March 2023

FLORICULTURE & NURSERY RESEARCH INITIATIVE

<u>SAF's "Ask":</u>

Representatives and Senators should submit a Fiscal Year 2024 appropriations request to the Agriculture Subcommittee to maintain funding for the Floriculture & Nursery Research Initiative at the Fiscal Year 2023 level.

Last December, Congress passed the FY2023 spending bills and included $1 million increase for the Floriculture & Nursery Research Initiative (FNRI). This vital Agricultural Research Service (ARS-USDA) program delivers solutions to the floriculture industry by addressing pest and disease problems, tackling the challenges of climate change and enhancing the efficiency of production practices.

FNRI is a program designed to obtain and guide federal research funding targeted to the needs of the floriculture and nursery industry. FNRI was conceived in the mid 1980s, and it took more than 10 years of education and lobbying before funding was first appropriated by Congress. Since then, FNRI has succeeded in delivering results for growers due to the dynamic partnership between the floral and nursery industry, the academic community and the federal government. That partnership has been cited by the USDA as a unique and important model to follow for other industries interested in creating a similar program.

Available funds are divided equally between universities and ARS facilities and are split roughly in half between floriculture and nursery projects.This year, the funding increase for FNRI will enable USDA and its university partners to pursue Unmanned Aircraft Systems (UAS) technologies to support the horticulture industry. These innovations will help producers with pest and disease scouting, monitor abiotic stresses and even apply crop production and protection products. These systems will enable growers to use labor more efficiently, improve soil health through reduced compaction and slash pesticide use through precision applications.

SAF is asking that FNRI funding be maintained at its FY2023 level in FY2024.

SOCIETY of AMERICAN FLORISTS
Your Growth is Our Business

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GENERALIZED SYSTEM OF PREFERENCES (GSP)

SAF's "Ask":

Congress must pass legislation reauthorizing the Generalized System of Preferences (GSP), which supports the floral industry by containing costs and providing importers and retailers with greater price certainty.

The Generalized System of Preferences (GSP) has been in place for more than 45 years promoting opportunity for the least economically developed countries abroad and supporting U.S. businesses that rely on imported products to sustain and grow their businesses.

U.S. floral retailers have benefitted greatly from duty-free imports of cut flowers both through trade agreements and GSP. Nearly 80% of cut flowers purchased in the U.S. are grown in other countries and almost 95% of imports come from countries where relief from duties is applied. For locally- and family-owned floral shops and wholesalers that are facing financial pressures due to increases in workforce and healthcare costs coupled with general inflationary prices, the cost savings from duty-free imports are significant to the viability of their business— and thus the industry.

In 2021, duty-free status across all programs resulted in approximately $100 million staying in the floral industry, according to import value estimates from the Economic Research Service—and an additional $20 million would have been added had GSP tariff relief been in place. These dollars are used to hire additional staff, promote consumer purchases and invest in the future of family businesses. Unfortunately, GSP authorization lapsed on Dec. 31, 2020, adding significant costs to these main street businesses trying to recover from the economic impact of COVID and cope with inflationary pressures not seen in 40 years.

SAF and its members were disappointed when GSP reauthorization was pulled from the United States Innovation and Competition Act (USICA) and America COMPETES Act congressional conference package. We urge Congress to move swiftly to reauthorize this important program and help reestablish a level of price stability that GSP brings to the floral market.

March 2023

AGRICULTURAL LABOR

SAF's "Ask":

Congress must pass legislation to address the labor crisis by providing legal status for current agricultural employees and ensuring employers have access to a stable and secure workforce now and in the future.

Devastating labor shortages and forced wage increases continue to impact growing operations and the floral products supply chain. These shortages—due to ineffective federal policy on agriculture labor— jeopardize the future success of the floriculture sector along with the vitality of rural economies, which rely upon agriculture as a primary economic driver. Growers are at a critical juncture caused by the small margin between profitability and loss because of the labor-intensive nature of this sector. The impact goes far beyond the farm gate, as each on-farm employee supports two to three other jobs up and down the food and agriculture supply chain.

SAF advocates for meaningful reforms to temporary work programs, including the H-2A program. Employers using H-2A go through expensive, complicated hiring processes to secure the necessary labor in addition to ensuring compliance with strict housing and transportation standards. On top of this, employers must pay wages based on the Adverse Effect Wage Rate (AEWR), which changes annually—and often with surprisingly sharp increases. This is true again this year with a 7.5% increase nationally from 2022 wage rates. Florida and Georgia saw AEWR increases of 15.5% and 14%, respectively.

Late last year Congress appeared close to taking real and impactful action to reform agricultural labor policy by considering the Affordable and Secure Food Act during omnibus deliberations. This followed the House's passage of the Farm Workforce Modernization Act in 2021. SAF was disappointed by the failure of the last Congress to take action but hopes the momentum on this issue will continue in the 118th Congress to finally find a path forward.

SAF requests that members of Congress work diligently to find comprehensive solutions to agriculture labor challenges, recognizing that the status quo is a risk to our economic and border security.

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FARM BILL

<u>SAF's "Ask":</u>

Congress should work toward swift passage of a strong Farm Bill that supports specialty crops and floriculture production through research and improved access to crop insurance.

The Farm Bill is a large, multi-jurisdictional (i.e., omnibus), multi-year law that governs an array of agricultural and food programs. The most recent Farm Bill—the Agriculture Improvement Act of 2018—was enacted into law in December 2018 and expires on Sept. 30, 2023.

A small portion of the $428 billion Farm Bill—less than $2 billion—supports specialty crop producers, including nursery and floriculture (more than 90 percent focuses on nutrition, crop insurance and commodity programs price support, largely for row crops). Specialty crops have not always been given consideration: It took bringing together specialty crop producer groups under the Specialty Crop Farm Bill Alliance coalition—which SAF has been a part of since it formed in 2005— to advocate for the needs of these producers. It was not until the 2008 Farm Bill, thanks to the Specialty Crop Farm Bill Alliance's advocacy, when specialty crop producers, which includes nursery and floriculture, began to benefit from Farm Bill investments in research, marketing, and pest and disease response programs.

With the current Farm Bill expiring on Sept. 30, 2023, the new 118th Congress has begun hearings and requested stakeholder input. Funding for the next Farm Bill will be tight, but SAF, along with its partners in the Specialty Crop Farm Bill Alliance, will be pushing to expand funding for specialty crop programs that focus on issues like research, pest and disease response, a permanent disaster program, and improved crop insurance access.