In this month’s AG Trends Newsletter, we continue to explore the impact of worker shortages in many states on the overall economy. We also take a closer look at issues that directly impact farms—from the drought to a very slight increase in worker pay. But it is not all doom and gloom, more people across the United States are taking advantage of programs to help train them to become farmers.

If you have an idea for an article or would like to comment on one, please e-mail me at tkalic@embarqmail.com. Please visit our Solutions for Out-of-School Youth website at www.osymigrant.org for more information.

Thank you for your continued support of OSY.

Have a safe and happy holiday season,

Tracie Kalic- Director, SOSY

Drought Puts a Damper on Tree Farmers’ Christmas

Source: Associated Press - NEW CANEY, Texas (AP) — A devastating drought in the Southwest has killed thousands of Christmas trees in Texas and Oklahoma, leaving many farmers with little to offer holiday shoppers.

Many trees died of thirst. Hundreds of others burned in wildfires. Most farmers say nearly all their youngest trees died, meaning the drought’s effect will still be felt five years from now, when the saplings would have reached maturity.

Some farmers are importing trees from North Carolina. Others are resigned to selling fewer trees. Some have shutdown.

And despite their losses, most say they can’t raise prices in the weak economy to make up the difference.

Trees will still sell for $40 to $50, but families hoping for a homegrown evergreen to cut down will have a harder time finding one.

A preliminary state estimate says as many as a half-billion trees died across Texas in 2011 from the drought persisting across much of the state.

The Texas Forest Service said in a statement Monday that its foresters estimated that 100 million to 500 million trees died in the 2011 drought, according to information gathered from local forestry professionals.
The US Department of Justice settled charges in August 2011 against pork producer Farmland Foods, a division of Smithfield Foods, alleging that Farmland required extra documents from US citizens and legally authorized foreigners seeking jobs. DOJ's Office of Special Counsel for Immigration Related Unfair Employment Practices (OSC) charged that Farmland's Monmouth, Illinois plant required specific documents from some new hires to prove they were authorized to work. Farmland agreed to pay $290,400 in civil penalties, the highest civil penalty paid through settlement since enactment of the INA's anti-discrimination provision in 1986.

Meatpacking firms have been sued by workers alleging that they should be compensated for the time they spend "donning and doffing" protective clothing. In September 2011, a federal judge in Georgia approved a $32 million settlement between Tyson Foods and about 17,000 poultry processing workers, resolving more than 20 suits filed under the Fair Labor Standards Act. Tyson, which did not admit wrongdoing, will pay $14.5 million in attorneys fees and up to $17.5 million to workers in back pay and interest. The case began in June 1999, when 11 employees from eight Tyson chicken processing plants in seven different states filed an FLSA lawsuit.

Cargill Meat Solutions in July 2011 agreed to pay workers at its Schuyler, Nebraska plant an extra $4 to $6 a week for the uncompensated time they spent preparing for and cleaning up after their shifts. Attorneys for the workers will receive $827,000. In May 2011, a federal judge ruled that Tyson Foods did not violate the FLSA in a similar case, but cases against Tyson are pending involving its plants in Dakota City and Madison.

Hormel Foods and the United Food and Commercial Workers reached four-year collective bargaining agreements covering about 4,000 workers at five meatpacking facilities. Base wages of $14.50 an hour at the Hormel plants will rise by $1.50 an hour over four years, bringing average pay to $17 an hour. The UFCW represents another 4,000 Hormel employees in other plants.

Wage an Hour Sweeps in NC

DOL's Wage and Hour Division conducted enforcement sweeps in western North Carolina in summer 2011. In summer 2010, WHD inspectors found violations of the Fair Labor Standards Act or the Migrant and Seasonal Agricultural Worker Protection Act at all of the tomato farms checked. Apple growers in Western North Carolina complained of labor shortages in September-October 2011, and attributed fewer workers to local law enforcement participation in Secure Communities. Growers reported paying piece rate wages of $15 a bin.

Source: Melissa Sanchez, "Farms fined for paying workers far less than minimum wage," Miami Herald, July 11, 2011.
**H2A verses Local Workers -Farmer Complaints**


**Oregon.** Capital Press reported on the "necessary hassles" of Albany farmer Bill Case to obtain the Mexican H-2A workers Case preferred. Corn grower Case advertised for US workers as required, offering $10.60 an hour in 2011, and attracted 453 US applicants for about 20 jobs; 274 of these workers showed up for interviews.

Case found that 217 or almost 80 percent of the workers who responded to his ads had "poor or no references." Of the 57 US workers hired, Case said that only 11 showed up for work when called, and that all quit within two days. He concluded that few US workers "will do agricultural work." Case, who employs Mexican H-2A workers for 10 weeks, spent $350,000 to build housing in Jefferson. Case complained that he must advertise for US workers each year, even though he "knows" that qualified US workers are not available.

As a result of the article, Case was informed by the Oregon Employment Department that employers seeking certification to hire H-2A workers may not require US workers who respond to required ads to have experience or provide references.

**Colorado.** Sweet corn and onion farmer John Harold complained to media in summer 2011 about his trouble hiring US workers.

Harold in the past used mostly Mexican H-2A workers for the July through October harvest but, when the AEWR rose to $10.48 in 2011, he advertised for and hired US workers. Harold found them not reliable. With the harvest half-completed, he sought certification to hire H-2A workers, saying "there is a work ethic of migrant laborers that is just not found with local labor."

Few farmers successfully replace H-2A workers with US workers. There are several reasons, including the fact that the H-2A workers tend to be the "NFL of the low-skilled labor force", carefully selected abroad, housed at the US work site, and eager to maximize their hours and earnings. US workers, on the other hand, tend to view seasonal farm work as a short-term job to be performed until they can find something better. The fact that they are often looking for better US jobs makes them less "reliable" than H-2A workers in the eyes of many employers.

Most adjustments to higher labor costs in seasonal farm labor occur on the demand side of the labor market, not the supply side, meaning that most farmers mechanize or switch crops rather than recruit and retain US workers.

"**THERE IS A WORK ETHIC OF MIGRANT LABORERS THAT IS JUST NOT FOUND WITH LOCAL LABOR.**"

Many crops whose harvests farmers asserted could "never" be mechanized ranged from processing tomatoes to raisin grapes.

Mechanical sweet corn harvesters have been available since the late 1960s. However, mechanically harvested sweet corn must be sorted, and the ears damaged by the machine sent to processors rather than sold fresh.
Worker Shortages in Many States

Wisconsin. Some Wisconsin dairy farmers, claiming that 40 percent of hired workers on dairies are immigrants, were quoted as saying: "If E-Verify passes, it will kill the dairy industry in Wisconsin."

The 300-cow Gold Star Dairy Farm in summer 2011 had six immigrant employees who may have provided false documents. Gold Star said it preferred Mexicans because they work hard and do not want weekends off or have health or other problems that limit their ability to work day after day. A Mexican-born worker in the US five years reported earning $11.25 an hour at Gold Star.

John Rosenow of Rosenholm-Wolfe Dairy asserted that "60 percent of the milk that's harvested is harvested by immigrants, and the vast majority are probably undocumented." Many farmers echo an aphorism popular with farm labor lobbyists, that is, US food in the future will be produced by foreign workers, either in the US or abroad.

Michigan. Michigan farmers, who reportedly employ 45,000 migrant workers a year, expressed concerns about labor shortages for the fall harvest in September 2011. The Michigan Apple Committee said: "the No. 1 concern of growers in Michigan is availability of labor," noting that asparagus growers did not harvest some of their crop for lack of labor.


Grape Harvest Lower This Year

After a second year of unseasonably cool temperatures, the grape tonnage has been tallied and the results are ready. According to the California Department of Food and Agriculture, 3.3 million tons of wine grapes were harvested in the 2011 growing season, a 9 percent drop from the previous year.

That's not too much of a surprise considering the cold shoulder that Mother Nature gave to Northern California this year, with its wet spring and temperate summer. The grape harvest started about three weeks late in Lodi, with growers hoping for warm weather to help their grapes reach ripeness.

This year's total pales compared with 2009, when 3.7 million tons of grapes were harvested – the second largest amount in California's history. But as the saying goes, good things come in small packages.

– Source: The Sacramento Bee: Wine Buzz
In California and in the Pacific region, the wet spring and cooler than normal growing season delayed crop development, lessening the need for hired workers. Wetter conditions compared with last year’s reference week kept the demand for hired workers lower in the Corn Belt I region. In the Southern Plains, prolonged drought conditions led to considerable culling of livestock throughout the summer. Therefore, fewer hired workers were needed during the October reference week.

The largest increases in the number of hired workers from last year occurred in the Lake (Michigan, Minnesota, and Wisconsin), Mountain I (Idaho, Montana, and Wyoming), Southeast (Alabama, Georgia, and South Carolina), Appalachian I (North Carolina and Virginia), and Corn Belt II (Iowa and Missouri) regions.

In the Lake, Mountain I, and Corn Belt II regions, above normal temperatures and windy conditions were more than enough to offset minor rain delays, and field activities progressed rapidly. This resulted in a stronger demand for hired workers. In spite of rain in the Southeast region, most fields remained workable due to prolonged earlier dryness. Therefore, harvest and planting activities kept worker demand higher. In the Appalachian I region, increased activity on vegetable operations led to a greater need for hired workers.

Hired worker wage rates were generally above a year ago in most regions. The largest increases occurred in the Northeast I (New England and New York), Delta (Arkansas, Louisiana, and Mississippi), Pacific, and Southern Plains regions. In the Northeast I and Pacific regions, the higher wages were due to strong demand from the nursery and greenhouse industry. The higher wages in the Delta region were due to a lower proportion of part time workers. In the Southern Plains region, there were more salaried workers working fewer hours which pushed the average wage up.

The 2011 U.S. all hired worker annual average wage rate was $11.07 per hour, up 1 percent from the 2010 annual average wage rate of $10.95 per hour. The U.S. field worker annual average wage rate was $10.33 per hour, up 14 cents from last year's annual average. The field and livestock combined annual average wage rate at the U.S. level was $10.36, up 1 percent from last year's annual average wage rate of $10.22.
Shock Waves from MF Global Collapse Felt on Farms

The shock waves from the collapse of commodities trading firm MF Global Inc. are hitting hard across rural America, where farmers, ranchers and agricultural business owners are nervously waiting to learn how much money they've lost.

Many of the farmers who traded with MF Global, which is being investigated over what federal regulators say is an estimated $1.2 billion that may be missing from customer accounts, used the futures markets to reduce the risks of volatile prices. Locking in prices through the futures market—something farmers have been doing for a century—allows them to plan ahead while knowing what their costs will be.

Farmers, ranchers and rural businesses such as grain elevators and feed mills were among the hardest hit when they were cut off from the cash in their hedge accounts at MF Global, which sought bankruptcy protection in October after making a disastrous bet on European government debt. The number of people harmed and the extent of their losses isn't clear yet.

Federal regulators are investigating whether MF Global, as its financial condition worsened, tapped client funds that were supposed to be kept safe in strictly segregated accounts. They're also trying to determine what became of the money—it's not clear if the cash is parked somewhere or if it's gone. Violating the rules for segregated accounts can lead to civil and criminal penalties.

The chairmen of the Commodity Futures Trading Commission and the Securities and Exchange Commission said Thursday that all those affected should get back at least two-thirds of their money.

Dean Tofteland, who raises corn, soybeans and pigs near Luverne in southwestern Minnesota, has about $200,000 tied up with MF Global, said Sen. Amy Klobuchar at an Senate Agriculture Committee hearing. She said his situation shows how the firm's $6.3 billion bet on European bonds is being felt in small towns across America.

Klobuchar, a Minnesota Democrat, said afterward that recovering two-thirds of the funds "clearly isn't good enough" for farmers threatened with deep losses to their life savings.

Tofteland said in an interview that he never imagined money that belongs to him would just disappear.

Grain farmer and rancher Marty Klinker of Fairfield, Mont., has lost about $336,000, said Sen. Max Baucus, D-Montana. Baucus said Klinker got about 60 percent of his money at MF Global back, but his prospects for the rest seem pretty grim.

He told CFTC Chairman Gary Gensler that Klinker trusted the system, and it let him down.

"You're absolutely right, the system has to work for the farmers and ranchers and the energy companies and all of the people that need to lock in a price, and segregation is at the absolute core of this system that's been existent for decades," Gensler said.

But the chairman did not venture a guess about when, if, or how much of Klinker's remaining money—or anyone else's—might be returned.

Agricultural prices frequently fluctuate due to ever-changing supply and demand, which are driven by many factors ranging from the weather to exports. Trading on the futures markets helps farmers shield themselves from the risks of prices for their products falling and costs for things such as feed increasing.

Hog producers who rode out tough years in 2008 and 2009 came to rely heavily on risk management tools and were starting to lock in some pretty good profits before MF Global collapsed, said Mark Greenwood, a senior vice president and swine expert at AgStar Financial Services, which serves farmers mainly in Minnesota and Wisconsin.

Greenwood estimates that about half of the hog producers his company serves have been affected, with combined losses probably more than $40 million. The 300 to 400 clients have individual losses of $50,000 to over $1 million, he said.

They're wondering if they can trust the futures trading system again—whether there are sufficient guarantees to ensure that another MF Global doesn't happen, Greenwood said.

"They're frustrated, angry," Greenwood said. "I think the word is disgusted. We're trying to do everything we can to manage a very volatile industry. This was one risk we never thought we'd see."

Preserving confidence in the system is essential, because farmers who don't trust traditional risk management tools might end up taking on even greater risks, said Scott Cordes, president of Country Hedging Inc., an MF Global competitor that is a subsidiary of CHS Inc., the nation's largest farmer-owned cooperative.

"At the end of the day it gets down to, who do you know and who do you trust?" Cordes said.

More Young People See Opportunity in Farming

By DINESH RAMDE - Associated Press

MILWAUKEE — A Wisconsin factory worker worried about layoffs became a dairy farmer. An employee at a Minnesota nonprofit found an escape from her cubicle by buying a vegetable farm. A nuclear engineer tired of office bureaucracy decided to get into cattle ranching in Texas.

While fresh demographic information on U.S. farmers won’t be available until after the next agricultural census is done next year, there are signs more people in their 20s and 30s are going into farming: Enrollment in university agriculture programs has increased, as has interest in farmer-training programs.

The young entrepreneurs typically cite two reasons for going into farming: Many find the corporate world stifling and see no point in sticking it out when there’s little job security; and demand for locally grown and organic foods has been strong enough that even in the downturn they feel confident they can sell their products. Laura Frerichs, 31, of Hutchinson, Minn., discovered her passion for farming about a year after she graduated from college with an anthropology degree. She planned to work in economic development in Latin America and thought she ought to get some experience working on a farm. She did stints on five farms, mostly vegetable farms, and fell in love with the work. Frerichs and her husband now have their own organic farm, and while she doesn’t expect it to make them rich, she’s confident they’ll be able to earn a living. “There’s just this growing consciousness around locally grown foods, around organic foods,” she said. “Where we are in the Twin Cities there’s been great demand for that.”

Farming is inherently risky: Drought, flooding, wind and other weather extremes can all destroy a year’s work. And with farmland averaging $2,140 per acre across the U.S. but two to four times that much in the Midwest and California, the start-up costs can be daunting. Still, agriculture fared better than many parts of the economy during the recession, and the U.S. Department of Agriculture predicts record profits for farmers as a whole this year. “People are looking at farm income, especially the increase in asset values, and seeing a really positive story about our economy,” said USDA senior economist Mary Clare Ahearn, citing preliminary statistics. “Young people are viewing agriculture as a great opportunity and saying they want to be a part of it.” That’s welcome news to the government. More than 60 percent of farmers are over the age of 55, and without young farmers to replace them when they retire the nation’s food supply would depend on fewer and fewer people. “We’d be vulnerable to local economic disruptions, tariffs, attacks on the food supply, really, any disaster you can think of,” said Poppy Davis, who coordinates the USDA’s programs for beginning farmers and ranchers.

Agriculture Secretary Tom Vilsack has called for 100,000 new farmers within the next few years, and Congress has responded with proposals that would provide young farmers with improved access to USDA support and loan programs. One beginning farmer is Gabrielle Rojas, 34, from the central Wisconsin town of Hewitt. As a rebellious teen all she wanted to do was leave her family’s farm and find a career that didn’t involve cows. But she changed her mind after spending years in dead-end jobs in a factory and restaurant. “In those jobs I’m just a number, just a time-clock number,” Rojas said. “But now I’m doing what I love to do. If I’m having a rough day or I’m a little sad because the sun’s not shining or my tractor’s broken, I can always go out and be by the cattle. That always makes me feel better.” Rojas got help in changing careers from an apprenticeship program paid for by the USDA, which began giving money in 2009 to universities and nonprofit groups that help train beginning farmers. The grants helped train about 5,000 people the first year.

This year, the USDA estimates more than twice as many benefited. If farming is beginning to sound like an appealing career, there are downsides. The work involves tough physical labor, and vacations create problems when there are crops to be harvested and cows to be milked. In addition, many farmers need second jobs to get health insurance or make ends meet. As the USDA notes, three-fifths of farms have sales of less than $10,000 a year, although some may be growing fruit trees or other crops that take a few years to develop.

None of those factors dissuaded 27-year-old Paul Mews. He left a high-paying job as a nuclear engineer last year to become a cattle rancher in Menard, Texas. His wife’s family has been ranching for generations, and Mews decided he’d much rather join his in-laws and be his own boss than continue shuffling paperwork at the plant. “When you’re self-employed it’s so much more fulfilling. You get paid what you’re worth,” he said. “It’s really nice that what you put into it is what you’re going to get back out.”

Read more here: http://www.thestate.com/2011/12/21/2087431/more-young-people-see-opportunity.html#RSS=untracked#storylink=cpy