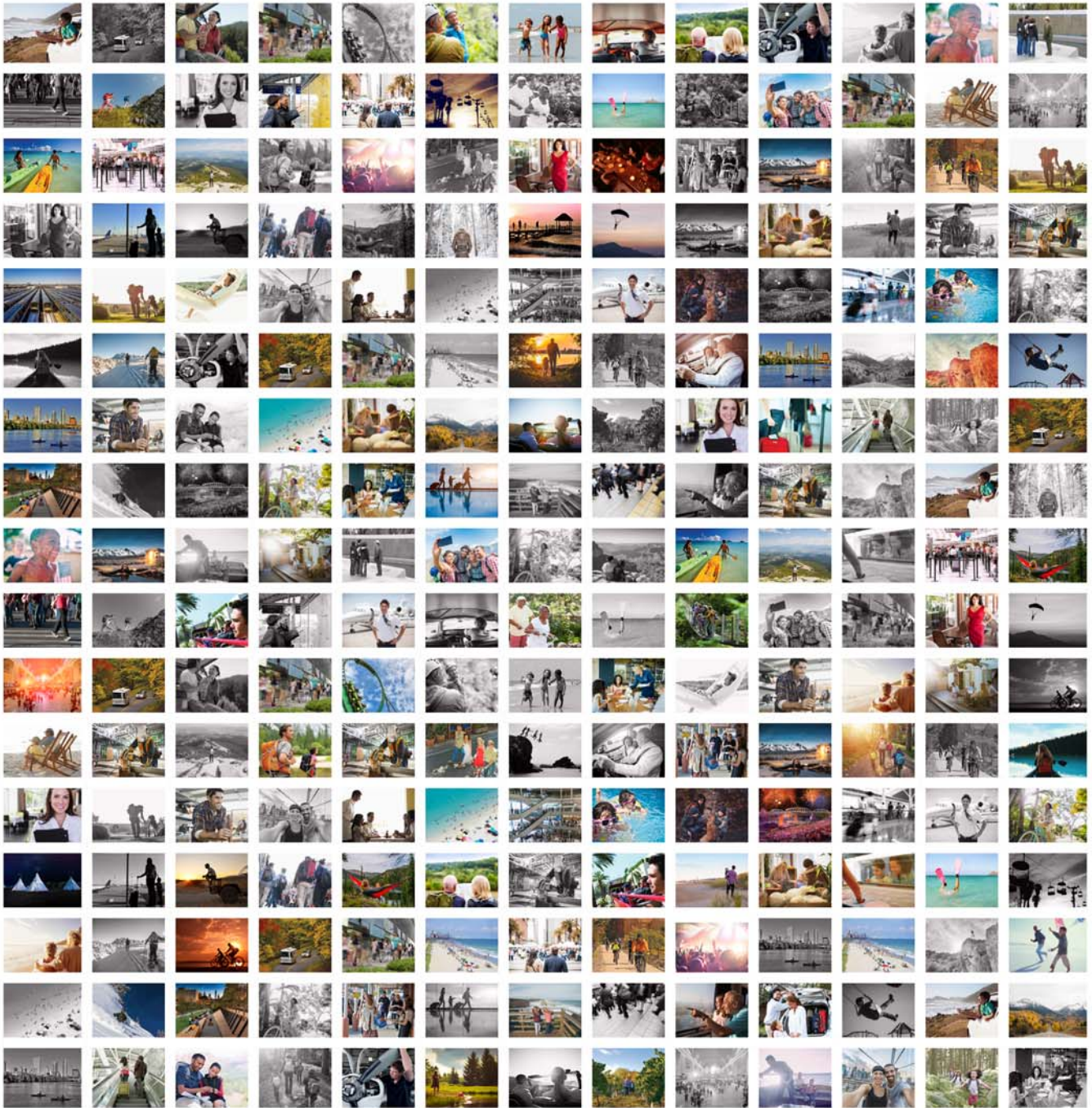


Travel:

AMERICA'S UNSUNG HERO OF
JOB CREATION



U.S. TRAVEL
ASSOCIATION

Executive Summary

Travel: An Indispensable Source of American Jobs

2016 marked the eighth consecutive year where less than 60 percent of the working-age population in the U.S. was employed. Elected officials attempting to combat under-employment and income stagnation among their constituents, however, have one solution right in front of them: travel.

Travel is essential to the American economy, and provides an indispensable source for job creation. The travel industry, America's seventh-largest employer, supports a total of 15.3 million domestic jobs, and directly employs 8.6 million workers in every corner of the country, from coastal cities through the heartland.

It's not just major hotel chains or attractions that are driving travel industry job creation. The travel industry is the economic lifeblood of small businesses in the United States, which have driven the majority of U.S. job growth for several decades. The No. 1 small-business employer in the United States is the travel-dependent leisure and hospitality sector.

The travel industry creates jobs faster than other sectors of the economy. From 2010 to 2016, travel employment grew by 17 percent, versus 13 percent in the rest of the private sector. As a result, the travel industry generated 9 percent of all new jobs in the United States during this period. The travel industry created jobs in all 50 states from 2010 to 2015, and added jobs faster than the rest of the economy in 47 of the 50 states. Every \$1 million in travel spending supports 8.7 jobs in the travel industry, nearly double the 4.4 jobs supported by every \$1 million spent elsewhere in the private sector (e.g. technology, finance, manufacturing, energy, etc.)

TRAVEL IS A MAJOR EMPLOYER ACROSS AMERICA

- 8.6M** American jobs directly supported by domestic and international travelers in the U.S.
- No.7** Travel is the **seventh largest employer** in the private sector.
- 15.3M** Total number of American jobs supported by travel.
- 1 in 9** American jobs (private sector) supported by travel.
- No.1** Travel-dependent leisure and hospitality is the **largest small-business employer** in the United States.
- 8.7** Number of travel jobs supported by \$1 million in travel spending—**double** the 4.4 jobs supported by \$1 million in the overall private sector.

TRAVEL JOBS GROWING ACROSS AMERICA

- 2 YRS** **Less time** for travel industry to recover from the Great Recession compared to the rest of the economy.
- 17%** 2010-2016 **increase in travel jobs** compared to 13 percent in rest of private sector.
- 50** Number of **states where travel employment increased** (2010-2015).
- 47** Number of states where travel employment **increased faster than the rest of the economy** (2010-2015).

TRAVEL JOBS EQUAL PROMISING CAREERS

- 22%** Share of Americans whose **first job** was in travel.*
- 1/3** Percentage of Americans who started in travel and **achieved a bachelor's degree**.*
- \$82K** **Average career salary** of Americans whose first job was in travel.*
- 2 in 5** Number of American workers whose first job was in travel and are now earning **more than \$100,000 a year**.*
- 52%** Share of **travel jobs earning a middle-class wage or higher** (2015).

* Oxford Economics

Travel jobs include those in transportation, hotels, restaurants, entertainment and many other fields, and the majority of these employees earn middle class wages or higher. For many young workers, a travel job means a first foothold on the career ladder. For part-time students, a travel job means the flexibility to pursue education and training while gaining the benefit of on-the-job experience. For workers at all stages of life, travel provides a viable path to upward mobility. On average, Americans whose first job was in the travel industry obtained an average career salary of \$81,900, higher than those who began working in most other industries.

The travel industry is unique: it is highly-dependent on human labor, it is generally immune to outsourcing abroad, and it plays a key role in international trade.

Inbound Travel: An Untold Export Success Story

During the past decade, travel exports have increased two-times faster than other U.S. exports. As a result, travel is now America's second-largest export industry. Like an overseas company buying an American manufacturing product, international travelers are buying an American product when they are visiting the U.S.—and their spending greatly improves the U.S. trade balance. Without them, our country's \$500 billion trade deficit last year would have been 17 percent larger.

Most importantly, though, travel exports boost American jobs. In fact, the 1.2 million American jobs supported by international visitor spending in 2016 accounted for one-fifth of all jobs directly supported by U.S. exports of goods and services. Moreover, \$1 million spent by international visitors in the U.S. directly supported 7.9 jobs in the travel industry—more than three times the number of jobs supported by \$1 million in overall U.S. exports of goods and services.

Pro-Travel Policies: Critical To Continued Growth

Given travel's critical role in job creation across the country, policies that are pro-growth, pro-competition and pro-traveler should be prioritized by policymakers at both the state and national level. America's collapsing surface and air transportation infrastructure needs to be rebuilt. Our government must send a clear message of welcome to all lawful international visitors. Initiatives that promote inbound international travel—such as Brand USA, the Visa Waiver Program and Open Skies Agreements—need to be maintained and strengthened.

In short, enacting policies that support domestic and international inbound travel will effectively increase economic growth and job creation in the United States. The following report details the economic impact of travel, particularly its role in creating good American jobs.

TRAVEL IS "MADE IN AMERICA"

\$246B

U.S. travel exports.

No.2

Travel is the United States' **second largest industry export** after transportation equipment.

16%

Share of spending by international visitors out of total U.S. travel expenditures in 2016.

\$87B

U.S. travel **trade surplus**.

17%

Increase in our trade deficit if travel were excluded.

INTERNATIONAL INBOUND TRAVEL = AMERICAN JOBS

1.2M

Number of **American jobs directly supported by** international inbound travel.

1/7

Share of travel jobs in the U.S. directly supported by international inbound travel.

1/5

Share of export reliant jobs across all industries supported by international inbound travel.

7.9

Number of travel jobs supported by \$1 million in international inbound travel spending—more than 3-times the 2.5 jobs supported by \$1 million in overall U.S. exports.

Introduction

Travel is fundamental to the American way of life. Americans took 2.2 billion person trips in 2016:¹ 1.8 billion leisure trips to visit friends and relatives, tour the countryside, explore our cities and discover the natural wonders of our national parks; and more than 400 million business trips to attend conferences, generate new business opportunities and strengthen existing professional relationships.² The United States also welcomed 78 million international visitors in 2016.³

Travel is equally essential to the American economy and an indispensable source for job creation. Travelers spent \$990 billion in 2016, of which 16 percent was spent by international visitors. This spending directly supported 8.6 million jobs in the travel industry and a total of 15.3 million jobs in all sectors across America—1 in every 9 nonfarm jobs in the United States.⁴

This report highlights the travel industry's critical role in creating millions of American jobs, across all 50 states, and in every congressional district nationwide. **Section I** focuses on the overall contribution of the travel industry (domestic and international inbound) to the U.S. labor market. **Section II** places specific emphasis on the valuable impact of international visitors to the U.S. economy and American jobs. **Section III** identifies the major policies that are pro-growth, pro-competition and pro-traveler which should be prioritized by lawmakers as some of the most effective ways to increase economic growth and job creation in the United States.

The share of Americans employed remains historically low—millions of jobs need to be created.

After reaching 9.6 percent in 2010 during the depths of the Great Recession, the 13.9 million jobs created during the ensuing economic recovery brought the official unemployment rate down to 4.9 percent by 2016.⁵ While progress has been made, the unemployment rate masks the very real need for faster job creation in the United States. Millions of Americans remain unemployed or have left the labor force altogether.

In 2016, just 59.7 percent of working-age Americans⁶ were employed across the country, considerably lower than the 62.9 percent employed, on average, during the two decades prior to the Great Recession (see Figure 1.1). An additional 8.1 million jobs were needed in 2016 for the employment-population ratio of working age Americans to return to historic norms.

This reality exists across the age-spectrum of working Americans. For example:

- For Americans in their prime-working years (ages 25 to 54) 78 percent were employed in 2016. By comparison, during the two decades prior to the Great Recession, 80 percent of Americans in their prime working years were typically employed.⁶ An additional 2.3 million jobs were needed in 2016 for the employment-population ratio of prime-working age Americans to return to historic norms (See Figure 1.2).
- For younger Americans, the current situation is even worse. Between 1988 and 2007, 57 percent of those between 16 and 24 years of age were typically employed. In 2016, less than half (49 percent) were employed. An additional 3 million jobs were needed in 2016 for the employment-population ratio of young Americans to return to historic norms (see Figure 1.3).

Figure 1.1 - Employment Levels Remain Historically Low



Note: 16 years and older
Source: U.S. Department of Labor and U.S. Travel Association

The travel industry is uniquely positioned to meet this pressing need.

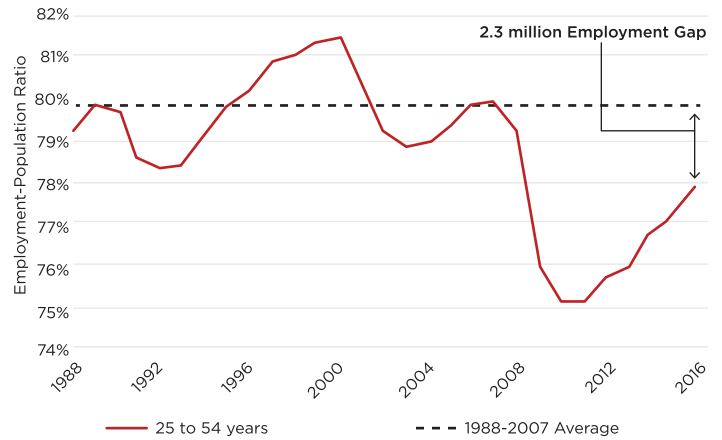
The service sector, particularly the travel industry, is better positioned to create jobs for Americans than the goods sector of the economy, which includes agriculture, manufacturing and mining. This is not because the production of goods is not critical to the economy, but rather because technological change and productivity growth have enabled this sector to achieve record levels of output today with fewer workers.

- For example, from 1987 to 2014, manufacturing output increased 78 percent. This increase was eclipsed by a 147 percent increase in manufacturing productivity. With productivity outpacing output, manufacturing employment declined by 31 percent during this time, not because fewer goods were manufactured in the United States but rather because technological change enabled more to be produced with fewer workers.⁷

Travel, on the other hand, did not generate the same productivity growth and therefore remains heavily reliant on human labor:

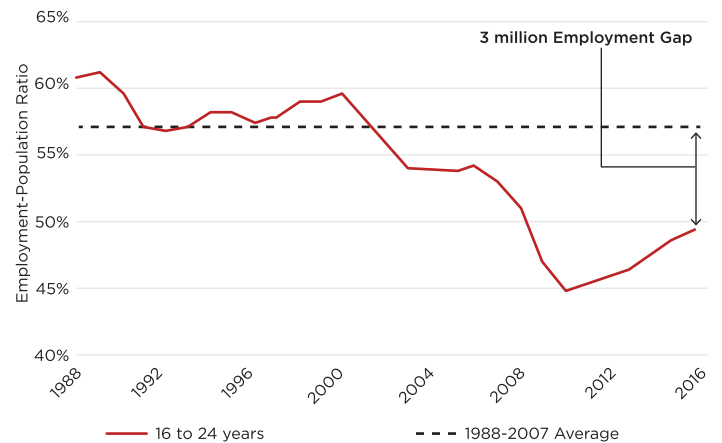
- For example, from 1987 to 2014, the output of accommodation and food services (two major components of the travel industry) rose 81 percent, while productivity increased by 22 percent. Because output grew faster than productivity, accommodation and food service employment increased 62 percent during this time (see Figure 1.4).

Figure 1.2 - For Americans in Prime Working Years, Employment Levels Remain Historically Low



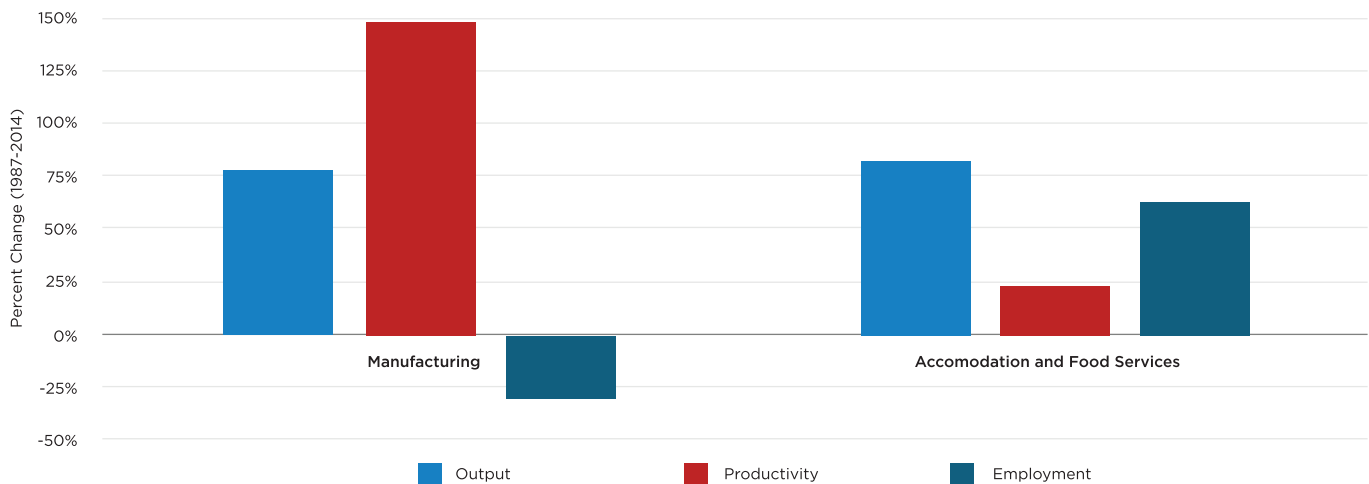
Source: U.S. Department of Labor and U.S. Travel Association

Figure 1.3 - For Younger Americans, Employment Levels Remain Historically Low



Source: U.S. Department of Labor and U.S. Travel Association

Figure 1.4 - Accommodation and Food Services vs. Manufacturing (Output, Productivity and Employment Growth)



Source: U.S. Travel Association Calculations based on U.S. Department of Labor Statistics