



# Research & Policy Brief Series

## The Importance of Farm Labor in the NYS Yogurt Boom

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### What is the Issue?

While there has been a great deal of discussion about how New York State (NYS) can take advantage of the yogurt boom, little attention has been paid to ensuring the labor supply required to support an increased demand for milk. There are many factors that contribute to whether dairy farmers and NYS can capitalize on increased yogurt demand, but issues related to labor availability, reliability, and quality are paramount. If these issues are not adequately addressed, NYS may lose opportunities to grow their dairy industry, which would further contribute to broader economic development.

### New York Yogurt Production

In 2013, NYS reclaimed its status as the third largest producer of milk in the U.S.<sup>1</sup> with the dairy industry as the largest contributor of revenue to the state's agricultural economy. In 2012, milk production alone was valued at \$2.56 billion, and 5,243 dairy farms produced more than 1.249 billion pounds of milk specifically for yogurt production.<sup>2</sup> Employment at yogurt processing plants is significant, employing more than 2000 people in 2012.<sup>3</sup> In 2005 Chobani opened a plant in New Berlin, NY and by 2012 employed 1,200 people and was in the process of expansion.<sup>4</sup> Fage Greek Yogurt opened a plant in Johnstown in 2008 and by 2012 employed 240 people with plans to add 150 more jobs.<sup>5</sup> In 2013 Governor Cuomo announced that New York State was the largest producer of yogurt in the country.<sup>6</sup> Economic and employment gains in dairy manufacturing are particularly important to the Finger Lakes regional economy because of the high economic multiplier of dairy processing, estimated at 1.67 for dairy farms.<sup>7</sup>

With these positive economic multiplier effects, government officials and economic development staff are keen to find ways to attract dairy processing jobs and sales to NYS. The Genesee Valley Agri-Business Park in Batavia is the host of two new plants, Muller Quaker Dairy and Alpina Foods. The two companies chose this location for similar reasons: the high quality local milk supply; access to consumers throughout the highly populated Northeast; availability of transportation from the plants; shovel ready building sites; and, a sufficient and available workforce. Neither company considered constraints on regional farm labor supply in their decision to locate in Batavia.

Alpina Foods, Muller Quaker Dairy, NYS and the federal government have all invested heavily in the new facilities in Batavia.<sup>8</sup> However when discussing increasing milk production, dairy farmers express concerns about the availability of general laborers.<sup>9</sup> Greek yogurt requires three times the amount of milk needed for making regular yogurt. While both Alpina and Muller are committed to obtaining their milk supply from NYS, the state's dairy farms are currently not producing enough milk to supply the yogurt factories.

### Labor is a Major Challenge for Growing the Dairy Industry

The conversation that surrounds the yogurt boom tends to center on two topics: 1) the number of jobs the plants and related industries provide and 2) how to increase local milk production. It is estimated that production needs to increase by 15% within five years to satisfy the demand for milk from the yogurt factories.<sup>10</sup> This increase in production would require an additional 100,000 cows *and* an additional 2,225 workers, the source of which causes concern for many farm owners in NYS and across the nation, particularly in light of current labor shortages.<sup>11</sup> With additional laborers required for increasing dairy herd size, farmers face increased labor costs. Labor is already one of the largest expenses for farmers after feed and livestock, comprising 15.6 % of total annual dairy farm expenses in Western New York.<sup>12</sup> With current labor shortages, wages may need to be raised in order to attract additional labor, yet many farmers state they are unable to do so. However, even at higher wages, many Americans are unwilling or unable to commit to the time consuming, time sensitive, remote, and physically demanding work of a dairy farmworker.<sup>13</sup> The aging population of many rural dairy communities can make this issue even more challenging.

In order to meet current labor demands, immigrant labor is critical to NYS agriculture, but the current impasse on federal immigration reform presents obstacles to increasing the labor force on dairy farms. A study by the National Milk Producers Federation (NMPF) estimates that 50% of U.S. farms, which supply over 60% of the nation's milk, use immigrant labor. It is estimated that 41% of overall dairy labor is foreign born, the majority coming from Mexico.<sup>14</sup> Evidence from the American Farm Bureau suggests the number of immigrant laborers may be even higher.<sup>15</sup>

However, barriers to immigration such as increased border enforcement along both the northern and southern U.S. borders, coupled with increased economic opportunities in Mexico, have resulted in fewer Mexicans immigrating to the U.S., a situation that causes great concern to dairy producers across the U.S. National trends indicate that Mexican

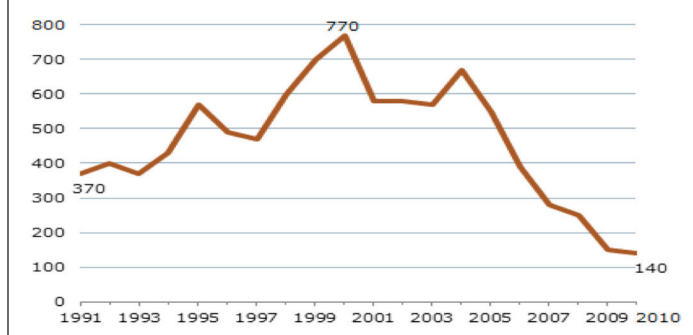
migration has dropped considerably. In 2011 immigration from Mexico was half the rate of 1991 levels (Figure 1).

These trends have led to a decline in the dairy farm labor pool. Moreover, dairy farmers fear the labor crisis will deepen if legislation requiring E-verify and other "enforcement only" programs go into effect.<sup>16</sup> The current and potential labor shortages become increasingly important as the state looks to dairy farms to increase milk production. Farm Credit East, a financial institution that works with farms across the Northeast, published a report in August of 2011 that summarizes the importance of immigrant workers to the agriculture industry in NYS. Some points from the report include:

- 1049 New York Farms are highly vulnerable to going out of business or



**Figure 1: Annual Immigration from Mexico to the U.S.: 1991-2010 (in thousands)**



Source: Pew Research Center

being severely forced to cut back their operations due to a labor shortage caused by an aggressive enforcement only immigration policy

- 10,510 full-time, year-round positions could be eliminated
- 23,685 off-farm jobs in agriculture related businesses throughout the state could be impacted.<sup>17</sup>

The report also states that the lack of immigration reform affects not only farms who hire immigrant workers, but also processors, truckers and countless other businesses.

### Dairy Farmworkers' Economic Impacts

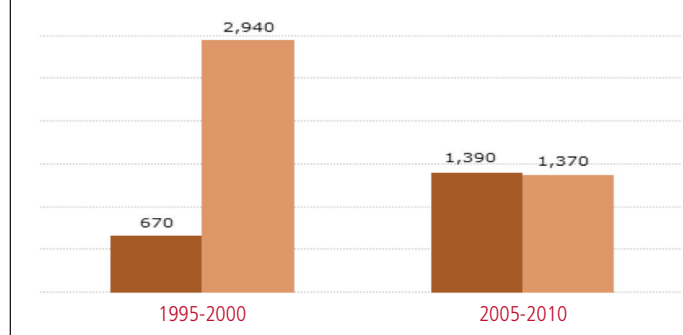
Farmworkers or general laborers are vital to the continued functioning of NYS dairy farms, positions which have been increasingly filled by workers of Hispanic origin. Farm owners express their reliance on this labor pool, citing their reliability and strong work ethic. Not only is non-local labor vital to agricultural production and sales, it also impacts the rural economy. Farmworkers live and shop where they work, with the bulk of farmworkers' consumption in the form of supermarket food. However, there are barriers to farmworkers more fully participating in community life, particularly those who are unauthorized immigrants. Besides having limited access to transportation, leaving the farm environment means risking being detained by law enforcement. In addition, despite the common perception that immigrants heavily utilize public services, few farmworkers actually do so. In fact, while all farmworkers have taxes and social security deducted from their pay checks, they are ineligible from being reimbursed or collecting on these payments to the state and federal government, estimated at \$3343 per year per worker. These payments illustrate generally invisible contributions of unauthorized dairy workers to federal, state, and local governments.

### Immigration Reform is Necessary for Dairy Farm Labor Stability

Addressing the concerns of farmworkers will positively contribute to NYS farm labor stability. Farmworkers interviewed by the Cornell Farmworker Program identified issues that need addressing in order to help stabilize the immigrant dairy workforce. Requests include: having more opportunities to improve their English; increasing the frequency and quality of communication with farmers; improving housing quality; decreasing social isolation; and most importantly to have proper work authorization and documentation.

President Obama and Congress are currently debating immigration reform. Congress is considering a pathway to citizenship for the 11 million undocumented immigrants that are already here. Our federal elected officials are also debating a guest worker program to continue the supply of labor needed for agriculture. For the success of agriculture in NYS, the best option would be to provide a pathway

**Figure 2: Five-Year Migration Flows Between the U.S. and Mexico, 1995-2000 and 2005-2010 (in thousands)**



Source: Pew Research Center

to citizenship for the farmworkers who have family living with them. For those that have children who are U.S. citizens, a program to regularize the immigration status of unauthorized parents is necessary to avoid family separation. For other workers, such as men living in the U.S. without their families, work authorization that would allow them to go back and forth between their country of origin and their jobs in New York would provide more stability and incentive to this group. Serious consideration must be given to an immigration reform approach that will allow successful workers to remain and to provide viable approaches for future labor demands.

### Conclusion

In order for NYS to capitalize on the yogurt boom, the critical issue of reliable and sufficient labor must be addressed directly. While the issue of immigration reform tends to play out in the political arena, for the dairy industry in NYS it has very real, very significant, economic consequences.

Full report available at: [www.farmworkers.cornell.edu](http://www.farmworkers.cornell.edu)

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<sup>1</sup> ERS, USDA. Milk cows and production by State and Region. Accessed 8 Jun 2012. <http://www.ers.usda.gov/data-products/dairy-data.aspx>

<sup>2</sup> This is comparable to the milk production of 500 average-size dairy farms (115 cows/farm). Jessica Ziehm. 27 Feb 2012. NYS Agriculture and Markets News. Accessed 5 Jun 2012: <http://www.agriculture.ny.gov/AD/release.asp?ReleaseID=1996>

<sup>3</sup> Jessica Ziehm. NYS Agriculture and Markets News.

<sup>4</sup> New York State Department of Labor

<sup>5</sup> William Neuman. January 2012. "Greek Yogurt a Boon for New York State." New York Times. Accessed 19 Jun. 2012. [http://www.nytimes.com/2012/01/13/business/demand-for-greek-style-helps-form-a-yogurt-cluster-in-new-york.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/01/13/business/demand-for-greek-style-helps-form-a-yogurt-cluster-in-new-york.html?pagewanted=all&_r=0)

<sup>6</sup> Andrew M. Cuomo's office. 18 Apr. 2013. Accessed 22 Apr. 2013. <http://www.governor.ny.gov/press/04182013cuomo-nys-top-yogurt-producer>

<sup>7</sup> Jessica Ziehm. 2010. "Commissioner Hooker Recognizes June as Dairy Month." Agricultural News. Albany, NY: New York State Department of Agriculture. Accessed 12 Jul. 2012. <http://www.agriculture.ny.gov/AD/release.asp?ReleaseID=1896> 11 Jul. 2012.

<sup>8</sup> Andrea Deckert. 14 Sept. 2012. "Yogurt boom to boost firm's growth." Rochester Business Journal.

<sup>9</sup> Alan Bjerga. 12 Mar. 2013. "Lack of Cow Milkers for Yogurt Drives Immigration Debate." Bloomberg. Accessed 12 Mar. 2013. <http://www.bloomberg.com/news/2013-03-12/lack-of-cow-milkers-for-yogurt-drives-immigration-debate.html>

<sup>10</sup> Michael Van Amburgh. Associate Professor. Animal Science. Cornell University. This estimate was made with the assumption that fluid milk prices will continue to drop.

<sup>11</sup> Alan Bjerga

<sup>12</sup> Cornell University Cooperative Extension Dairy Farm Business Summary (DFBS) New York State 2010.

<sup>13</sup> Cornell Farmworker Program Interviews

<sup>14</sup> Parr Rosson, Flynn Adcock, Dwi Susanto and David Anderson. June 2009. Agri Life Research Texas A&M System. The Economic Impacts of Immigration on U.S. Dairy Farms. Accessed 19 Jul. 2012. <http://www.nmpf.org/files/file/NMPF%20Immigration%20Survey%20Web.pdf>

<sup>15</sup> American Farm Bureau Federation-Economic Analysis Team (AFBF). Feb 2006. Impact of Migrant Labor Restrictions on the Agriculture Sector. Accessed 11 Jul. 2012. <http://www.fb.org/newsroom/nr/nr2006/02-07-06/labor%20study-feb06.pdf>

<sup>16</sup> David Natzke. Dairy Business. "Ag groups criticize mandatory e-verify without program to supply farm labor." Accessed 27 Jun 2012. <http://dairybusiness.com/headlines/ag-groups-criticize-mandatory-e-verify-without-program-to-supply-farm-labor/>

<sup>17</sup> Farm Credit East Knowledge Exchange Report. "Farm Labor and Immigration Enforcement: Economic Impact to New York Agriculture." August 2011

