

First Pioneer Farm Credit Yankee Farm Credit

Farm Labor and Immigration Reform Economic Impact to New Hampshire State Agriculture

Farm businesses throughout the state of New Hampshire depend on a stable workforce to produce a safe and reliable food supply as well as other horticultural products. Immigrant workers have been and continue to be part of that workforce.

First Pioneer Farm Credit and Yankee Farm Credit serve farmers and farm-related businesses in New Hampshire and have undertaken the following analysis to better understand the economic impact of a farm labor shortage resulting from significantly enhanced immigration enforcement actions and no new guest worker provisions. Without immigrant labor, many farm businesses in New Hampshire and nationwide will face critical labor shortages.

New Hampshire agriculture includes significant production in dairy, greenhouse-nursery, fruit and vegetables. These sectors of New Hampshire agriculture can be most vulnerable to shortages of labor. The fact is that labor disruptions can quickly result in severe financial problems on many farms. Most farms simply do not have the financial resources to survive if they can not produce and market their products. With the increasing consumer demand for quality products, a delay in harvesting can also have a dramatic negative impact.

New Hampshire agriculture has come to rely on immigrant workers who present the necessary identity documents and are then employed on the same Federal and New Hampshire terms as American workers. This includes deducting and remitting the appropriate fiduciary payroll obligations on behalf of these workers. These hard-working individuals are filling jobs that Americans just do not want under any circumstances – whether their location outside of major urban areas, working out of doors in variable weather conditions, and/or the substantial physical stamina required for them. Quite simply, there are not American workers available to fill these jobs in either the numbers or at the wage rates that will allow New Hampshire farm employers to profitably sustain their businesses.

Although difficult and costly to utilize, some New Hampshire fruit operations utilize the H-2A agricultural guest worker program for seasonal workers. Some agricultural sectors are unable to utilize this program and significant reforms are necessary to make it a viable program for all farms.

This following analysis is based on *Census of Agriculture* data for New Hampshire as of 2002 (<http://www.agcensus.usda.gov/Publications/2002/index.asp>), and considers the number of workers employed on farms, farm types (some farm types have more hired labor than others), and the value of agricultural production.

This report is prepared by the First Pioneer Farm Credit Knowledge Exchange Program with assistance from the First Pioneer Bedford Office and Yankee Farm Credit. First Pioneer Farm Credit, ACA serves approximately 8,500 customers in the states of New Jersey, Connecticut, Massachusetts, Rhode Island and major parts of New York and New Hampshire. Yankee Farm Credit serves 1,200 customers in the State of Vermont and parts of New Hampshire and New York. Part of the nationwide Farm Credit System, First Pioneer and Yankee are customer-owned lenders dedicated to serving farmers, commercial fishermen and the forest products sector.

As part of the analysis, farms are segmented based on the amount of wages for hired labor and subjectively assessed a degree of vulnerability to an immigration enforcement-only scenario (as determined by Farm Credit based on knowledge of New Hampshire agriculture). Consideration was also given to the impact of a reduction in the state’s agricultural output on total agricultural sector business employment, i.e., both upstream and downstream jobs in addition to on-farm jobs.

The Farm Credit analysis indicates that a prolonged severe disruption in labor availability as a result of enhanced immigration enforcement actions without new worker programs would have the estimated following impacts:

- Farm Numbers: Approximately 35 to 45 New Hampshire farm operations are highly vulnerable to going out of business or being forced to severely cut back their farm operations. The primary impact would be on greenhouse-nursery and vegetable sectors, but the fruit and dairy sectors would also be impacted. Farm businesses can not survive if they can not fully plant, cultivate, prune and harvest their production at the times required. Farm businesses operate with very narrow profit margins and can not withstand losing part of their income due to labor disruptions and shortages.
- Market Value of Agricultural Production: These vulnerable farms have total sales estimated to be in excess of \$58 million. Based on the 2002 *Census of Agriculture*, this constitutes nearly 40% of the value of farm production in New Hampshire.
- Farm Employment: Realistically, as many as 630 FTE positions (Full Time Equivalents) would be impacted. This is in addition to the farm owner-operators.
- Farmland: These farms operate in excess of 22,000 acres. If these farm businesses were to cease operating, some of this acreage would switch into less intensive agriculture, but thousands of acres would be vulnerable to being discontinued from crop production and converted to non-farm uses.

New Hampshire: Highly Vulnerable Farms and Farm Related Jobs From Severe Labor Shortages (Estimated Impact – February 2008)	
Number of Farms: Approximately 35 - 45 farm operations	
Value of NH Ag Production: \$58 million in reduced farm production	
Farmland: 22,000 acres operated by farms that are highly vulnerable	
Loss of Employment (NH)	Number of Jobs (Full Time Equivalents)
Farm	632
Agricultural Services and Input	1,703
Agricultural Processing and Marketing	2,682
Total Farm Sector Employment Vulnerable	5,017

- Farm-Related Economic Impact: The economic impact goes well beyond the farm-gate and could undermine, in part, the state’s agricultural infrastructure that all farms depend on. In addition to the loss of farm employment, jobs would decline in the farm service,

- input, processing and marketing sectors. It is estimated that 4,385 jobs in farm-related businesses in New Hampshire could be impacted.
- Economic Activity in Local Communities: Farm owners, farm employees and farm related business employees expend millions of dollars in New Hampshire which flows through the economy as local purchases and downstream jobs. This economic multiplier impact creates economic activity outside of the farm economy and supports the local tax base. As local farms go out of business or cut back production and layoff employees, local communities will have less economic activity.
- Less Locally Grown Farm Products and More Imported Foods: Without the necessary labor force, we will see a significant decrease in local production, which will require the importation of more food and horticultural products from other countries. Consumers will have fewer opportunities to buy locally-grown farm products.
- Planning for the Future: This issue weighs heavy on the minds of virtually all New Hampshire farmers who employ labor. The tremendous uncertainty of their labor supply has a profound impact on their outlook for the future and their planning horizon. This can affect everything from whether to build a new greenhouse, to buying the farm next door, to encouraging the 22-year old son or daughter to come home to the family farm business. New Hampshire farmers need and deserve the opportunity to plan and invest for their farms and their industry knowing that a source of willing labor will be available.

For More Information:

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