



Economic Impacts of Reduced Migrant Labor on U.S. and Texas Agriculture

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Introduction

Immigrants are increasingly important to the U.S. labor force. In agriculture, for example, migrant labor accounted for 47 percent of the U.S. workforce in 2004. During the 2006-07 fruit and vegetable harvest season in Texas, however, shortages of agricultural labor, including migrants, were the most severe in many years. Agricultural labor shortages were attributed to increased enforcement of labor regulations, longer wait times at Texas/Mexico border crossings, and higher wages in other occupations, such as construction. Four examples of the negative economic impacts of agricultural labor shortages are discussed below.

Vegetables, Fruit and Nursery Impacts

Widely accepted industry estimates indicate that migrant labor shortages could cause U.S. production of fruits, vegetable and nursery/greenhouse crops to decline between 10 and 20 percent. The economic impacts of these production losses were estimated using IMPLAN 2.0. The baseline indicates that U.S. production of the three sectors was \$53 billion in 2004. Business activity related to this production was \$82 billion, income was an additional \$80 billion and 1.2 million people were employed in these sectors. For Texas, baseline production was \$2.1 billion, business activity was \$1.8 billion, income was \$2.7 billion and employment was 46,000.

Estimated economic impacts of a 20 percent production loss due to labor shortages indicates that U.S. business activity would decline by \$16.4 billion, while another \$16 billion would be lost in income (table). About 232,000 jobs would be lost nationwide. Texas production losses would reach \$421 million. Associated losses in business activity be \$363 million, while another \$545 million would be lost in income and nearly 9,300 jobs would be lost. Texas business losses in agricultural support activities were estimated to be \$14.6 million and were concentrated field operations, harvesting and packing, pesticides and chemicals manufacturing, and farm machinery and equipment. Associated income losses would reach an additional \$7.0 million and job losses would total more than 300. Another \$36 million in income would be lost in real estate and \$24 million more in wholesale trade.

Estimated Economic Impacts of the Fruits, Vegetables and Nursery/Green House Industries on Texas and the United States*

	<u>Production</u>	<u>Business Activity</u>	<u>Income</u>	<u>Jobs</u>
2004 U.S. Baseline	\$52,803.2	\$81,967.6	\$80,138.2	1,158,518
20% U.S. Production Loss	-\$10,560.6	-\$16,393.5	-\$16,027.6	-231,704
2004 Texas Baseline	\$2,107.1	\$1,816.9	\$2,722.7	46,300
20% Texas Production Loss	-\$421.4	-\$363.4	-\$544.5	-9,260

* Production, business activity and income reported in million dollars. Jobs are reported in actual full-time equivalents.

Impacts on Texas Cantaloupe

An example of migrant labor shortages occurred during late Spring 2006, when a grower in Hidalgo County, Texas was unable to harvest approximately 40,000 cartons of cantaloupes due to the unavailability of labor. Total economic losses in Texas, including unharvested cantaloupe, were estimated to be \$796,964. About 85 percent of all losses were concentrated in Hidalgo County, Texas. All 219 of the associated job losses were located in Hidalgo County. Job losses in Agricultural Support Services included losses in packing sheds, sorting, grading and other functions required to support the marketing of fresh cantaloupe. Forty-three jobs were lost in the farm sector and 20 more jobs were lost in the retail grocery sector.

Texas Onion Industry Impacts

At the request of the Texas Vegetable Association, an industry survey was conducted in May 2007 to assess labor use and availability to harvest and pack Texas fresh onions. The 23 firms interviewed were located in the Lower Rio Grande Valley and in the Winter Garden of Texas.

The industry survey determined that a total of 5,048 employees were required to harvest and pack onions. Of these, 3,691 were needed for field operations and 1,195 were required in packing sheds. Twelve firms (55.5 percent) experienced or expected a labor shortage during the season. The total industry labor shortage was 22 percent, representing 1,051 full time equivalent employees.

Fifteen firms (68.2 percent) indicated that some of their laborers traveled from Mexico, while two firms said none did and five firms were uncertain about the origins of some workers. The average proportion of labor coming from Mexico was estimated to be 49 percent. Of this total, 39 percent crossed daily and 61 percent entered the United States and stayed for several weeks or for the duration of the season. Based on these estimates, approximately 1,430 workers employed in Texas onion operations were from Mexico, and of that number, 560 crossed daily, while another 870 remained for extended periods.

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Economic Impacts of Texas Poultry and Meat Processing

Texas is a major producer of meat, poultry and related products. Migrant labor shortages in these key industries could also have major economic impacts for the state. The value of poultry processed in Texas was \$3.5 billion in 2006. Poultry processing also supported an additional \$605 million in income and employed nearly 15,500 full time equivalent workers. Beef and pork processing had total industry output valued at \$4.3 billion, while associated income was \$626 million and employment of 9,480. In total, the meat and poultry processing sectors in Texas account for nearly \$8.0 billion in economic output, \$1.2 billion in income and 25,000 jobs. These industries support substantial business activity outside of agriculture and are vital to the communities and regions in which they operate. Any major disruption or decline in labor availability would, therefore, have important economic consequences for Texas.

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