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## National Council of Agricultural Employers (NCAE)

NCAE is the national trade association focused exclusively on the policy concerns of Agricultural Employers.

NCAE Members are labor intensive growers, associations, and others whose business is dependent on domestic labor intensive agriculture.



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## Current Employer Issues/Situation



- Labor intensive Ag producers continue to be hit on multiple fronts related to labor decisions by the government
- Growing number and complexity of regulations, regulatory changes, government rulings, and ongoing government ineptness
- Ongoing labor shortages and growth of H-2A

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## 2016-2020 Overview

Farms power the U.S. economy in part because of immigrant labor:

- US Agriculture contributes over \$100 billion each year
- Immigrants about 80% of hired farm workers
- In 2012, labor shortages on farms led to \$3.3 billion in missed GDP growth and \$1.3 billion in lost farm income.

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## 2016-2020 Overview

- US growers' market share is declining. Labor shortages are responsible for 27% of the recent domestic market share decline experienced by US growers.
- Farmers are scaling back operations and outsourcing production to other countries.
- Downstream employment is linked to immigration reform. Each of the 1.6 million hired farm employees working on American farms and ranches supports 2-3 full-time jobs further down the value chain

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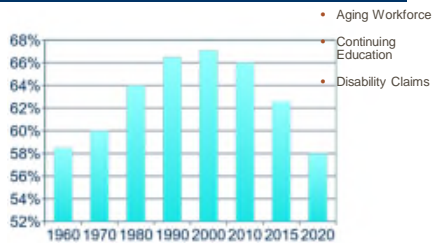
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## Challenges- aging workforce:

YEAR	% Workforce (55yrs & Older)	Medium Age of Workforce
2000	13.1%	39
2010	19.5%	41
2020	25.2%	42

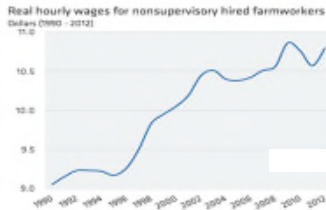
## Declining Labor force Participation Rate



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### On-Farm wages on the Rise



Note: Nominal figures inflated using Consumer Price Index (CPI-U).  
 Source: USDA-ERS analysis using data from BLS's Farm Labor Survey.

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### Govt Response to Date--- (past 4 administrations)

#### • Audits & Recordkeeping

- I-9's
- WHD
- SWAS
- OSHA
- IRS (employee or contractor)
- ACA compliance
- FLSA OT standards
- DOT (fed & state)
- Union favorable rules



**Civil AND Criminal actions**

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### What COULD Govt do? (That they are not doing now---)

- Offer business/employers a level playing field.
- Acknowledge the importance of robust ag economy to the WHOLE GDP, to America's moral place in the world, and to Americas SECURITY---
- Recognize what "economically viable and sustainable" mean in agriculture (scale, productivity, economics, etc.---)--- New Sec Ag help---
- RESIST enforcement-only knee-jerk options---

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### What COULD Govt do? What COULD Govt do? (That they are not doing now---)

- Protect the interests of workers AND employers.
- Proper and legal means for us (Ag) to continue to employ our CURRENT "domestic" workforce.
- Resources and the will/intent to make the current legal foreign worker programs work as INTENDED.
- Better/new, market driven, non-immigrant programs for the future that supply able, willing, available workers in the numbers required WHEN they are required reliably and predictably (and competitive in the global economy.)

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**November 8, 2016**



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**November 9, 2016**



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**Post-election--- Labor REMAINS a key limiting factor:**

- . Much of ag may never be fully mechanized.



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**Post-election--- Labor REMAINS a key limiting factor:**

- . Import **labor** or import **food**---
- . Most of America (including public officials) do not understand that it still requires people to operate---

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## Employer landscape will continue to change---

- Even with R admin and congress:
  - Labor shortfalls will continue to result in in:
    - Increased labor cost.
    - Labor-side leverage over time.
    - Probability of growing regulation.
    - Ultimate loss of ag-exemptions (See CA & MN O.T.)
    - Continued shift in how ag-business is done.
    - Increased mechanization (productivity.)
    - Continued foreign competition.
    - Potential to cause over-correction in 2020---

## Employer landscape will continue to change---

- Even with R admin and congress:
  - Labor supply (remember willing, able, and available---) expands only with :
    - Higher birth rate (18 year lag)
    - Higher participation (age is biggest issue now)
      - Incarcerated populations??
      - Placement where potential unemployed are?
      - Unwilling workers? Where I come from we the FIRE folks who won't work?
      - "ABLE"--- who can you trust with your livelihood/health/safety?
  - Outsourcing:
    - Labor supply (immigrant/guest workers, H-2A/J/TN visas)--- or
    - Production



•Sec Ag nominee (FINALLY) is best news yet---

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### What it means for labor intensive agriculture?

- Work together to demand respect/service from federal government---
- Hold elected official's feet to the fire--- oppose damaging legislation/regulations (like enforcement only---.)
- FIGHT to retain current H-2A advantages--- AND--- seek improvements (regulatory and legislative.) RESIST caps---

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### What it means for labor intensive agriculture?

- H-2A- now (and at least thru 2018)
  - Understand that the program is the program for now--- comply, comply, comply.
  - Understand that there are huge differences in agents/attorneys/associations--- do your due-diligence---

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### Going Forward

Incoming Admin & Congress is not going to be a quick fix--- or an assurance of "better times" for labor intensive ag--- majority VERY detached from our reality---

Need to participate with your associations--- fight for everything we need--- never give up--- stay focused on what is most important and not get sidetracked in "easy fixes"---

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### Going Forward

- Comply with the laws and regulations--- to the letter---
- Keep proper records on everything---
- Continually educate yourself---
- Use appropriate professionals when you need them--- and seek out the BEST---
- Stay politically engaged (direct and via associations)---
- Look forward, not backward---

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## Being an H-2A Employer is more difficult--- and costly

- Must be able and willing to follow the extreme "letter of the law"
  - Not horse-shoes--- "close is not good enough"--- you will be audited by multiple agencies and the fines/penalties are steep---
- YOU are responsible for all the actions of recruiters, agents, Farm Labor Contractors---
- Understand you WILL BE audited by WHD
  - Exacting payroll/paystub processes, cannot go back and repair---
- If you are not good at record-keeping, H-2A is not for you.

## Being an H-2A Employer is more difficult--- and costly

- If you have management problems (self or hired/family managers) H-2A will make them worse---
- Because of the legal/regulatory/activist scrutiny, you will need intentional and documented safety and HR programs.
- For good managers, willing to go through all the hoops, the program works--- it could/should be made better--- for now, it is what we have--- it will not be improved for 2017 or probably 2018 regardless of election 2016---
  - For next season or two--- what we have is what we have to work with---
  - Those who learn the program will continue to thrive---

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## Moving to/succeeding in the future

- Next-Gen Cont--

- May hire agronomics and manage the regulatory, PR, Safety, Stewardship, etc. themselves---
- Millennials (and younger Xs) are the consumers and supply-chain partners of the future--- their "wants/needs" are different---
- The "next-gen" already live this---
- There IS a future--- just different--- and that's OK--- many of us are seeking the next-gen for our business now---

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## Moving to/succeeding in the future

- The only constant is change--- those who learn, grow, and adapt sill thrive---

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- NCAE website: [www.ncaonline.org](http://www.ncaonline.org)
- 202-629-9320