

Statement to the
USDA Fruit and Vegetable Industry Advisory Committee
From Michigan Commodity Organizations
January 10, 2023

The Fruit and Vegetable Industry Advisory Committee is well aware of the agriculture labor shortage faced by our sector across the United States and the impacts it is having across the supply chain. In Michigan, our fruit and vegetable growers are being crushed by the combination of increasing labor costs, consumer purchasing decisions in the face of food inflation, and the market impacts of imported produce from low-wage countries. If no action is taken, current government policy will ensure the near total offshoring of the production of healthy and nutritious fruits and vegetables for American consumers. The ripple effect that will accompany this loss of domestic production will negatively impact packing/processing plants, the Americans they employ and many communities across our country.

Michigan agriculture is the most diverse in the United States with a reliable source of water growing nearly 50 types of fruits and vegetables that go to both the fresh and processed markets. Michigan is home to a multitude of fruit and vegetable packers and processors who rely on domestically grown produce to run their facilities and directly employ thousands of people with annual payrolls of more than \$350 million in communities across our state. The total economic impact of fruit and vegetable production in Michigan is nearly \$3 billion annually.

USDA can take several steps to tailor their programs to better meet our needs.

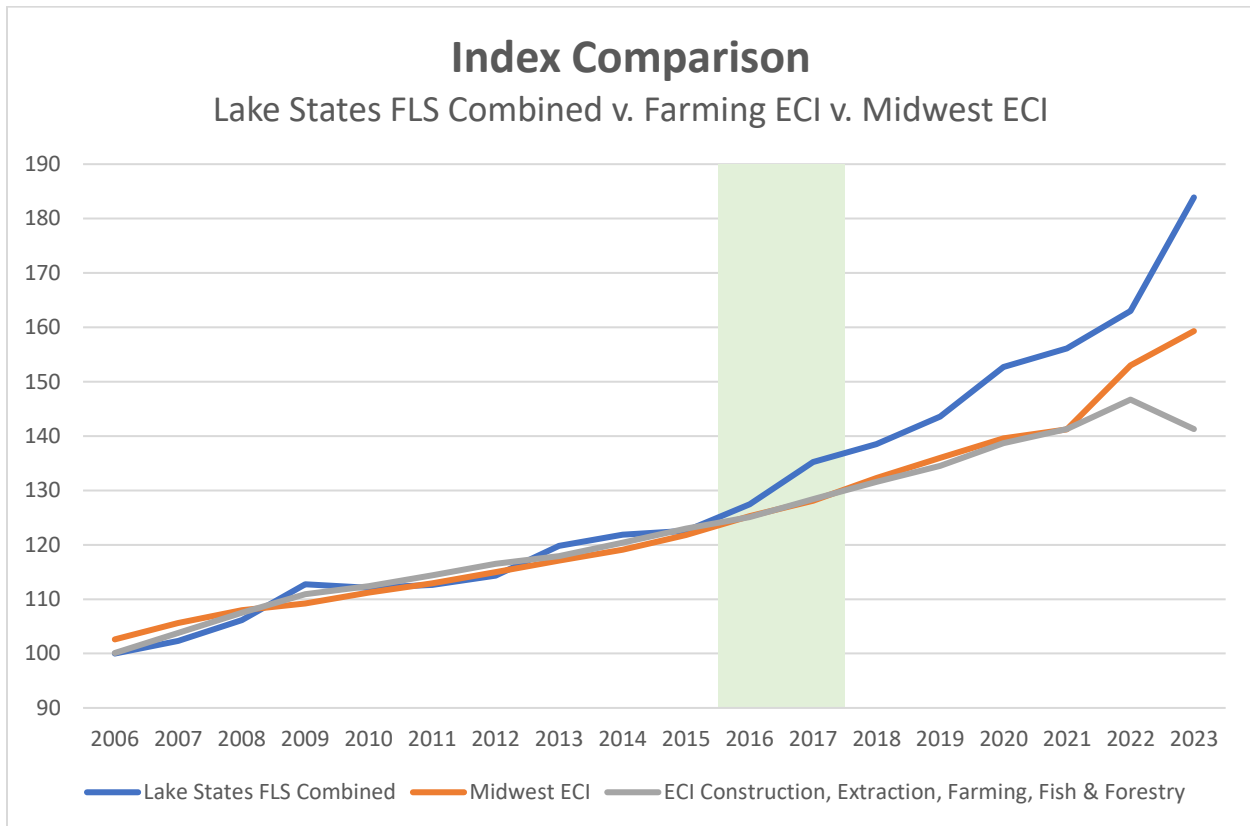
1. Build on the work of the Economic Research Service (ERS) over the past several years that focused on the impacts of labor shortages and the escalating cost of the H-2A program to provide even more relevant data to the Department of Labor (DOL).
2. Adjust the Farm Labor Survey conducted by the National Agricultural Statistics Service (NASS) to provide more targeted and transparent data to the DOL for their decision making.
3. Utilize existing interdepartmental committees to work across the federal government on programs and policies to help maintain domestic fruit and vegetable production.

Build on the Work of ERS

USDA's ERS is staffed with economists and other experts who understand the intricacies of the U.S. food system. ERS can build on work they have done over the past seven years to examine not only the impact of significant labor cost increases on growers but also forecast the impacts of maintaining the status quo over the next decade or so on growers, packers/processors and their employees, local communities, and consumers. It would also be relevant to examine how maintaining the status quo impacts the lessons learned from the Pandemic and our ability to strengthen and diversify U.S. fruit and vegetable supply chains to maintain national security.

In Michigan, the Combined Field and Livestock Worker wage rates calculated from the NASS Farm Labor Survey have led to an Adverse Effect Wage Rate (AEWR) increase of 73% over the past 15 years creating real problems for our state when compared to employment cost

increases in other sectors. The chart below shows how the Lake States Combined Field and Livestock Worker wage rates began to diverge from the Midwest Employment Cost Index (ECI) and the ECI for Construction, Extraction, Farming, Fishing and Forestry beginning around 2016 – about the same time Michigan growers began using significantly more H-2A labor because of a lack of local workers and a decline in traditional domestic migrant workers.



Even with this clear and ongoing divergence, economists at the DOL continue to believe that “the relatively higher willingness to pay signaled by farmers who do import foreign workers temporarily under these circumstances (because domestic labor was not immediately forthcoming) may serve to mobilize domestic farm labor in neighboring counties and states to enter the subject labor market over the longer term and obviate the need to rely on importation of foreign labor on an ongoing basis” (75 FR 6899). Michigan fruit and vegetable growers strongly believe additional ERS data and analysis could assist DOL and ensure they meet their statutory obligation under the Immigration and Nationality Act (INA) to serve the interests of **both** farmworkers and growers as well as provide data and analysis on the long-term impacts to state economies and communities from their decisions.

Adjust the Farm Labor Survey

We recognize that the NASS Farm Labor Survey is used by many different stakeholders for a multitude of purposes. However, a few adjustments would provide more targeted data for use by DOL. Creating a separate section on the survey to record H-2A employee data and clarifying growers should only report on workers they directly employ would be helpful. Further, a simple question asking growers who employ H-2A workers to quantify the number of domestic workers

who applied for those jobs would also be helpful. In addition, if NASS has not already done so, they should test the survey results to ensure that the survey questions have in fact been answered as intended. Even with directions, questions can often be misunderstood. Finally, publishing the data by state rather than by region would assist all Michigan growers as they compete for labor.

Interdepartmental Committees

Interdepartmental committees exist within the federal government to ensure departments are aligned with the President's agenda and to minimize the effects of departments working at cross purposes. USDA should utilize existing interdepartmental committees to work across the federal government on programs and policies to maintain domestic fruit and vegetable production. One such committee consists of the Deputy Secretary's from all cabinet level departments. This venue could be used to surface issues and share ideas to address challenges faced by our industry.

Thank you for the opportunity to provide our thoughts and comments.

Michigan Vegetable Council

Greg Bird, Executive Director

Michigan State Horticultural Society

Ben Smith, Executive Secretary

Michigan Farm Bureau

Carl Bednarski, President

Michigan Cherry Committee

Julie Gordon, Executive Director

Michigan Asparagus Advisory Board

Jamie Clover Adams, Executive Director

Michigan Apple Committee

Diane Smith, Executive Director