

House Committee on Business and Labor
Testimony on HB 4002

To: Chair Holvey and Members of the Committee:

Re: HB 4002 Ag Overtime

From: Mike McCarthy PhD, McCarthy Family Farm, LLC, Parkdale.
Past President and Board Member 1000 Friends of Oregon
President Parkdale Valley Land Trust

Please do not pass Ag Overtime until you determine a method to permanently pass the costs on to consumers and huge corporations who have benefited from the poor prices paid to farmers.

I am the first one in my family to try to make a living farming. I started in 1980 in Parkdale in the Hood River Valley. I grow apples, pears, cherries, peaches and some cut flowers.

We grow what are considered “Labor Intensive Crops” and hire farm workers. Most of our workers live on our farm in certified Ag Labor Housing. Housing is provided free, with water, electricity, garbage service provided as a part of their benefits. This amounts to about \$1000-\$2000 per month per employee. This is a common practice in the Oregon fruit industry and some other Ag sectors.

My view of the situation is from 42 years working everyday with farm workers, most from Mexico, some working with us and living on our farm for almost 40 years. Many are my close friends, their children went to school with my kids. Their children attended college and have careers in other sectors of the economy besides Ag.

I have visited them, their families, their ranchos in Mexico to learn more about the towns where they grew up. I have lobbied in Washington DC for immigration reform. I am not any different than most farmers in our area who know and care about farm workers.

In this whole discussion in Oregon about Ag overtime there are some very important facts that have been left out of the discussion. Why is that? I guess partly it is due to the disconnection and the fact that most Americans, including legislators, lack knowledge of farming.

A couple of facts:

The Food System is broken.

Farmers don't make much money. I would like to ask all panel members what the annual wage is received by Oregon's fruit growers, veg growers and dairy farms. This has not been considered by the Oregon Legislature. You would be surprised at how little farmers make. Net farm income in Hood River County was \$3800 in 2017, the latest USDA NASS data.

Oregon Farmers are really struggling to survive with rising costs, stagnant prices, heat, drought, smoke, fire, water being turned off, expensive regulation and global competition.

Labor is a huge expense on labor intensive farms in Oregon.

60% of our annual expenses are for labor.

One college professor testifying at the legislature said our labor costs were 10%.

Farmers can't increase their prices if costs go up. If the Oregon legislature passes Ag Overtime will prices paid to farmers in the entire global food system shift so that Oregon farmers can remain viable. Advocates say prices will adjust. They won't.

Prices are set by supply and demand in a global commodity food system.

The Oregon Legislature can not change global food prices or prices paid to farmers by Walmart.

We compete against farmers from all over the globe to put food in your supermarket.

Walmart pays the minimum they have to pay on the global food market and does not care if our costs go up.

Most of the food cost goes to packing, marketing, shipping and the supermarket and high salaries for CEO's and buyers. Very little goes to the farmer, to farm all year and pay workers, supplies, etc. maybe 15% of prices consumers pay goes to the farmer.

Oregon farmers already pay the highest wages to farm workers in the US. DOL says the prevailing wage in Oregon for farm workers in \$17.41 and this does not include a housing benefit. We also pay the highest wages to farm workers in the world. How can we pay more?

We farmers pay the highest wages in the world to farm workers and Oregon farmers get paid the same price as low cost producers.

US Consumers pay the least for their food as a percentage of income of anywhere in the world.

This relationship of Oregon farmers paying the highest wages and receiving the same price as other states and nations is mathematically impossible to sustain.

We can not compete with food produced in Idaho. Our Dairy industry will suffer.

We can not compete against Georgia, Texas, Florida.

Farm workers in Oregon make \$10,000 more per year than farm workers in Georgia and Florida, plus get free housing.

In many cases prices received by farmers are declining or stagnant in the face of rising costs.

Crop	2011 Price	2020 Price
Blueberries	\$1.78 per lb	\$0.78 per lb
Apples	\$442 per ton	\$450 per ton
Onions	\$15.30 per Bu	\$7.54 per Bu
Sweet Corn	\$8.93 per Bu	\$8.40 per Bu
Potatoes	\$8.05 per Bu	\$8.00 per Bu
Milk	\$21.40 per cwt	\$20.20 per cwt
Beef	\$1.03 per lb	\$0.88 per lb

Meanwhile the Prevailing wage rate paid by farmers to farm workers in Oregon has gone from \$10.60 to \$17.41 at present.

A 60% increase in wages for farm workers and stagnant prices paid to farmers in labor intensive agriculture.

The Problem:

The ability to pay overtime in the US is not built into the US food system.

The effect of No overtime pay across all farms in the US is built into the low price of ALL of our food.

Our food prices reflect this. Consumers and big business in the US have benefited from low food prices and low prices paid to farmers. Not farmers. Farmers are not the problem.

Financial benefit from a lack of Ag overtime has accrued to all consumers. not farmers.

We pay less for food than all countries of the world as a percentage of income. The result of cheap food is in the pockets of all consumers. It is not in the pockets of farmers. The money is not there to pay for overtime.

One state requiring Ag overtime or only several will put the high cost producers, Oregon farmers, out of business. Prices received by Oregon farmers who sell to Krogers will not go up.

We are asking a few Oregon farmers with little political clout, to pay for a racial injustice that all consumers benefited from and huge corporations profited from, not the farmers. The cost should be borne by all in the US who eat food.

PCUN said in a meeting in the Dalles that workers would make less if Overtime came in. We do not want our workers to make less. We can not pay the high price for overtime hours so we will cut back hours to survive.

Workers will suffer or have to travel to second jobs in town when they would rather just get a few more hours where they live.

Please do not pass Ag Overtime until you determine a method to pass these costs on to consumers and big corporations.