visitors to our hotels. For that to occur, we need for Congress to ensure the Departments of State and Homeland Security have sufficient resources and impetus to ensure international visitors can secure a business or tourist visa and pass through our ports of entry in a timely fashion.

We were thrilled to see President Obama put forth some concrete proposals to achieve this goal during his January unveiling of an Executive Order related to travel promotion.<sup>2</sup> As required by the President’s order, the Administration released its National Travel and Tourism Strategy just last week. Among other things, the Strategy calls for increased interagency cooperation in efforts to streamline our visa application and entry processes. The Administration understands, for example, that our company is losing out on prospective Brazilian and Chinese customers when they go elsewhere instead of waiting a month or more just to be *interviewed* for a U.S. tourist visa.<sup>3</sup>

We appreciate the Administration’s work in this space, but need Congress to bolster their efforts. Marriott urges Members of the Subcommittee to support passage of the reforms contained in several bills with broad bipartisan support, including H.R. 959 (Quigley), H.R. 3039 (Heck), and S. 2233 (Schumer/Lee), as an easy means to increase the number of inbound international visitors and increase domestic economic activity.<sup>4</sup> These bills would enhance and codify many key elements of the Strategy related to international visitation.

### **Challenge to Growth: Uncertainty about Government Policy**

During recent years, Marriott has faced a number of challenges posed by Congressional actions or inactions, as it may be, whose ramifications for our company and industry might not be immediately clear. I appreciate having the opportunity to highlight a few of those challenges so

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<sup>2</sup> See also J. Immelt and K. Chenault, *How We’re Meeting the Job Creation Challenge*, THE WALL STREET JOURNAL, June 13, 2011 (outlining five short-term proposals from the President’s Jobs and Competitiveness Council to hasten job growth, including visa reforms to boost international visitation; available at <http://online.wsj.com/article/SB10001424052702304259304576380323311523538.html>).

<sup>3</sup> See S. Reddy, *Lengthy Visa Wait Times Deter Travel to the U.S.*, THE WALL STREET JOURNAL, September 8, 2011 (<http://online.wsj.com/article/SB10001424053111904103404576557021589570928.html>).

<sup>4</sup> See also J.W. Marriott, Jr., *America Needs More Tourists*, FORTUNE, June 1, 2011 (op-ed; available at <http://management.fortune.cnn.com/2011/06/01/america-needs-more-tourists/>).

that Members of the Subcommittee can more readily understand their impact on our job-creation efforts.

- *Strengthening Oversight of Government Meetings Responsibly*

Earlier this year, the Inspector General of the General Services Administration (GSA) released a report detailing rampant waste of taxpayer funds at a 2010 employee conference. Troublingly, the report described officials' deliberate skirting of federal travel regulations in an effort to sponsor an "over the top" event. These abuses have understandably generated significant attention in the media and among lawmakers.

We understand and agree with the expectation of the American public that non-essential spending be cut from federal agency travel budgets. However, Marriott urges Members of the Subcommittee and Congress to take appropriate, responsible actions to accomplish that task. Unduly inflammatory and reactionary rhetoric about "wasteful" federal employee trips has prompted the cancellation of numerous undoubtedly legitimate agency meetings and conferences that would have provided critical face-to-face interaction. This hurts our business, since we frequently provide the forum for that interaction.

In the few weeks since multiple Congressional committees thoroughly excoriated the GSA, Marriott has seen approximately \$4 million in cancellations of signed contracts with agencies from across the federal spectrum. Our sales associates report that the cancellations are frequently credited to "bad optics" and the current political interest in this subject. The number of cancellations is growing daily, and we anticipate untold lost bookings.

Here are some examples. Last week, the Defense Security Cooperation Agency cancelled a \$197,000 contract for rooms at our Renaissance Hotel in Arlington, Virginia just six days prior to arrival. Despite our competitive package, the agency announced its need to rebook at a hotel with "only two stars" because of "optics."

We received similarly bad news from New Orleans, Louisiana, where the IRS's Office of the Taxpayer Advocate cancelled a \$700,000 "technical training" for its employees scheduled to occur at a Marriott hotel this summer. This was a no-frills contract with no food and beverage. This meeting was to occur in a city still desperate for economic activity and, given that we hear about the undue complexities of our tax code on a daily basis, would seem timely. This cancellation will have major downstream effects for nearby restaurants, outside vendors, and hotels that must absorb a glut of excess room supply in the market.

Finally, we just received word of a massive cancellation by the Department of Defense of a joint Army/Navy science conference at our Orlando Grande Lakes property in Florida. This represents a \$2.1 million loss in revenue for our company. It is worth noting that the package offered by our hotel for this event provided room rates below established *per diem* guidelines.

Taken together, this loss in government business may translate to lost jobs at Marriott hotels.

Congress and the Administration should pursue policies that preserve the ability of federal agencies to hold appropriate meetings, while strengthening oversight to ensure those events are conducted according to the rules. Arbitrary budget cuts and overly restrictive travel policies only undermine agency and worker productivity while preventing useful interaction with private sector professionals, with major ramifications for hospitality companies like ours.

We encourage rigorous scrutiny of government meetings by agency Inspector Generals and their equivalents. At the same time, we need to avoid across-the-board travel budget cuts, inflammatory attacks on “wasteful” trips being taken by diligent federal employees, and the blacklisting of any American cities as government meeting destinations. We ask that you allow Marriott to continue to compete for opportunities to provide federal agencies with quality meeting spaces at a good value.

- *Unpredictable Expirations and Extensions*

Lastly, I would like to briefly mention Marriott’s concern with two programs whose expirations have or will limit our job creation efforts.

First, Marriott’s human resource managers were troubled to see the Work Opportunity Tax Credit (WOTC) expire on December 31 of last year. In 2011, our company used WOTC to hire approximately 1100 individuals across the country. This proven program has allowed our company to hire many associates who faced challenges in the job market and might otherwise have relied exclusively on public assistance programs for income.

Marriott urges the Subcommittee to support an extension of WOTC like that offered by H.R. 2082 (Schock) or similar legislation. H.R. 2082 would provide certainty to our human resource planners by extending WOTC for three years. It would also streamline the eligibility certification process, while expanding the classes of WOTC-eligible job candidates to include unemployed veterans and young people who have dropped out of school. I believe we have a shared interest in getting as many members of these groups into the workforce as possible.

Second, Marriott has had considerable success utilizing the EB-5 Regional Center Immigrant Investor Program to provide much needed capital to finance hotel construction projects. The EB-5 program permits foreign investors to fund job-creating projects, including construction of hotels that will fly the Marriott flag, in exchange for a visa and eventual lawful permanent residency in the U.S. The EB-5 program is presently set to expire on September 30, 2012.

Marriott hotels being built in Portland, Seattle, Milwaukee, Washington, DC and Los Angeles – including hotels that will expand our footprint at the spectacular L.A. Live complex – have all been funded in whole or in part with EB-5 investments. All of these projects are located in Targeted Employment Areas and will result in the creation of thousands of full-time jobs. EB-5 funds are generally leveraged to secure financing that our development partners have otherwise had a difficult time obtaining from banks because of their general reluctance to lend since the downturn.

Marriott urges the Subcommittee and Congress to support the EB-5 program's permanent extension with legislation like S. 642 (Leahy), preferably prior to its imminent expiration to prevent any disruption of development projects in our pipeline.

### **Conclusion**

The services that Marriott and its employees provide cannot be automated or outsourced to workers overseas. As a result, the growth of our company and industry represents a major opportunity to boost domestic employment. We hope Congress will see the value in advancing legislative proposals designed to boost travel and tourism in the United States as part of its broader agenda to put Americans back to work.

Again, thank you for this opportunity to share Marriott's job-creation strategy with the Subcommittee. I look forward to answering your questions.