

Ag Workforce Bill

National All-Jersey Inc. (NAJ) is asking for your support. An ag worker bill is being introduced in the House of Representatives by the Chair of the Immigration and Citizenship Subcommittee, Zoe Lofgren, and Representatives Mike Simpson, Dan Newhouse, Doug LaMalfa, Mario Diaz-Balart, Jimmy Panetta and others. The bill will be known as the *Farm Workforce Modernization Act* and is expected to be introduced as legislation Wednesday, October 30th. The measure as written is not perfect but is a very positive and significant step in the long process of enacting ag immigration reform. The bill is truly bipartisan with nearly equal numbers of Democrat and Republican co-sponsors.

Farmers deserve a path to the legalization of their workforce and an avenue for future workers. This bipartisan bill is the vehicle for moving ag labor reform in the House. It is essential this moves forward this year so the legislation *can* continue to be strengthened.

The bill has three titles which build on each other to help improve farmers' access to a consistent and legal workforce. The bill includes provisions to address the dairy industry's broad goals of providing a pathway to legal status to current undocumented agriculture workers and reforming the H2A guestworker program to include dairy and other year-round sectors.

The following summary provided by the National Milk Producers Federation (NMPF)

breakdowns the legislation, with an emphasis on its effects on dairy. The House Judiciary Committee is expected to consider the bill shortly after its introduction, with the full House likely voting on the legislation sometime in November. The dairy industry will continue to work on improving the legislation as it moves forward, focusing especially on making the guestworker program even more accessible and workable.

Title I addresses the current workforce. It allows current workers with at least two years of experience in agriculture a legal status, regardless of the legal status of their current work authorization. Their immediate family

members are offered protection from deportation. It also allows current workers to apply for permanent legal residency once they have completed an additional number of years working in agriculture. Title I provides protections to employers whose records are used to establish a current worker's status.

Title II reforms the current H2A guestworker program, including the creation of a year-round program to which dairy has secure access. A fair amount of effort focused on this title to overcome union opposition to a year-round guestworker program, given dairy cannot access H2A workers currently because dairy is a year-round industry (H2A visas are limited to seasonal or temporary positions). Details of the year-round program include:

- Three-year visas for year-round employees.



- Capped program for the first ten years (when the current workforce will still be working in ag to earn permanent residency status), with half of the year-round visas reserved for dairy and an annual cap escalator kicking in at year four. The cap is expected to disappear at year ten, with the Secretary of Agriculture and Secretary of Labor determining at that point *if* there will be a cap based on labor market factors.
- All producers (dairy and non-dairy) using the year-round program must offer family-style housing to workers with families, with farmers being allowed to charge rent for the worker's family members. The bill includes \$1 billion to help cover the cost of providing farmworker housing.
- All producers using the year-round program must also provide workers with one paid round-trip home every year.
- Dairy producers must have a written workplace safety plan.

Title III makes E-Verify mandatory for all farmers using the H2A program at the earliest six months after the end of the application period for current workers to apply for legal status under Title 1 (roughly 2.5 years after the enactment of the bill, at the earliest). Smaller operations will have longer than 2.5 years, with the size of the operation determining exactly when they must comply.

The House Judiciary Committee is expected to mark-up the bill during the week of November 11. The full House would begin deliberations on the bill the following week, with a goal of having it complete before Thanksgiving.

The following link can be used to find your member of the House of Representatives. The resulting query will have a picture of the Representative on the left-hand side of the page with an email icon below the picture.

<https://www.house.gov/representatives/find-your-representative>

Farmers continue to struggle to find workers to till the soil, plant and harvest crops and tend their livestock due to the cumbersome, complicated and expensive seasonal H-2A program. In addition, producers with year-round jobs are prohibited from using the H-2A program entirely. This legislation is long overdue and will be a major step forward in easing the ever-worsening farm labor crisis.

Thank you for considering to support this request. This legislation is critical to our industry, NAJ member families and their workers.

USMCA Update

Prospects continue to improve on Capitol Hill for a positive outcome on the new U.S.-Mexico-Canada Free Trade Agreement (USMCA) yet this calendar year. At least somewhat contrary to the partisanship on display so often in Washington, D.C. these days, trade officials in the Trump Administration continue working with Democrats in the majority in the U.S. House of Representatives to try to clear the last roadblocks to a ratification vote. House Ways and Means Committee Chairman Richard Neal (D-MA) has made positive comments recently about prospects for ratification yet this year as has House Speaker Nancy Pelosi (D-CA).

Of course, ratification can't come soon enough for U.S. dairy producers. Export volumes to Mexico have remained strong but uncertainty about the trading relationship with the U.S. has left the door opened just enough for competitors to make some sales there. And U.S. farmers eagerly await the more level playing field in dairy protein exports expected to result from reforms of the domestic milk pricing formulas Canada committed to make once the three countries have a fully-ratified agreement.

NAJ Milk & Component Outlook - September 2019 Jersey Price Comparisons

<u>SEP '19(STATISTICAL BLEND PRICE</u>		<u>SEP'19 MONTHLY MILK VOLUME</u> (Million #)		<u>SEP'19 JERSEY REGULATED BLEND PRICE</u>	
Northeast (Boston)	\$18.78	Northeast (Boston)	2,164	Northeast (Boston)	\$23.43
Appalachian (Charlotte)	\$20.04	Appalachian (Charlotte)	443	Appalachian (Charlotte)	\$23.16
Southeast (Atlanta)	\$20.52	Southeast (Atlanta)	381	Southeast (Atlanta)	\$23.65
Florida (Tampa)	\$21.85	Florida (Tampa)	204	Florida (Tampa)	\$25.07
Mideast (Cleveland)	\$18.00	Mideast (Cleveland)	1,425	Mideast (Cleveland)	\$22.47
Upper Midwest (Chicago)	\$18.23	Upper Midwest (Chicago)	2,284	Upper Midwest (Chicago)	\$22.72
Central (Kansas City)	\$17.71	Central (Kansas City)	1,038	Central (Kansas City)	\$22.21
California (Los Angeles)	\$17.37	California (Los Angeles)	1,768	California (Los Angeles)	\$19.07
Southwest (Dallas)	\$18.21	Southwest (Dallas)	783	Southwest (Dallas)	\$22.24
Arizona (Phoenix)	\$18.08	Arizona (Phoenix)	335	Arizona (Phoenix)	\$21.29
<u>Pacific Northwest (Seattle)</u>	<u>\$17.43</u>	<u>Pacific Northwest (Seattle)</u>	<u>623</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$21.53</u>
ALL FMMO MARKET AVERAGE	\$18.75	ALL FMMO MARKET TOTAL	11,449	ALL FMMO MARKET AVERAGE	\$22.44

Prices reflect Federal Order minimum blend prices for city shown.

Total Grade A milk volume sold under FMMO during month.

Prices reflect FMMO minimum prices at Jersey component values.

<u>SEP '19 JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS</u>		<u>SEP'19 DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE</u>		<u>SEP'19 PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE</u>	
Northeast (Boston)	\$23.65	Northeast (Boston)	\$4.87	Northeast (Boston)	26.0%
Appalachian (Charlotte) (includes protein prem.)	\$23.49	Appalachian (Charlotte)	\$3.45	Appalachian (Charlotte)	17.2%
Southeast (Atlanta)	\$23.65	Southeast (Atlanta)	\$3.13	Southeast (Atlanta)	15.3%
Florida (Tampa)	\$25.07	Florida (Tampa)	\$3.22	Florida (Tampa)	14.8%
Mideast (Cleveland) (includes protein premium)	\$23.03	Mideast (Cleveland)	\$5.03	Mideast (Cleveland)	28.0%
Upper Midwest (Chicago) (includes cy premium)	\$22.95	Upper Midwest (Chicago)	\$4.72	Upper Midwest (Chicago)	25.9%
Central (Kansas City)	\$22.21	Central (Kansas City)	\$4.50	Central (Kansas City)	25.4%
California (Los Angeles)	\$19.07	California (Los Angeles)	\$1.70	California (Los Angeles)	9.8%
Southwest (Dallas)	\$22.24	Southwest (Dallas)	\$4.03	Southwest (Dallas)	22.1%
Arizona (Phoenix) (includes protein)	\$21.61	Arizona (Phoenix)	\$3.53	Arizona (Phoenix)	19.5%
<u>Pacific Northwest (Seattle)</u>	<u>\$21.53</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$4.10</u>	<u>Pacific Northwest (Seattle)</u>	<u>23.5%</u>
ALL FMMO MARKET AVERAGE	\$22.59	ALL FMMO MARKET AVERAGE	\$3.84	ALL FMMO MARKET AVERAGE	20.7%

Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.

Prices reflect difference between Jersey price with premiums, and the statistical blend price.

Percent difference in Jersey price with premiums, over the statistical blend price.

<u>ESTIMATED JERSEY MILK COMPOSITION</u>	<u>Sep-19</u>	<u>REGULATED MILK PRICES</u>	<u>Sep-19</u>	<u>AVERAGE JERSEY PRICE ADJUSTMENT PER CWT:</u>	<u>Sep-19</u>
Butterfat	4.95	FMMO Milkfat	\$ 2.4982	FMMO Milkfat Adjustment	\$2.86
TRUE Protein	3.73	FMMO True Protein	\$ 2.8633	FMMO True Protein Adjustment	\$1.71
Other Solids	5.73	FMMO Other Solids	\$ 0.1785	FMMO Other Solids Adjustment	(\$0.00)
Solids Not Fat (SNF)	9.46				
Cheese Yield (90% Fat Recovery, 38% Moisture)	12.92				
CME Block Cheese Price	\$ 2.04				

NAJ Milk & Component Outlook - 2019 Prices through September

2019 AVERAGE STATISTICAL BLEND PRICE FOR EACH FEDERAL ORDER		2019 MILK VOLUME (Million #)		2019 AVERAGE JERSEY REGULATED BLEND PRICE	
Northeast (Boston)	\$18.08	Northeast (Boston)	20,203	Northeast (Boston)	\$22.27
Appalachian (Charlotte)	\$18.98	Appalachian (Charlotte)	4,039	Appalachian (Charlotte)	\$22.43
Southeast (Atlanta)	\$19.36	Southeast (Atlanta)	3,790	Southeast (Atlanta)	\$23.22
Florida (Tampa)	\$21.02	Florida (Tampa)	1,892	Florida (Tampa)	\$24.59
Midwest (Cleveland)	\$16.93	Midwest (Cleveland)	14,632	Midwest (Cleveland)	\$20.77
Upper Midwest (Chicago)	\$16.25	Upper Midwest (Chicago)	26,935	Upper Midwest (Chicago)	\$20.29
Central (Kansas City)	\$16.48	Central (Kansas City)	12,412	Central (Kansas City)	\$20.49
California (Los Angeles)	\$16.79	California (Los Angeles)	18,807	California (Los Angeles)	\$18.02
Southwest (Dallas)	\$17.29	Southwest (Dallas)	10,447	Southwest (Dallas)	\$21.02
Arizona (Phoenix)	\$16.86	Arizona (Phoenix)	3,721	Arizona (Phoenix)	\$20.23
<u>Pacific Northwest (Seattle)</u>	<u>\$16.51</u>	<u>Pacific Northwest (Seattle)</u>	<u>6,634</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$19.84</u>
ALL FMMO MARKET AVERAGE	\$17.69	ALL FMMO MARKET TOTAL	123,511	ALL FMMO MARKET AVERAGE	\$21.20

Prices reflect Federal Order minimum blend prices for city shown.

Total Grade A milk volume sold under FMMO.

Prices reflect FMMO minimum prices at Jersey component values.

2019 AVERAGE JERSEY BLEND WITH ESTIMATED PROTEIN OR CHEESE YIELD PREMIUMS		2019 AVERAGE DOLLAR DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE		2019 AVERAGE PERCENT DIFFERENCE: JERSEY MILK WITH PREMIUMS VS. STATISTICAL BLEND PRICE	
Northeast (Boston)	\$22.49	Northeast (Boston)	\$4.42	Northeast (Boston)	24.4%
Appalachian (Charlotte) (includes protein prem.)	\$22.77	Appalachian (Charlotte)	\$3.53	Appalachian (Charlotte)	18.4%
Southeast (Atlanta)	\$23.22	Southeast (Atlanta)	\$3.32	Southeast (Atlanta)	16.8%
Florida (Tampa)	\$24.59	Florida (Tampa)	\$3.54	Florida (Tampa)	16.9%
Midwest (Cleveland) (includes protein premium)	\$21.36	Midwest (Cleveland)	\$4.44	Midwest (Cleveland)	26.2%
Upper Midwest (Chicago) (includes cy premium)	\$20.52	Upper Midwest (Chicago)	\$4.23	Upper Midwest (Chicago)	26.0%
Central (Kansas City)	\$20.49	Central (Kansas City)	\$3.98	Central (Kansas City)	24.1%
California (Los Angeles)	\$18.02	California (Los Angeles)	\$1.24	California (Los Angeles)	7.3%
Southwest (Dallas)	\$21.02	Southwest (Dallas)	\$3.71	Southwest (Dallas)	21.4%
Arizona (Phoenix) (includes protein)	\$20.56	Arizona (Phoenix)	\$3.63	Arizona (Phoenix)	21.6%
<u>Pacific Northwest (Seattle)</u>	<u>\$19.84</u>	<u>Pacific Northwest (Seattle)</u>	<u>\$3.35</u>	<u>Pacific Northwest (Seattle)</u>	<u>20.3%</u>
ALL FMMO MARKET AVERAGE	\$21.35	ALL FMMO MARKET AVERAGE	\$3.58	ALL FMMO MARKET AVERAGE	20.3%

Includes a protein premium of \$0.05 for every 0.01% increase in protein over the market average.

Prices reflect difference between Jersey price with premiums, and the statistical blend price.

Percent difference in Jersey price with premiums, over the statistical blend price.

ESTIMATED JERSEY MILK COMPOSITION	2019	REGULATED MILK PRICES	2019	AVERAGE JERSEY PRICE ADJUSTMENT PER CWT:	2019
Butterfat	4.98	FMMO Milkfat	\$2.5764	FMMO Milkfat Adjustment	\$2.96
TRUE Protein	3.76	FMMO True Protein	\$1.9802	FMMO True Protein Adjustment	\$1.19
Other Solids	5.73	FMMO Other Solids	\$0.2052	FMMO Other Solids Adjustment	(\$0.01)
Solids Not Fat (SNF)	9.49				
Cheese Yield (90% Fat Recovery, 38% Moisture)	13.00				
CME Block Cheese Price	\$1.71				