

Farm Credit Associations of New York Background Analysis

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

Farm businesses throughout the New York State 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.

The Farm Credit associations that serve farmers and farm-related businesses in New York State 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 workers provisions. Without immigrant labor, many farm businesses in New York and nationwide will face critical labor shortages.

New York agriculture includes significant production in dairy, vegetable, fruit and the greenhouse-nursery sectors. These sectors 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 fully harvest their products. With the increasing consumer demand for quality products, a delay in harvesting can also have a dramatic negative impact.

This analysis is based Census of Agriculture data for *New York State* (<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. 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 York 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 pro-longed severe disruption in labor availability as a result of enhanced immigration enforcement actions without new worker programs would have the estimated following impacts:



Farm Credit

- **Farm Numbers:** Over 800 New York farms are highly vulnerable to going out of business or forced to severely cut back their farm operations. The primary impact would be on dairy farms with fruit, vegetable and greenhouse-nursery also severely 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 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 to \$700 million.
- **Farm Employment:** Realistically, as many as 7,000 **FTE** positions (Full Time Equivalents) would be impacted. This is in addition to the farm owner-operators.
- **Farmland:** These farms operate approximately 750,000 acres. If these farm businesses were to cease operating, some of this acreage would switch into less intensive agriculture, but hundreds of thousands of acres would be vulnerable to being discontinued from crop production and converted to non-farm uses.
- **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 15,823 jobs in farm-related businesses in New York could be impacted.

**New York State: Highly Vulnerable Farms and Farm Related Jobs
From Severe Labor Shortages (Estimated Impact – October 2007)**

Farm Type	Number of Farms
Vegetable	184
Fruit	163
Dairy	445
Green / Nursery	40
Total Farms	832
Value of Agricultural Production:	\$700M in reduced farm production in NYS
Farmland:	750,000 acres operated by farms that are vulnerable
Loss of Employment (NY)	Number of Jobs (Full Time Equivalents)
Farm	6,984
Agricultural Service and Input	9,463
Agricultural Processing and Marketing	6,360
Total Farm Sector Employment Vulnerable	22,817

Economic Activity in Local Communities: Farm owners, farm employees and farm related business employees expend millions of dollars in New York 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 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 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 weather to build a new milking parlor to buying the farm next door to encouraging the 22-year old son or daughter to come home to the family farm business. New York farmers need and deserve the opportunity to plan and invest for their farms and their industry.

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Note: This analysis on farm labor and the potential impact of labor shortages was done by First Pioneer Farm Credit, Farm Credit of Western New York and Yankee Farm Credit. As noted it is based on data from the New York State 2002 Census of Agriculture and covers the entire state. Attempting to establish impact numbers requires making a number of assumptions and should be viewed as estimates only. As customer-owned cooperatives, Farm Credit institutions are owned and governed by farmers. In New York State, these Farm Credit institutions serve 8,500 members with in excess \$1.5 billion in loans and have a market share of institutional farm debt in New York of approximately 60%. The New York Farm Credit Associations support the need to secure our nation's borders and control entry of immigrants. A critical part of that solution is passage by Congress of a workable program for agriculture that meets those objectives while providing America's farms with a reliable source of farm labor.