**Testimony**
**Robert A. Smith**
**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.*

**AILA InfoNet Doc. No. 11100464. (Posted 10/04/11)**

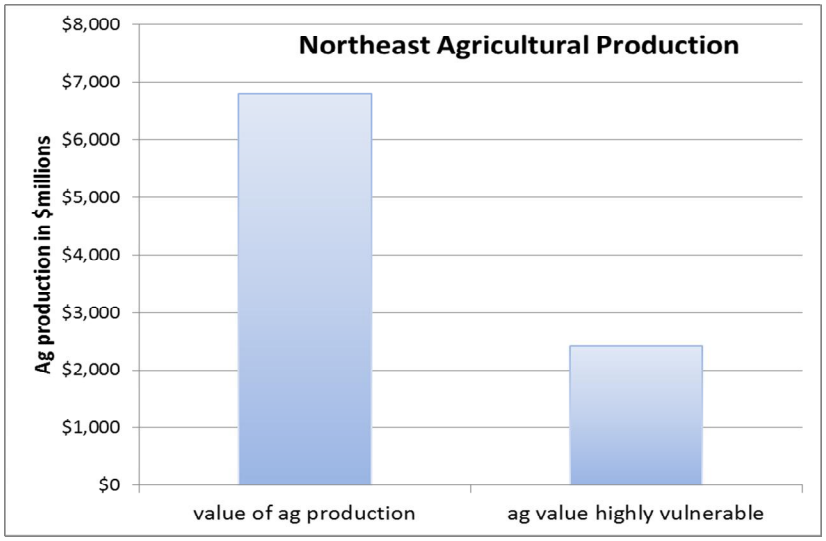
Speaking with farmers over the past year, it has become clear that even with 9 percent unemployment U.S. workers do not seek, nor do they stay in farm jobs.

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.

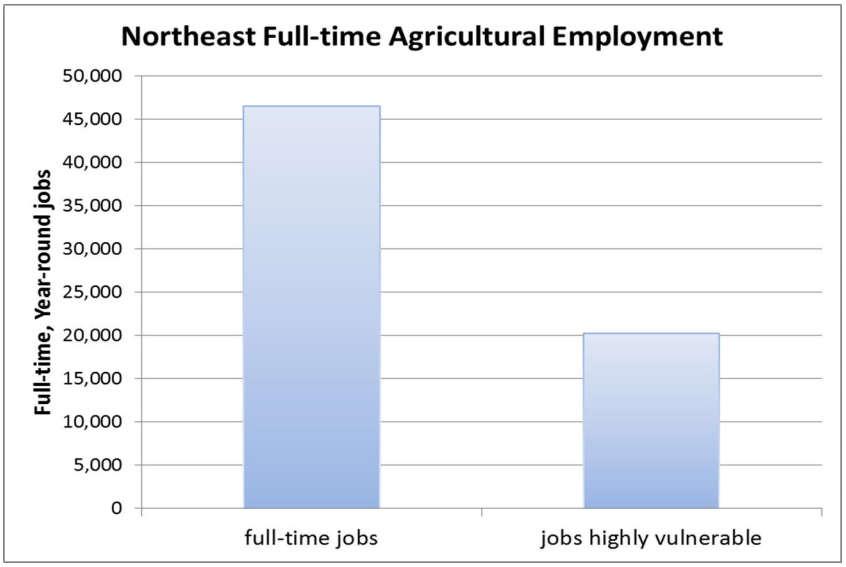
- These highly vulnerable farms are some of the most productive in the region; their total sales of farm product are estimated to exceed $2.4 billion. This is approximately 36% of the value of the region's agricultural output.




- 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.



**AILA InfoNet Doc. No. 11100464. (Posted 10/04/11)**




- 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 |



AILA InfoNet Doc. No. 11100464. (Posted 10/04/11)

## 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 |



**AILA InfoNet Doc. No. 11100464. (Posted 10/04/11)**

For more information:
Robert A. Smith
Farm Credit East
2668 State Route 7, Suite 21
Cobleskill, NY  12043

518.296.8188
robert.smith@farmcrediteast.com

**Robert A. Smith**
**2668 State Route 7, Suite 21**
**Cobleskill, New York 12043**
**518.296.8188**

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



**AILA InfoNet Doc. No. 11100464. (Posted 10/04/11)**