COLORADO’S GREEN, AG AND PROCESSING INDUSTRY EMPLOYMENT: TRENDS AND IMPORTANCE TO THE STATE

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OVERVIEW

- Update on Key Colorado Policy Issues
- Agricultural Sector Trends
  - Green Industry - Increased demand leading to increased payroll
  - Farm Employment - Increased demand for fresh produce
  - Meatpacking - Significant community issues

- Importance to the Colorado and County Economies
  - Share of County Employment
  - Buying Power of Workers
ISSUES IN MEATPACKING

- April 2009- A judge ruled Monday that Weld County authorities were wrong to seize records from a tax office to pursue identity theft cases against illegal immigrants.
  - Weld County authorities say that 1,300 immigrants were filing tax returns using false or stolen identities.
  - Senate candidate Ken Buck partly criticized for the $150,000 in county money spent to fight battle

- Shift to new ethnic groups in labor force

- 2010- After conciliation talks failed, EEOC filed suit in federal court, alleging that JBS USA had engaged in a pattern of discriminatory treatment against Muslim and Somali workers at its Greeley and Grand Island, Neb., plants.
CURRENT POSITION OF ELECTED OFFICIALS

Colorado U.S. Senator Michael Bennet supports the Development, Relief and Education for Alien Minors, or DREAM Act.

- "Washington must take action to provide a common-sense fix to our broken immigration system. . . When I was superintendent of Denver Public Schools, I saw the potential of some of our best and brightest students cut short, punished for the actions of others. . .

"Instead of punishing these kids, we should reward them for working hard. And our nation will be rewarded with a stronger work force and a stronger economy. It's time for Washington to stop playing political games and work to restore common sense to our immigration system."
**GOVERNOR DROPS KEY POINT FROM PLAN**

- Gov. John Hickenlooper’s four-point plan
  - Secure the border;
  - Have an ID system “that works”;
  - Implement some form of a guest worker system;
  - Have consequences for businesses that break the law by hiring illegal immigrants.

- “While it is great to see that Governor Hickenlooper is thinking about immigration, we are disturbed that he dropped the path to citizenship from his four-point plan for reform,” said Julien Ross, executive director of the Colorado Immigrant Rights Coalition.

- Gene Davis, DDN Staff Writer
- Tuesday, April 5, 2011
COLORADO USES A HIGH SHARE OF H2As

<table>
<thead>
<tr>
<th>State</th>
<th>Non-metropolitan foreign-born population</th>
<th>Farm labor</th>
<th>H-2A workers of seasonal labor, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mexican, Central Am., West Indies pop.</td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>US Total</td>
<td>1,590,380</td>
<td>1,548,541</td>
<td>864,690</td>
</tr>
<tr>
<td>Alabama</td>
<td>16,853</td>
<td>20,485</td>
<td>9,473</td>
</tr>
<tr>
<td>Alaska</td>
<td>20,973</td>
<td>4,062</td>
<td>609</td>
</tr>
<tr>
<td>Arizona</td>
<td>34,857</td>
<td>74,879</td>
<td>13,955</td>
</tr>
<tr>
<td>Arkansas</td>
<td>19,002</td>
<td>24,691</td>
<td>11,719</td>
</tr>
<tr>
<td>California</td>
<td>45,444</td>
<td>163,412</td>
<td>223,685</td>
</tr>
<tr>
<td>Colorado</td>
<td>35,223</td>
<td>44,599</td>
<td>13,010</td>
</tr>
<tr>
<td>Connecticut</td>
<td>100,346</td>
<td>16,643</td>
<td>2,668</td>
</tr>
<tr>
<td>Delaware</td>
<td>5,194</td>
<td>6,486</td>
<td>1,372</td>
</tr>
<tr>
<td>Florida</td>
<td>65,946</td>
<td>72,845</td>
<td>51,350</td>
</tr>
<tr>
<td>Georgia</td>
<td>64,376</td>
<td>112,657</td>
<td>21,618</td>
</tr>
<tr>
<td>Hawaii</td>
<td>50,295</td>
<td>4,405</td>
<td>4,567</td>
</tr>
<tr>
<td>Idaho</td>
<td>21,105</td>
<td>32,724</td>
<td>16,029</td>
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</tbody>
</table>

### Top Ten Occupations for H-2B Certifications in 2009

<table>
<thead>
<tr>
<th>Rank</th>
<th>Occupation</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Landscaping and Groundskeeping Workers</td>
<td>62,930</td>
</tr>
<tr>
<td>2</td>
<td>Forest and Conservation Workers</td>
<td>12,199</td>
</tr>
<tr>
<td>3</td>
<td>Housekeeping Cleaners</td>
<td>8,997</td>
</tr>
<tr>
<td>4</td>
<td>Industrial Commercial Groundskeepers</td>
<td>8,198</td>
</tr>
<tr>
<td>5</td>
<td>Housekeepers, Supervisors</td>
<td>8,106</td>
</tr>
<tr>
<td>6</td>
<td>Construction Workers</td>
<td>7,198</td>
</tr>
<tr>
<td>7</td>
<td>Amusement Park Workers</td>
<td>6,410</td>
</tr>
<tr>
<td>8</td>
<td>Horse Stable Attendants</td>
<td>3,989</td>
</tr>
<tr>
<td>9</td>
<td>Dining Room Attendants</td>
<td>2,809</td>
</tr>
<tr>
<td>10</td>
<td>Crab Meat Processors</td>
<td>2,809</td>
</tr>
</tbody>
</table>

### Top Ten States for H-2B Certifications in 2009

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Texas</td>
<td>21,302</td>
</tr>
<tr>
<td>2</td>
<td>Florida</td>
<td>11,569</td>
</tr>
<tr>
<td>3</td>
<td>Colorado</td>
<td>8,691</td>
</tr>
<tr>
<td>4</td>
<td>Virginia</td>
<td>8,612</td>
</tr>
<tr>
<td>5</td>
<td>Louisiana</td>
<td>7,716</td>
</tr>
<tr>
<td>6</td>
<td>New York</td>
<td>6,861</td>
</tr>
<tr>
<td>7</td>
<td>Maryland</td>
<td>6,795</td>
</tr>
<tr>
<td>8</td>
<td>Pennsylvania</td>
<td>5,946</td>
</tr>
<tr>
<td>9</td>
<td>North Carolina</td>
<td>5,156</td>
</tr>
<tr>
<td>10</td>
<td>Utah</td>
<td>5,035</td>
</tr>
</tbody>
</table>
Employer feedback to CDLE and the Colorado Department of Agriculture on the Pilot Program.

- Employers saw a benefit in having a list where they could compare prices offered by agents and view a list of agents who had provided the assurances required under the Pilot Program.
- Employers expressed concern about the added expense of the Pilot Program ($100 per requested worker).
- Employers were concerned about the additional level of requirements added on to the H-2A program.
- Several employers commented that they used the list to contract an agent without enrolling in the fee-based part of the Pilot Program.

RECOMMENDATIONS (AS OF 2010)

1. Use existing Federal funds for the non-enrollment based portion of the program that pre-qualifies agents and provides their service and fee schedules.
   - Federal funds available to CDLE can be used for labor exchange functions.
   - Both agricultural employers and agents have found value in the pre-qualified agent list.

2. Continue to offer the enrollment based portion of the Pilot Program to any interested employers, supporting it with the fees generated.
   - Federal funds cannot be used for this function as it falls outside the labor exchange purpose of those funds.
   - As the economy recovers, agricultural employers could choose to access this portion of the program. The fee charged for participation in this portion of the program would cover the costs incurred.
In 2009 149,947 workers were employed in the US Greenhouse and Nursery production sector.

- Another 609,764 workers were employed in the Landscaping Services Sector in 2009 in the US.

Through 2007, the green industry in Colorado has seen sustained growth as the $1.8 billion directly contributed increases to $3.2 billion with multipliers.

- In the green industry 38% of each dollar is for inputs from other sectors so 62% is value added.
- 54% goes for employee compensation reflecting the labor intensity of the green industry.
EMPLOYMENT

- **Total green industry employment** has increased to almost 35,000 jobs and for every million dollars in green industry output, the industry generates between 20 and 40 jobs
  - The allied industry sectors employed 34,971 workers in 2006
  - An increase was seen for aggregate worker numbers between 2005 and 2006 (up 918 workers out of a total of 34,971)
Payroll

- In 2006 payroll totaled $1.235 billion (increase of over $84 million)
- The average wages earned has increased to an average of $35,318 in annual wages, up from $26,159 in 2001 (an increase of over 30% in 6 years, far outpacing increases in cost of living)
- Decline in construction industry and broader economy likely impacted this sector, but no update has been made
Types of Jobs in Agribusiness, 1992-2007

Source: State Demographer's Office and previous years' ag contribution reports.
Importance of Agribusiness Jobs in Colorado Counties

Agribusiness as percentage of county employment

- <5%
- 5.0 - 9.9%
- 10.0 - 14.9%
- 15.0 - 19.9%
- 20.0 - 24.9%
- >25%

Source: State Demographer’s Office.
Data year is 2007.
THE MOUNTAIN REGION’S FARM EMPLOYMENT

- In 2011 the Mountain Region reported 53,000 workers (or 9% of US total).
  - Up from 50,000 a year earlier
  - The average wage rates for all hired workers in the Mountain Region in January 2011 $11.35 ($0.06 more than US average)
- Average wages increased from $11.00 in Oct 2010 to $11.35 in Jan 2011
  - now above the national average.
  - Double the national average increase
  - Mid sized farms (between $250-500,000 in sales) paid the most

* National Agricultural Statistics Service
Meatpacking

- The bulk of the agricultural economy in Weld County is from livestock production.
- In processing, Swift being the largest employer.
  - JBS Swift & Company is the largest employer in Weld County with 3,650 jobs and annual payroll of $114,216,606 in 2008.
- Although workers on payroll have decreased within the industry, lower numbers of workers are being paid higher wages in recent years.
MEATPACKING

In 2009 there were 493,795 workers employed in this sector in the US.

In 2009 Colorado employed 7,806 workers up from 6,500 workers employed in this sector in 2006.

In 2009 Weld County employed 3,966 workers in this sector.

- Stable number of employers, but slight decline
- Payrolls were down
- Lower worker numbers ➔ Higher earnings

* Bureau of Labor Statistics
MEATPACKING

- For 2009 the Bureau of Labor statistics reports that for the animal Slaughtering and processing workers in Colorado the average hourly wage is $11.92 compared to the national average of $11.42

- Annual average pay tops $23,740 in 2009
  - Actually lower than average “green” worker
COLORADO’S HISPANIC POPULATION

- As of 2007, Colorado had the eighth largest Hispanic population in the nation, with this ethnic group representing 19.9% of the state's total population.

- Colorado’s Hispanic population growth far surpasses the US average:
  - Exceeding the national average by 5%.
  - Between 1990 and 2000, the growth rate in Colorado was 30.6% and Hispanic growth rate was 73.4% compared to US averages of 13.2 and 57.9% respectively
## Time Series of CO VS Rest of Mountain Plains

<table>
<thead>
<tr>
<th>State</th>
<th>Population</th>
<th>% Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>4,939,456</td>
<td>20.2</td>
</tr>
<tr>
<td>UT</td>
<td>2,736,424</td>
<td>12.0</td>
</tr>
<tr>
<td>KS</td>
<td>2,802,134</td>
<td>9.1</td>
</tr>
<tr>
<td>WY</td>
<td>532,668</td>
<td>7.7</td>
</tr>
<tr>
<td>MO</td>
<td>5,911,605</td>
<td>3.2</td>
</tr>
<tr>
<td>MT</td>
<td>967,443</td>
<td>3.0</td>
</tr>
</tbody>
</table>
INCREASE IN CO’S HISPANIC POPULATION

- Persons of Hispanic origin designation is projected to increase from 13.5% of the 1995 state population to 20.5% of the 2025 state population.
- Between 1990 and 2000 growth rate in CO. was 30.6% and Hispanic growth rate was 73.4% compared to US which grew by 13.2 and 57.9%.
- In 2006 19.7% of Colorado population is Hispanic or of Latin descent.
IMPLICATIONS AT COUNTY LEVEL

- Between 2000 and 2007, five Colorado counties had Hispanic population growth of 41% or more (Pew Hispanic Center, 2008).
- In 2008 the Hispanic population in Weld County was estimated to be 27.4% of the total population, more than 12% higher than the national average.
- In what might be a related industry linkage, Weld county ranks 5th in the nation and 1st statewide for agricultural products sold.
- In Weld County the average annual wage that an agricultural worker earned was $27,612 in 2006, more than $7,000 greater than the average Hispanic worker throughout the rest of state.
# Largest Employers

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>JBS Swift &amp; Company Headquarters</td>
<td>Corporate headquarters--processed beef, pork and lamb.</td>
<td>3650</td>
</tr>
<tr>
<td>North Colorado Medical Center</td>
<td>Regional hospital</td>
<td>2700</td>
</tr>
<tr>
<td>Greeley/Evans District 6</td>
<td>Education</td>
<td>2307</td>
</tr>
<tr>
<td>Weld County</td>
<td>County Government</td>
<td>1490</td>
</tr>
<tr>
<td>U.S. Government</td>
<td>Federal government.</td>
<td>1400</td>
</tr>
<tr>
<td>State Farm Insurance Companies</td>
<td>Auto, home, life, health, business insurance and financial services.</td>
<td>1322</td>
</tr>
<tr>
<td>City of Greeley</td>
<td>Local Government</td>
<td>1306</td>
</tr>
<tr>
<td>State of Colorado</td>
<td>Includes University of Northern Colorado</td>
<td>1159</td>
</tr>
</tbody>
</table>
IMPACTS OF 2006 SWIFT MEATPACKING RAIDS

- A report from The Center of Immigration Studies estimated that before the Swift Raids approximately 23% of production workers were illegal.

- December 2006 raids removed 1,300 unauthorized:
  - Resulted in 1,297 illegal worker arrests
  - Approximately 400 Swift workers were dismissed before the raids

- December 2006 raids removed 252 unauthorized workers from Greeley, Colorado
CONCLUSION

- Swift plants returned to production the day after the raids and returned to full production within several months.
- If unauthorized workers can be replaced does this suggest that illegal immigrant workers displace American workers?
- How can we really be sure that replacement workers were in fact legal?
THE BIGGER QUESTION

- Do visiting workers (vs. those offered a path to legalization) MUTE the economic contribution of sectors?
  - Industries use their “economic clout” to gain favor in political processes
  - If labor/employment is not directly impactful to Colorado communities, are these impacts exaggerated?
HISPANIC BUYING POWER

- Requires economic impact analysis to calculate gains to Colorado’s output, income, employment, and public revenues attributable to Coloradoans consumer spending value.

- Total income earned by all Hispanics in Colorado minus...
  - Income and payroll taxes minus...
  - Remittances minus...
  - Savings = Disposable income
  - Household income minus...
  - Property Taxes = Buying power
  - Household income minus...
  - Leakages = Spending.
Hispanic spending power -
  - 860 Billion (2007 estimate U. of Georgia)

Average Annual Income for all Hispanics in CO, $33,512
  - Green Industry salary - $29,211 is 1.5% lower than average
  - Meatpacking salary is - $32,220, 1.03% lower
  - Avg expenditures for green workers (same income bracket)- $31,593
    - Total of $1.1 billion for all workers
  - Avg exp. (for meat packing) - $37,868
    - $250 million for all workers
POTENTIAL LOSS OF REVENUE

- What share of payroll is spent locally?
- Remittances:
  - 54% Of the regional adult, Hispanic foreign born population remits an annual average of $2,076
  - About 6.2% of annual income
## Buying Power CO vs Rest of Mountain Plains for Farm Labor

<table>
<thead>
<tr>
<th>State</th>
<th>Hired Farm Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansas</td>
<td>$412,164</td>
</tr>
<tr>
<td>Colorado</td>
<td>$390,625</td>
</tr>
<tr>
<td>Missouri</td>
<td>$325,526</td>
</tr>
<tr>
<td>Montana</td>
<td>$164,119</td>
</tr>
<tr>
<td>Utah</td>
<td>$147,213</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$97,820</td>
</tr>
</tbody>
</table>
# Annual Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>$11,873</td>
</tr>
<tr>
<td>Transportation</td>
<td>$5,535</td>
</tr>
<tr>
<td>Food</td>
<td>$4,562</td>
</tr>
<tr>
<td>Food (away from home)</td>
<td>$1,742</td>
</tr>
<tr>
<td>Health Care</td>
<td>$2,238</td>
</tr>
<tr>
<td>Utilities &amp; Public Services</td>
<td>$2,285</td>
</tr>
<tr>
<td>Apparel &amp; Services</td>
<td>$1,286</td>
</tr>
<tr>
<td>Education</td>
<td>$352</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$1,720</td>
</tr>
</tbody>
</table>

**Annual Expenditures (Per employee)**

$31,593
BUYING POWER: HISPANIC POPULATION

Payroll $89,843,750

Income Taxes $3,593,750

Property Taxes $891,523

Remittances $3,144,531

Savings $1,518,000

Money Spent $80,695,946
BUYING POWER: GREEN INDUSTRY

Payroll $284,050,000

Income Taxes $11,155,000

Property Taxes $3,565,000

Remittances $10,948,000

Savings $506,000

Money Spent $257,876,000
BUYING POWER: MEATPACKING

Payroll $48,561,662

Income Taxes $1,942,466

Property Taxes $485,616

Remittances $ 1,689,620

Savings $828,000

Money Spent $43,615,960
THE IMPLAN APPROACH

- Characterize the Buying Power of Different Ag-Related Sectors
  - Buying Power of Workers in these Sectors
    - Compare against other Studies on Public Services
  - IMPLAN analysis of Economic Contributions
    - Modify by how different Labor/Staffing Choices affects the Multipliers
- Potential Tool for Educating on how Labor Recruitment and Authorization may impact Local Economies
ECONOMIC IMPACT OF COLORADO’S HISPANIC POPULATION

- Hispanic farm workers are a significant share of the workforce within US labor intensive agriculture with some estimates that Hispanics make up as much as 95% of all hired workers.
- Considers the impact of Hispanic consumer spending on the regional economy
- Net balance of the Hispanic population’s contributions and costs on local government budgets.
THE ROLE OF HISPANIC LABOR

- Should there be more focus on the contribution of workers to economies?
  - Many industries promote their “economic impact”, of which, labor spending is significant
  - What “buying power” do the workers have? Where it is spent matters...
    - What share are migrant? What share are H2-A?
      - Does their “regional purchase coeff” differ?
      - Impacts the relative economic contribution of labor?
    - What share would leave these jobs if more legal?