



SOCIETY *of*
AMERICAN
FLORISTS

Key Floral Industry Issues Presented to Congress

Society of American Florists

**39th Annual Congressional Action Days
March 11 - 12, 2019**

- I. Immigration/E-Verify**
- II. Minimum Wage**
- III. Floriculture and Nursery Research Initiative**
- IV. Floriculture Crops Summary**

The Society of American Florists is the national trade association representing the entire floral industry in the U.S., a \$35.2 billion retail component of the U.S. economy. SAF's membership includes nearly 6,000 small businesses: growers, wholesalers, retailers, importers and related organizations located in communities nationwide. The industry produces and sells cut flowers, foliage plants, potted flowering plants, bedding plants, perennials, garden and landscaping plants, annuals and bulbs, seeds and other propagative material.

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IMMIGRATION POLICIES AFFECTING FLORICULTURE

SAF's "Ask":

Oppose stand-alone mandatory E-Verify legislation which will cripple our agricultural economy. Support true reform which includes enforcing immigration laws at the border, improving verification of employment authorization and creating an acceptable agricultural guestworker program.

As many as 70 percent of agriculture's current 1.8 million workers are unauthorized to work in the U.S. but use false documents. For years, growers have had no way of knowing if applicants are legal, because employers must accept documents that appear genuine or face potential federal prosecution. The current document-based verification system has problems which must be fixed, but most importantly, a mandatory E-Verify without consideration of the impact on the agricultural workforce will deprive the industry of its workforce and threaten America's economy and food security. Any solution must deal with this fact.

Agriculture contributes more than \$100 billion each year to our economy. Two to three additional American jobs are supported by every agricultural job. Due to our failure to pass a viable immigration policy, agricultural production is downsizing or moving offshore.

Based on a 2014 farm labor study conducted by the American Farm Bureau Federation, the impact of an enforcement-only approach to immigration that causes agriculture to lose access to its workforce would result in agricultural output falling by \$30 billion to \$60 billion.

Agriculture already faces a critical lack of workers. Wages are not the issue. The average wage in agriculture is well above minimum wage and higher than in some service sectors where the work is typically indoors, year-round, and less demanding. Few Americans apply for labor-intensive, and often seasonal, jobs.

A viable immigration policy needs to be established that secures our borders, our economy and our food supply. In order to achieve this, legislation should be enacted that includes providing legal status for current employees in agriculture and also creates a new agricultural worker visa program that will provide access to a legal, reliable workforce into the future.

Immigration policies must address the reality that our economy, our labor supply, as well as our borders, must all be secured.

Enactment of a stand-alone E-Verify bill would cripple American agriculture, undermine our economy, threaten our food supply, and ultimately fail to control illegal immigration.

OPPOSE A MINIMUM WAGE THAT WILL ELIMINATE ENTRY-LEVEL JOBS

SAF's "Ask":

Oppose doubling the federal minimum wage to \$15 per hour with automatic increases that threaten small businesses and jobs.

Businesses in the floriculture industry have very narrow profit margins and cannot absorb increased labor costs. If the minimum wage is increased, those increased costs will drive up prices and reduce jobs.

Minimum wage is an entry-level wage. As employees gain experience and learn their jobs, their wages increase. If the minimum wage is increased, teenagers and others without work experience will be frozen out of jobs and not be able to obtain that critical work experience.

The U.S. Bureau of Labor Statistics states "minimum wage workers tend to be young. Although workers under age 25 represented only about one-fifth of hourly paid workers, they made up about half of those paid the federal minimum wage or less. Among employed teenagers (ages 16 to 19) paid by the hour, about 8 percent earned the minimum wage or less, compared with about 1 percent of workers age 25 and older."

If the minimum wage is dramatically increased, the hours of existing employees will be reduced, and some may have to be let go. A 2014 Congressional Budget Office report estimated that 500,000 jobs would be lost if the minimum wage was raised to \$10.10 -- \$4.90 less than what is now being proposed.

A 2019 study by the National Federation of Independent Business (NFIB) found that The Raise the Wage Act would reduce private sector employment by over 1.6 million jobs and produce a cumulative U.S. real output loss of more than \$2 trillion between 2019 and 2029.

The wage is not the only labor cost that will increase -- FICA taxes, workers' compensation, unemployment insurance and benefit packages will all be increased and represent about 20 percent more than the wage rate, not including health care benefits.

Each state and every city are different. \$15 per hour may not seem high in New York City or San Francisco, but it is a much different case for small towns throughout the country.

Despite operating on very thin profit margins, floral businesses often pay in excess of the minimum wage to attract and retain employees.

Flowers are not considered to be a necessity by most people. If prices are as dramatically increased as the minimum wage, people simply won't buy them. We risk going out of business with our workers losing their jobs.

FLORICULTURE and NURSERY RESEARCH INITIATIVE

SAF's "Ask":

Maintain the same funding level that was included in the two previous years for the Floriculture and Nursery Research Initiative (FNRI) in requests to the Appropriations Committees for continued support of the initiative.

SAF supports increased research funding for the Floriculture and Nursery Research Initiative (FNRI), a partnership between SAF, AmericanHort and USDA's Agricultural Research Service (ARS). The partnership has been cited by the USDA as a unique and important model to follow for other industries interested in creating a similar program.

FNRI is designed to obtain and guide federal research funding targeted to the needs of the floriculture and nursery industry. Funding is divided equally between universities and ARS facilities and are split roughly in half between floriculture and nursery projects.

FNRI is vital in responding to pest and disease challenges, enhance the efficiency of our production practices, develop and promote sustainable growing practices and broaden the message of the positive environmental and social impact of floriculture and nursery crops.

Floriculture and nursery products are the sixth-largest farmgate value crop category in the U.S. (only corn and soybeans rank higher). These products contribute 15 percent of the value of U.S. crop agriculture, but less than 1 percent of total USDA research dollars go toward floriculture and nursery.

The scientists supported by FNRI focus on problems that are most important to the floriculture industry. Researchers are out in their communities, talking to growers and know what the industry's needs are. Scientists are nimble enough to respond when there are sudden outbreaks of new pests or environmental challenges.

After years of having its funding eroded due to inflation and budgets cuts, Congress approved \$1 million in FNRI funding for fiscal years 2018 and 2019. Continued funding is needed for continued research needs.

Industry's privately funded foundations, like the American Floral Endowment and the Horticultural Research Institute, spend annually over \$1 million to \$3 million per year to support research. That money comes from significant annual contributions by industry members: growers, wholesalers and retailers.

FNRI coordinates with privately funded foundations to leverage this effort far beyond what it could do on its own in performing critical research.

FLORICULTURE CROPS SUMMARY

SAF's "Ask":

Support \$500,000 for the continued production of the Floriculture Crops Summary in requests to the Appropriations Committees for Fiscal Year 2020 (FY20).

SAF, along with the American Society for Horticultural Science, AmericanHort, the California Association of Flower Growers & Shippers, the California Cut Flower Commission, the Florida Nursery, Growers and Landscape Association, and the Produce Marketing Association, supports the continued publication of the Floriculture Crops Summary.

The Floriculture Crops Summary is an annual report produced by the National Agricultural Statistics Service (NASS) within the U.S. Department of Agriculture (USDA).

The floriculture industry considers the USDA Floriculture Crops Summary to be **the** benchmark to identify market trends and project sales opportunities.

The report shows trends in domestic production and helps compare overall domestically-grown flowers vs. imported flowers. In addition, the report is critical in determining government agricultural policy as well as providing data for academic studies.

Floriculture and nursery products are the sixth-largest farmgate value crop category in the U.S. (only major food crops such as corn, soybeans and wheat rank higher). Diverse floriculture and nursery crops contribute 15 percent of the value of U.S. crop agriculture. Data on such an important sector of the economy needs to be collected and published.

The USDA Floriculture Crops Summary is the only source of annual data on annual bedding and garden plants, potted herbaceous perennials, potted flowering plants for indoor and patio use, foliage plants for indoor or patio use, cut flowers, cut cultivated greens, and propagative floriculture materials.

The data presented in the report shows wholesale value, number of producers, hired workers, and growing area of growers having sales of \$10,000 or more in 17 states with the most floricultural production.

Congress appropriated \$500,000 in fiscal year 2019 for the publication of the report. We ask for the same amount in fiscal year 2020 so that the Floriculture Crops Summary will continue to be produced.