

**Testimony
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Farm Credit East**

**To the
Senate Judiciary Subcommittee on
Immigration, Border Security and Refugees
Regarding
“America’s Agricultural Labor Crisis: Enacting a Practical Solution”
October 4, 2011**

Mr. Chairman and members of the committee, thank you for the opportunity to testify on matters relating to availability of a legal agricultural workforce. My name is Robert A. Smith; I am Senior Vice President with Farm Credit East. Farm Credit East serves approximately 12,000 farm businesses in a six-state Northeast region.

Farm Credit East works with its farmer members in various ways to address their farm risk factors including input and price risk, weather risk and risk associated with changing interest rates. Increasingly the concern with maintaining a stable labor supply is the risk factor with which agricultural producers are most concerned.

The concern over farm labor availability is already influencing farm investment and management decisions. Many successful, progressive operations that have positioned themselves for growth opportunities that could create more American jobs are holding back over concern with I-9 audits, ICE activities, burdens associated with use of the H-2A temporary and seasonal farm worker program and the possibility of mandatory E-Verify.

The reality is that over the past two decades, farmers have come to rely on immigrant workers who present the necessary identity and work authorization documents and are then employed under the same Federal and state terms as other workers. This includes deducting and remitting the appropriate fiduciary payroll obligations on behalf of these workers.

We believe this is a jobs and food security issue. If as a country we fail to find a workable solution to enable labor-intensive agriculture to maintain the necessary workforce, we will see another part of our economy (dairy, fruit, vegetable and other specialty crops) move off-shore where barriers to entry for new agricultural enterprises are minimal. To some degree we need to ask ourselves – do we prefer to have our food produced domestically with the use of some foreign labor or in other countries with foreign labor for all of the jobs.

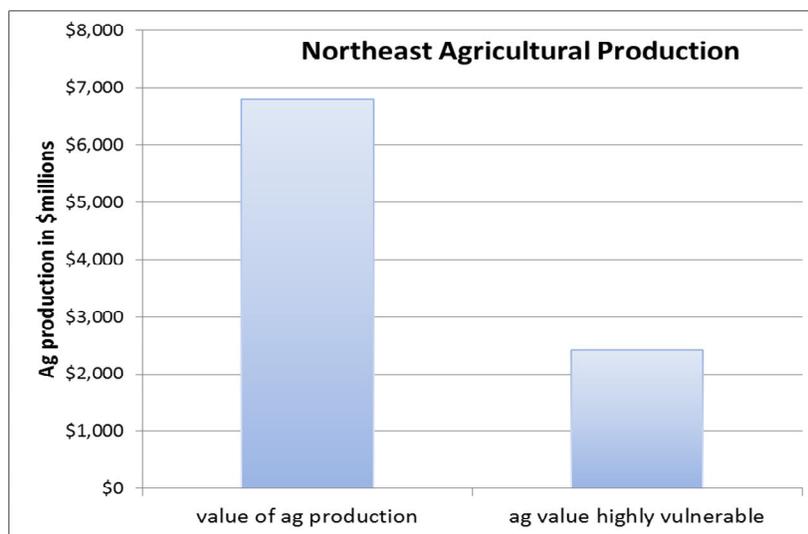
Farm Credit East, ACA serves approximately 12,000 customers in the states of New Jersey, Connecticut, Massachusetts, Rhode Island and major parts of New York and New Hampshire. Part of the nationwide Farm Credit System, Farm Credit East is a customer-owned lender dedicated to serving farmers, commercial fishermen and the forest products sector. Farm Credit East is committed to providing economic information constructive to the advancement of Northeast agriculture.

Speaking with farmers over the past year, it has become clear that even with 9 percent unemployment U.S. workers do not seek, nor do they stay in farm jobs.

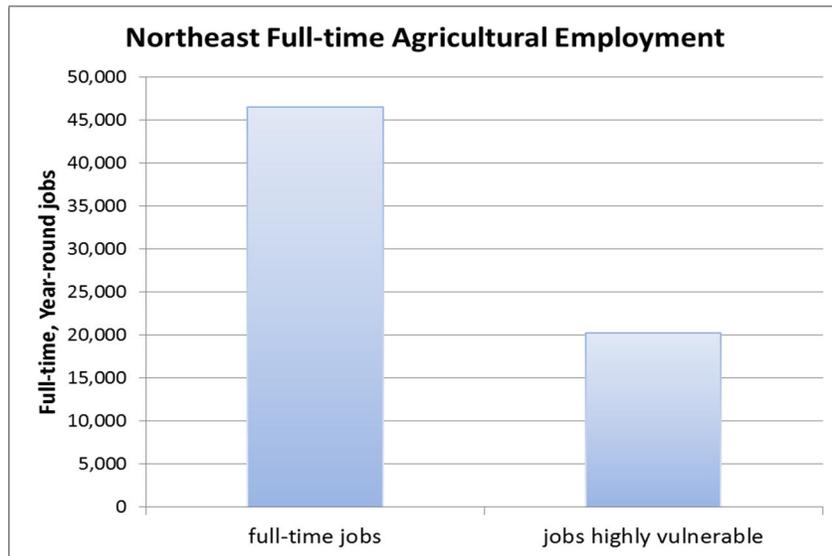
To understand the potential impact to farms from immigration enforcement, we prepared a vulnerability assessment to estimate the economic impact of the loss of alien workers on farms in our six state area, based upon the assumption that an estimated 70% or more of them provide work authorization documents that appear to be but are not legitimate. The Northeast region includes many labor intensive agricultural sectors including dairy, vegetable, fruit and greenhouse-nursery. A lack of a stable labor supply will cause farms to go out of business, shrink in size or shift to low-labor, but a less profitable commodity.

Our analysis indicates that a pro-longed severe shortage in labor availability as a result of effective immigration enforcement actions, including mandatory E-Verify legislation currently being considered in the House of Representatives, without significantly improved agricultural worker programs would have the following impact:

- Approximately 1,732 Northeast farms* are highly vulnerable** to going out of business or being forced to severely cut back their operations due to a labor shortage caused by an effective enforcement-only immigration policy.
- These highly vulnerable farms are some of the most productive in the region; their total sales of farm product are estimated to exceed \$2.4 billion. This is approximately 36% of the value of the region's agricultural output.



- 20,212 full-time, year-round positions and 29,894 seasonal positions on farms would be eliminated if these highly vulnerable farms go out of business. The reduction in the farm payrolls is estimated to be \$528 million. This means significantly less spending and economic activity in local communities as funds generated do not churn through the economy as they currently do. Ultimately this means less employment in local businesses.



- The highly vulnerable farms operate over 1.1 million acres of cropland. If these farms were to cease or reduce operations, some of this acreage might switch into less intensive agriculture, but thousands of acres would potentially be converted to non-agricultural uses.
- The economic impact of the loss of over 1,700 farms, goes beyond the farm gate, and would undermine the region’s agri-business sector. We estimate that 55,311 off-farm jobs in agriculturally related businesses in the Northeast could be impacted. Many, if not most, of these positions are full-time jobs held by local citizens. These are positions with agricultural marketing and processing businesses, farm suppliers and farm service businesses. In addition a farm labor shortage will be further felt in the upstream and downstream non-agriculture industries that benefit from overall agricultural economic activity.
- The loss of labor intensive agriculture operations will mean increased imports from foreign countries. We will import more food and other farm products and the jobs and related income associated with food processing and farm services will be generated in other countries.
- As noted in our analysis, some of the farms that we consider highly vulnerable will survive in agriculture, but shift to less labor intensive farm operations. Clearly one of the great attributes of American agriculture is our production diversity. With this shift away from labor-intensive crops will come significantly reduced employment and payroll. Census data analysis indicates that the labor expense to grow 1,000 acres of grain is \$31,980, the labor cost for 1,000 acres of vegetables is \$355,000; and the labor cost for 1,000 acres of fruit is \$922,000. These are payrolls that impact on local economic activity.

An enhanced enforcement-only approach without an effective alien worker program to provide a legal workforce for agriculture is counterproductive to efforts to reduce unemployment –it will mean that American citizens involved in the food chain will be unemployed and more consumer dollars will flow out of the United States to purchase products that could have been grown in the United States.

We support efforts to secure our nation's borders and control entry of alien workers on America's terms. A critical part of that solution is a workable program for agriculture that meets those objectives while providing America's farms with a reliable source of farm labor.

*This analysis covers the states of NY, NJ, CT, MA, RI and NH.

**This analysis defines "highly vulnerable" farms as those that could be forced to close or reduce operations by two-thirds or more, after a two year period in which no undocumented farm workers were available and no new guest worker provisions were offered.

Farm Labor and Immigration Enforcement – Vulnerability Analysis

Background Information and Analysis

Notes about methodology:

Raw data for this analysis was obtained from the USDA 2007 Census of Agriculture. Farm Credit East (FCE) broke down the data by number of workers (those with a greater number were considered more vulnerable), farm types (some types are more labor-intensive than others), as well as the value and land area of their production. Each category was given a subjective assessment of vulnerability determined by a survey of FCE staff based upon their knowledge of Northeast agriculture. Responses were averaged and multiplied against total number of farms. Upstream and downstream impact was estimated by taking data from the U.S. Bureau of Census, County Business Pattern, and multiplying it by a percentage reduction in agricultural output. Farm products other than fruit, vegetable, milk, greenhouse and nursery were considered only for Connecticut.

Profile of Six Northeastern States

Total Farms All Sizes	64,671
Farms with sales > \$10,000	44,545
Farms with Sales > \$50,000	13,375
Farms with Hired Workers	15,948
Value of Agricultural Production	\$ 6,793,432,000
Total Acreage in Cropland	5,308,138
Number of Farm Workers	116,829

Farm Labor Shortages Farms Considered Highly Vulnerable

By Farm Type

Farm Type	Number of Farms	Value of Farm Sales (\$)	Cropland (Acres)	Total Workers	Seasonal Workers	Year Round Workers
Total	1,732	2,420,504,000	1,109,448	50,103	29,894	20,212
Dairy	528	1,076,496,000	732,664	8,679	3,071	5,609
Fruit	407	309,975,000	101,624	15,345	11,987	3,017
Nursery/GH	429	627,008,000	68,043	13,970	6,523	6,585
Vegetable	332	281,607,000	201,685	9,909	7,113	4,455
Other Crops	36	51,577,000	5,401	2,201	1,654	547

Farm Considered Highly Vulnerable

By State

State	Number of Farms	Value of Farm Sales (\$)	Cropland (Acres)	Total Workers	Seasonal Workers	Year Round Workers
Connecticut	164	273,090,000	45,487	6,558	3,973	2,585
Massachusetts	100	109,914,000	18,431	2,954	1,756	1,198
New Hampshire	40	55,136,000	18,425	1,322	843	479
New Jersey	350	461,235,000	103,852	13,481	8,319	5,162
New York	1,049	1,508,996,000	919,241	25,247	14,737	10,510
Rhode Island	31	12,133,000	4,012	544	266	278

Percentage Considered Highly Vulnerable

By Farm Type

Farm Type	Value of Sales \$50,000 or more	Value of Farm Sales (\$)	Cropland (Acres)	Total Workers	Seasonal Workers	Year Round Workers
Total	13%	36%	21%	43%	42%	43%
Dairy	10%	39%	39%	54%	54%	54%
Fruit	27%	48%	48%	54%	54%	52%
Nursery/GH	23%	45%	42%	47%	48%	47%
Vegetable	23%	43%	56%	67%	64%	72%
Other Crops	68%	88%	88%	84%	84%	84%

By State

State	Value of Sales \$50,000 or more	Value of Farm Sales (\$)	Cropland (Acres)	Total Workers	Seasonal Workers	Year Round Workers
Connecticut	22%	49%	71%	50%	53%	46%
Massachusetts	8%	22%	10%	23%	26%	28%
New Hampshire	9%	27%	14%	26%	26%	28%
New Jersey	22%	46%	21%	55%	57%	53%
New York	11%	34%	21%	42%	41%	44%
Rhode Island	17%	18%	16%	33%	31%	35%

Labor Cost Component of Total Agricultural Sales by State

As a percentage of overall agriculture some states are far more labor intensive than others with a high percentage of fruits, vegetables, nursery, greenhouse and dairy production.

Ranking	Year	State	Sales of Ag Products - \$	Total Labor	Total Labor as % of Sales	# of Farms with Sales	# of Farms with Contract Labor	# of Farms with Hired Labor
1	2007	Hawaii	513,626,000	192,736,000	37.52%	7,521	1,005	1,783
2	2007	Alaska	57,019,000	18,301,000	32.10%	686	57	220
3	2007	Connecticut	551,553,000	150,104,000	27.21%	4,916	274	1,140
4	2007	Massachusetts	489,820,000	131,113,000	26.77%	7,691	801	1,972
5	2007	New Jersey	986,885,000	260,780,000	26.42%	10,327	570	2,415
6	2007	Rhode Island	65,908,000	17,277,000	26.21%	1,219	97	324
7	2007	Florida	7,785,228,000	1,754,647,000	22.54%	47,463	6,865	10,081
8	2007	California	33,885,064,000	7,281,028,000	21.49%	81,033	22,586	29,661
9	2007	Oregon	4,386,143,000	907,960,000	20.70%	38,553	4,741	10,300
10	2007	New Hampshire	199,051,000	38,967,000	19.58%	4,166	268	860
11	2007	Washington	6,792,856,000	1,209,825,000	17.81%	39,284	3,293	11,063
12	2007	Maine	617,190,000	100,586,000	16.30%	8,136	718	1,886
13	2007	Arizona	3,234,552,000	457,136,000	14.13%	15,637	964	3,200
14	2007	New York	4,418,634,000	610,492,000	13.82%	36,352	2,222	9,273
15	2007	Nevada	513,269,000	70,672,000	13.77%	3,131	339	827
16	2007	New Mexico	2,175,080,000	249,679,000	11.48%	20,930	2,085	4,773
17	2007	Vermont	673,713,000	77,314,000	11.48%	6,984	562	1,884
18	2007	Utah	1,415,678,000	159,907,000	11.30%	16,700	1,410	4,271
19	2007	Michigan	5,753,219,000	649,304,000	11.29%	56,014	3,234	11,315
20	2007	Pennsylvania	5,808,803,000	653,832,000	11.26%	63,163	2,532	11,722
21	2007	Virginia	2,906,188,000	323,479,000	11.13%	47,383	3,043	10,571
22	2007	Tennessee	2,617,394,000	261,897,000	10.01%	79,280	5,020	14,575
23	2007	Idaho	5,688,765,000	541,174,000	9.51%	25,349	2,584	6,588
24	2007	Wyoming	1,157,535,000	109,022,000	9.42%	11,069	1,400	2,716
25	2007	Wisconsin	8,967,358,000	814,758,000	9.09%	78,463	3,381	17,889
26	2007	Maryland	1,835,090,000	163,363,000	8.90%	12,834	876	3,058
27	2007	Louisiana	2,617,981,000	220,282,000	8.41%	30,106	2,225	6,278
28	2007	South Carolina	2,352,681,000	195,068,000	8.29%	25,867	1,320	4,310
29	2007	Kentucky	4,824,561,000	378,979,000	7.86%	85,260	7,370	18,846
30	2007	North Carolina	10,313,628,000	738,476,000	7.16%	52,913	4,683	12,284
31	2007	Colorado	6,061,134,000	433,460,000	7.15%	37,054	3,793	7,393
32	2007	Montana	2,803,062,000	184,826,000	6.59%	29,524	2,708	6,492
33	2007	Texas	21,001,074,000	1,377,034,000	6.56%	247,437	28,743	45,081
34	2007	West Virginia	591,665,000	37,899,000	6.41%	23,618	894	3,251
35	2007	Ohio	7,070,212,000	450,132,000	6.37%	75,861	3,743	14,057
36	2007	Georgia	7,112,866,000	425,976,000	5.99%	47,846	3,949	10,225
37	2007	Alabama	4,415,550,000	232,396,000	5.26%	48,753	3,557	9,541
38	2007	Oklahoma	5,806,061,000	304,348,000	5.24%	86,565	7,816	16,826
39	2007	Mississippi	4,876,781,000	249,339,000	5.11%	41,959	2,722	8,441
40	2007	Missouri	7,512,926,000	358,082,000	4.77%	107,825	6,225	18,263
41	2007	Minnesota	13,180,466,000	563,523,000	4.28%	80,992	3,848	19,337
42	2007	Indiana	8,271,291,000	352,461,000	4.26%	60,938	2,665	11,240
43	2007	Arkansas	7,508,806,000	304,962,000	4.06%	49,346	4,133	10,265
44	2007	Illinois	13,329,107,000	504,092,000	3.78%	76,860	3,043	16,369
45	2007	Delaware	1,083,035,000	40,029,000	3.70%	2,546	178	647
46	2007	Kansas	14,413,182,000	454,788,000	3.16%	65,531	4,906	14,437
47	2007	North Dakota	6,084,218,000	184,437,000	3.03%	31,970	1,681	7,881
48	2007	South Dakota	6,570,450,000	196,534,000	2.99%	31,169	2,132	8,465
49	2007	Nebraska	15,506,035,000	456,436,000	2.94%	47,712	4,435	14,603
50	2007	Iowa	20,418,096,000	542,919,000	2.66%	92,856	5,005	23,287

For more information:

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Employment

Senior Vice President, Public Affairs and Knowledge Exchange
Farm Credit East, ACA
Cobleskill, New York

December 2006 to current

Vice President, Governmental Relations
CoBank, ACB
Washington, DC

February 1995 to December 2006

Director of Support Services
Office of General Services, New York State
Albany, New York

October 1992 to January 1995

Assistant Secretary to the Governor
Office of Governor Mario Cuomo
Albany, New York

October 1989 to October 1992

Deputy Commissioner, Executive Assistant and Policy Analyst
Department of Agriculture and Markets
Albany, New York

May 1984 to October 1989

Director of Governmental Relations and Information Services
Other staff positions
New York Farm Bureau

May 1976 to May 1984

Education

Moravia Central School, Moravia, New York, 1972
Bachelor of Science, Cornell University, College of Agriculture and Life Sciences, 1976