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**AMERICAN AGRICULTURE AND IMMIGRATION REFORM:
AN INDUSTRY PERSPECTIVE**

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Thank you for the opportunity to share perspectives of American labor intensive agriculture generally, and the nursery and greenhouse industry specifically, on the immigration reform issue. This afternoon I will first share some general observations, then offer a few perspectives specific to my own industry, and then touch on the outlook for reform.

Others have shared data on the demographics of the farm labor force. Without repeating detail, the bottom line is as follows: government surveys suggest that a significant majority – likely over 70% -- of farmworkers in America lack proper work authorization and immigration status. The unstable foundation upon which the future success of much of our agricultural productivity rests constitutes nothing short of a national emergency. Yet, how do we address the crisis? It is important that we learn from our history. A defining chapter was written in the mid-1980's.

Shortly after the passage of the Immigration Reform and Control Act of 1986, the Department of Labor (DOL) conducted its first National Agricultural Worker Survey (NAWS). Among other things, the survey asked seasonal agricultural workers whether they were authorized to work in the United States. In the first survey, in 1989, 7% of U.S. seasonal agricultural workers said they were unauthorized. By the 1990-91 survey the figure was 16%. By 1992-93 it was 28%. By 1994-95 it was 37%. By the 1997-98 survey it was 52%. That is the last published number. A straight line extrapolation to 2005 of the statistics from 1989 through 1998 suggests the percentage of U.S. farm workers who were unauthorized to work in 2005 was 76%.

Even more shocking are the implications of NAWS data regarding the new workers entering the industry for the first time. In the 1994-95 NAWS, 70 % of new entrants into the U.S. agricultural work force admitted that they were unauthorized to work. A special but unpublished tabulation for the eastern half of the U.S. by Dr. Dan Carroll of the DOL revealed that an astounding 99% of new labor force entrants into the agricultural work force in the eastern states in 1998-99 were unauthorized to work in the United States.

The phenomenon I just described is largely a policy failure of the IRCA legislation, and of our Congress. Under IRCA, an estimated 1.2 million farmworkers legalized. However, many of those workers soon found employment in other industries offering more desirable (less seasonal, less intermittent, less difficult, or higher-paying) jobs. Let me be clear – I reject outright the old-school economic view that simply raising wages would have somehow enabled American agriculture to retain most of these workers, or attract other domestic workers in sufficient numbers to meet the need. Increasing global competition aside, there are underlying structural realities in agriculture, such as seasonality or intermittent work and the vagaries of climate, that define the work and often translate to lower annual income than might be obtained in less seasonal industries where the hourly rate may be equivalent or even lower.

In short, the policy failure of IRCA was Congress' failure to put into place a long term strategy for accessing a legal agricultural labor force when insufficient domestic workers are available. That failure has been manifested in the increasing reliance on unauthorized workers ever since.

Are these unauthorized immigrant workers taking American jobs? The agricultural sector operates in a competitive and vibrant American economy characterized by low unemployment and historically high levels of education. The rational way to describe what is happening is this: most farm work is relatively entry-level, and given the structural realities I have already described, many farmworkers do not make a career out of field or livestock labor. This leads to somewhat of a churning effect in the farm labor force. Moreover, the existence of millions more jobs in the American economy than there are Americans to fill them has left agriculture overwhelmingly reliant on an illegal labor force. Meanwhile, the only available temporary worker program, known as H-2A, is hobbled by bureaucracy and only provides two percent of the labor force.

There is another important dynamic worth noting at this time. Call it the exception to most of what I have just said. For many years, agricultural employers after completing the I-9 process have turned a blind eye to a worker's immigration status. They have rewarded and promoted the best workers. Over time, this has led to a significant presence of unauthorized workers in skilled, year-round, and even supervisory positions across agricultural sectors. It is essential that policymakers understand this reality. So-called "solutions" that would force these workers to leave the country to apply for a legal status, or relegate these workers to a future as temporary or seasonal workers, would essentially eviscerate the backbone and kick out the career ladder for nurseries, dairies, and other types of operations reliant on such experienced workers.

Two more thoughts before I share a few nursery and greenhouse specifics. First, some have criticized agriculture for failing to mechanize. Great strides have been made toward mechanization, and yet the easy work is done. But the more important consideration is not mechanization, it is labor productivity. The fact that agricultural employment has actually declined between 1990 and 2006 while output has grown is a direct reflection of labor productivity gains. Automation and mechanization are part of the picture, yet so are innovations like the development of dwarf fruit trees that simplify the harvest.

From 1990 through 2002 labor productivity in U.S. agriculture increased 29%. Aggregate agricultural output increased 15.4% while total labor input decreased by 9.2%. So the notion that the influx of illegal aliens into the agricultural workforce has caused labor productivity to stagnate, and that farmers have relied on hiring illegal workers rather than adopting labor-saving technological innovations, is not supported by the data.

The crop diversity, nature and array of work tasks, site variability, environmental conditions and other factors that define American agriculture also explain why mechanization is not a one-size-fits-all or complete solution. Furthermore, limited profit margins in agriculture are not conducive to self-funded efforts. Where mechanization does offer promise, the needed research is expensive, speculative, and long-term. It will require a sustained public/private research partnership in order to reap significant gains.

Some have gone so far as to criticize agriculture for locating in remote rural areas far from population centers, suggesting that this has driven labor shortages. Such criticisms fall somewhere between the curious and the absurd. Agricultural productivity in most specialty crop

sectors is linked to the productivity of the land. Factors like soil, favorable climate, and availability of resources such as water are key. Production close to urbanizing areas is generally not competitive and sustainable due to high land costs, with a few notable exceptions in the higher-value specialty crop industries.

Because my time will not permit a full exploration of the realities and the dynamics of the agricultural labor situation, I am providing with my speech a report presented by noted agricultural economist and labor expert Dr. James S. Holt at a 2006 meeting of the California Board of Food and Agriculture. While Dr. Holt's presentation at that meeting was geared toward California, he delves more deeply into the situation and presents analysis that is of national significance.

Now, I would like to share a few specifics relating to the nursery industry. According to USDA, greenhouse and nursery production at farmgate is valued at about \$15.2 billion annually. Aggregated as a sector, this places the industry behind corn and soybeans, but ahead of such major crops as wheat and cotton in economic contribution. The industry operates in the free market sector, and production is widely distributed across the United States, with value at farmgate placing nursery and greenhouse production among the top five agricultural sectors in 23 states, and among the top ten in 42 states according to USDA.

The nursery and greenhouse industry is often cited as among the fastest-growing sectors of American agriculture. The sector produces all types of woody and herbaceous plant material, ranging from shade and flowering trees, fruit trees, shrubs, and groundcovers to annual and perennial garden plants and potted flowering and decorative plants for indoor use. The sector is part of the specialty crop industry, which represents about half of the overall value of U.S. crop production.

Nursery and greenhouse production is inherently labor intensive. And there is little reason to believe that the demographics of the labor force in the nursery and greenhouse sector are substantially different from those of the farmworker population at large. According to available NAWS data, an estimated 18% of farmworkers, or roughly 300,000 individuals, are at work in the horticultural sector. Job opportunities range from highly seasonal to full-time, year-round positions. With perhaps a few notable exceptions, the trend in nursery production is toward longer-season and even year-round employment.

While strides have been made toward automation and mechanization in the sector, the lack of standardization in the industry is a barrier to these strategies. Put in plain English, producers have historically distinguished themselves in the market by what they do differently than their competitors. For instance, look at container size and design. Producers are growing plants in a bewildering array of container sizes and shapes. Some are rigid, some are flexible. Some have a lip, some don't. The diversity makes mechanization triply challenging.

While hand labor is still an essential input in the propagation, production, harvest, and delivery of the industry's products, ANLA and our research arm, the Horticultural Research Institute, have aggressively pursued mechanization opportunities. One notable effort was a multi-year collaborative project involving the Agricultural Research Service (USDA-ARS), the National Aeronautical and Space Administration (NASA), and Carnegie Mellon University's National Robotics Engineering Consortium. The collaboration sought to apply technology developed in the space program to more earthly applications, such as placing, spacing, and retrieving

container-grown plant material in nursery production settings. A prototype container handling machine is under evaluation for commercialization at this time.

IS AN IMMIGRATION SOLUTION AT HAND?

Addressing the worsening farm labor crisis will require a multifaceted effort that is centered on enactment of major immigration reform legislation. Fortunately, agriculture is well-positioned in the current Congressional debate. Representatives of labor intensive agriculture first began to push for reform in the mid-1990's, when Congress was considering harsh, anti-employer enforcement measures. Early efforts focused on overhauling the 50-year-old H-2A agricultural temporary worker program to make it more responsive and affordable. However, those efforts became partisan and subsequently failed for that reason. Employer advocates learned that neither party can successfully enact legislation on its own. Rather, bipartisan collaboration is needed.

In 2000, employer and worker advocates came together to seek common ground. Several years of negotiation resulted in the landmark legislation known as the Agricultural Job Opportunity, Benefits, and Security Act, or AgJOBS. First introduced in 2003, AgJOBS has been reintroduced in the 110th Congress as S.340 and H.R. 371. Both bills have attracted broad and growing bipartisan support despite the controversial nature of the immigration reform issue.

AgJOBS is a two-part proposal. Think of it as “long term solution” and “transition strategy.” The long-term solution is H-2A reform. AgJOBS cuts red tape, simplifies the program, makes it more affordable, and addresses concerns over employee rights and employer protections.

The transition strategy is an “earned adjustment” program that would allow experienced and trusted farmworkers who are unauthorized to earn legal status over a period of years subject to strict conditions. A primary condition is a commitment to remain working in agriculture for at least three to five years.

AgJOBS enjoys the support of literally hundreds of national, regional and state producer associations whose members are engaged in labor-intensive agriculture. Nursery, fruit and vegetable, dairy, Christmas tree, livestock, and other interests are at the table.

In terms of positive scenarios for American agriculture, two are foremost. First, AgJOBS could be included as the agricultural title of a broader comprehensive reform bill. This happened last year in the Senate when Sen. Dianne Feinstein (D-CA) added AgJOBS as an amendment to S.2611, the Comprehensive Immigration Reform Act of 2006. However, the House of Representatives failed to act on a bill that went beyond punitive and anti-employer enforcement measures. A second scenario would be the passage of a smaller reform package as an incremental step toward comprehensive immigration reform. Such package could include AgJOBS and perhaps a small number of other measures behind which there is broad consensus.

Regardless of how it happens, the situation in agriculture is bad and deteriorating and agriculture needs relief. Toward that end, an association of farm lending institutions in New York State – far from the southern border – prepared an analysis late last year that examined the impact of a continued failure to address the worsening agricultural labor situation in that state. In short, the analysis concluded that New York conservatively stood to lose at least 900 fruit, vegetable, dairy and nursery farms, \$195 million in farm income, and upwards of 200,000 acres lost from

production if the immigration crisis threatening that state's labor intensive agriculture is not addressed soon.

The stakes are high, and all of us working hard to represent our respective industries hope that Congress will, at last, enact meaningful and lasting reforms by midsummer.

A final word, that relates directly to labor and USDA's role. Although the adequacy and cost of labor plays a critical role in the profitability and global competitiveness of U.S. agriculture, the USDA can play only an advocacy role in the formulation of policies that affect agricultural labor availability and cost, because they are the purview of other federal departments, notably the Departments of Labor, Homeland Security and State. However, there is one area of the farm labor issue in which the USDA plays a direct and critical role.

NASS and ERS – not to mention these annual Outlook Conferences – are testaments to the USDA's understanding of the critical importance of accurate and timely data and information in business decision making and public policy. The USDA is currently the only source of comprehensive, reliable data on farm employment and wages in the federal establishment. Since 1912, the USDA has produced the federal data on *farm* employment, wages and payroll, while the Bureau of Labor Statistics has produced data on *non-farm* employment, wages and payroll.

This arrangement came into being, and has persisted, for a very logical reason. The Bureau of Labor Statistics derives most of its establishment employment and wage data from tax reports, or surveys which rely for their sampling procedures on tax filing programs. Household surveys are based on the Population Census. Because of the special tax treatment of many agricultural enterprises and the broad geographical dispersion of agriculture, neither of these sources provides reliable, comprehensive data on agricultural establishments and workers. The USDA's Farm Labor survey program, based on the NASS's nationwide agricultural statistical survey program, does comprehensively cover these populations.

Earlier this year NASS announced the termination of its Farm Labor survey program for budgetary reasons. While one must be sympathetic to the budgetary constraints of federal agencies, when one examines the scope of the USDA's statistical programs, one is forced to wonder at the logic of eliminating the sole source of federal statistics on farm employment and wages at the very time that the issue of farm labor has risen to a crisis level in the industry. Without suggesting that any data are unimportant, the priorities here seem woefully misguided. We will shortly know the acres of artichokes newly planted in California, the number of non-bearing Asian pear trees in Oregon, how many catfish there are in every county of Mississippi, how many acres of tobacco there are in Delaware, and the amount paid by farmers for gasoline and real estate taxes in every state in the Union, but not know how many farm workers are employed in the United States, and what their wages are.

In contrast to the state of our information about virtually every other aspect of the business of agriculture, NASS's Farm Labor survey program was already embarrassingly meager. Its elimination would be a dereliction of the Department's responsibility to the industry. We recently heard the program is being reinstated. That is nothing short of critical.

Thank you for this opportunity to address you today.