University of Idaho
McClure Center for Public Policy Research
IDAHO AT A GLANCE

Community Impacts of Dairy Workers

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Highlights

♦ With its predominantly Hispanic workforce, south central Idaho's dairy industry has shaped the region's demographics, contributing to both population growth and diversity.

♦ The dairy industry's workers, many of whom are immigrants, have had a positive economic impact on communities. The largest economic impacts are in communities with jobs on dairy farms, as well as in value-added, dairy processing plants. Small towns with relatively fewer processing jobs (compared to production jobs) struggle to diversify and build infrastructure.

♦ The net flow of Mexican immigrants to the U.S. (including those who are unauthorized) has slowed dramatically since the recession. One sign of this in Idaho is that the number of unauthorized immigrants is unchanged since 2009. With fewer potential workers moving to Idaho, the dairy industry is facing a severe labor shortage at current wage rates.

♦ Addressing labor shortages and other challenges discussed here should be a high priority for the regional leaders who so successfully expanded value-added manufacturing, as well as for the emerging Hispanic leaders who are the children and grandchildren of immigrants. Many people we interviewed said that to continue prospering, regional leaders must focus on education and integration.

Background

In this study, conducted in 2016, we analyzed the demographic, social, and economic impacts that dairy workers have on communities in Idaho. Our study area included six counties in south central Idaho, commonly known as the Magic Valley. This relatively rural region is home to 74% of Idaho's on-farm dairy jobs, 70% of its dairy cows, and 10% of its residents. Compared to Idaho as a whole, the Magic Valley is more heavily Hispanic, has a Hispanic population that is more likely to be foreign-born, and has a foreign-born population that is more likely to speak Spanish.[a,b,c,d]

Two national trends shape the regional context for our study. The first is a decades-long shift in the dairy industry towards fewer and more geographically concentrated large farms. This trend is especially pronounced in Idaho's Magic Valley, where milk production is increasing, the number of dairy farms is decreasing, and average herd size is going up.[b,e]

The second national trend is slowing growth in the nation's Hispanic population, largely the result of lower birth rates among resident Hispanic women and a dramatic decline in the number of Mexican immigrants entering the U.S. since the recession. In the Magic Valley, the Hispanic population grew at an average annual rate of 8.9% in the 1990s, 6.6% in the 2000s, and 2.6% from 2010 to 2015.[c,f,h]

For this research and our 2009 analysis on the same topic, we conducted personal interviews with people knowledgeable about the Magic Valley's dairy industry and the communities it impacts. We also analyzed secondary data from federal, state, and local sources. Both studies were funded by grants from the Idaho Dairymen's Association.
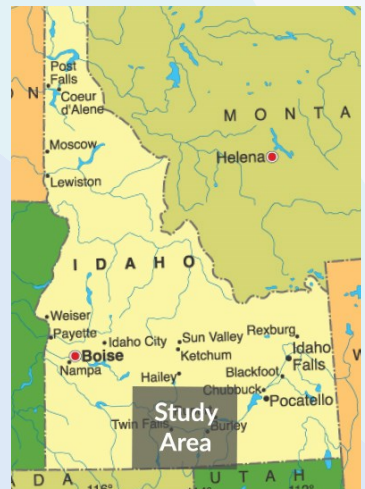
Labor on dairy farms

Labor markets directly impact communities. For example, labor supply and demand affect how much money workers have to spend at local businesses; how stable and secure their households are; and how engaged they can be in their community, school, and church.

Hispanic population (1991-2015), and dairy production and processing jobs (1991-2016), six-county region

NOTE: 2016 data for dairy jobs are preliminary .

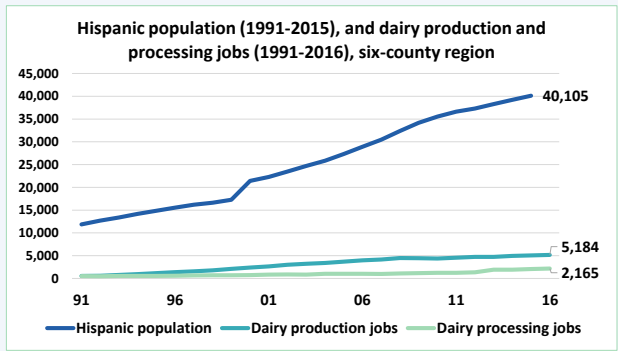SOURCE: Idaho Department of Labor and U.S. Census Bureau [a,c]

In the last 25 years, the number of on-farm dairy production jobs in the Magic Valley grew ten-fold, and the number of dairy processing jobs grew four-fold. Together, these 7,350 jobs make up about 10% of all jobs in the region.[a]

Large dairy farms require a workforce made up of "*very strong, agile young men*" who can handle the job requirements. The jobs are fast-paced and physically demanding, especially for the milkers who make up about half of all workers on a typical large dairy farm.

People we interviewed for this study consistently said that on-farm dairy workers are almost entirely Hispanic and a sizeable number are unauthorized immigrants. The Pew Research Center estimates that unauthorized immigrants make up about 4% of Idaho's total workforce.[g] Our interviews suggest the percent is much higher in Idaho's dairy industry, and agriculture generally, but we have no reliable method to estimate how much higher.

The dairy industry's predominantly Hispanic workforce has powerfully influenced the Magic Valley's demographics. Talking about the two most dairy-dependent counties – Gooding and Jerome – a school principal observed, "*The dairy industry is the primary factor for the increase in the Hispanic population.*"

However, in the U.S. as a whole and in the Magic Valley specifically, the Hispanic population is not growing as quickly as it did in previous decades. This is partly because the net flow of immigrants from Mexico has largely stopped since the recession. Net zero immigration has decreased the supply and changed the characteristics of workers on which the dairy industry has historically depended.[h]

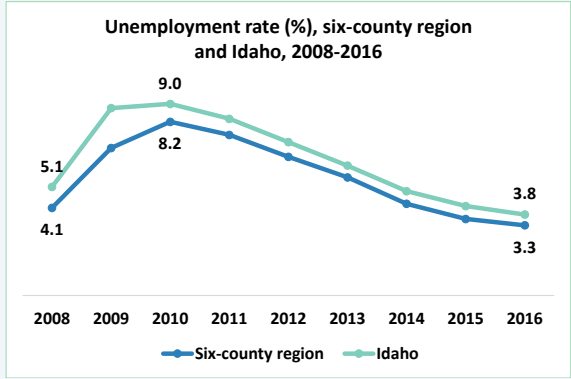| Unauthorized immigrants in Idaho and the U.S., 2014	Idaho		U.S.
	Value	State rank	Value
Unauthorized immigrant population (#)	45,000	36	11,100,000
Unauthorized immigrant share of the total population (%)	2.7	23	3.5
Unauthorized share of immigrant population (%)	42	3	26
Unauthorized immigrant share of the labor force (%)	4	21	5
Share of K-12 students with unauthorized immigrant parent(s) (%)	6.8	16	7.3
Mexicans as share of unauthorized immigrants (%)	87	2	52
2009-14 change in unauthorized immigrant population (%)	NS	23	NS

NS = Change is not statistically significant

SOURCE: Pew Research Center [g]

Our 2016 research indicated that compared to dairy workers in 2009, today's workers tend to have been in the U.S. longer and are "*more settled.*" They are also more likely to be married, perhaps better paid, and certainly in shorter supply at current wage rates. There are more refugees and women in the dairy industry's work force today than there were in 2009, though their share of the workforce is still small.

Demographic changes in the dairy workforce have implications for communities, particularly if fewer workers are single and more are married with children. Equally important to community well-being is the trend towards automation. Rapid, widespread adoption could displace thousands of workers. On the other hand, gradual adoption might allow ongoing generational change as fewer immigrants come to Idaho and the children of immigrants seek different jobs and a better life than their parents had.

Impacts on economic well-being

The Magic Valley's recent economic performance reflects the dairy industry's positive economic influence. Based on three important criteria, the region has fared better than Idaho as a whole since the recession: annual unemployment rate; rate of job growth; and change in average wage per job. Based on these measures, the region is better off than the state as a whole .[a,i,j]

Unemployment rate (%), six-county region and Idaho, 2008-2016

9.0
8.2
5.1
4.1
3.8
3.3

2008 2009 2010 2011 2012 2013 2014 2015 2016

—●— Six-county region —●— Idaho

SOURCE: U.S. Bureau of Labor Statistics [i]

People we interviewed observed a connection between the dairy industry and economic prosperity. A local businessman described his impressions of wage rates, ethnicity, and the local economy: *"Many people have money to spend because the wages are decent here. In the last six years, especially on Sundays, the Magic Valley mall has been packed, mostly by Latino customers. They have disposable incomes."*

Based on another criterion – annual average wage per job – the region has not done as well as the state as a whole. On the other hand, poverty rates in the state and region are almost the same.[a,k]

Our study also shows that small towns are not benefiting equally from growth in the dairy industry workforce. A community development professional said, *"The little towns are struggling because their economies are not diverse . . . They are not players."*
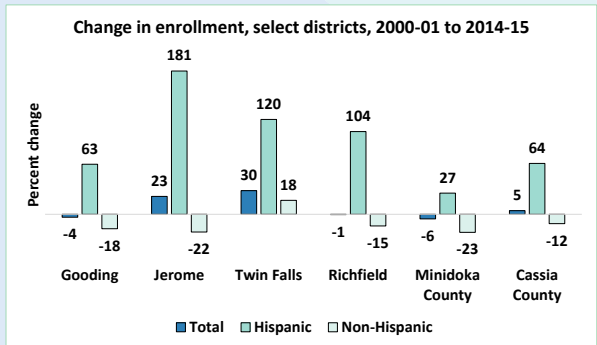
Across the Magic Valley, economic well-being is higher where there are more value-added, dairy processing jobs relative to on-farm dairy production jobs, and vice versa.

Economic indicators	Six-county region	IDAHO
Average annual unemployment rate (%), 2016	3.3	3.8
Change in number of jobs (%), 2008-2015	5.4	2.7
Average wage per job ($), 2015 [(1)]	33,224	38,844
Change in average wage per job (%), 2008-2015	7.2	4.1
Overall poverty rate (%), 2015	15.3	14.7
Change in overall poverty rate (%), 2008-2015	1.4	2.2

NOTE: 2008 values used to calculate change in average wage per job have been adjusted for inflation to 2015 Real Dollars
SOURCES: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Idaho Department of Labor, and U.S. Census Bureau[a,i,j,k]

Impacts on schools

Hispanic school enrollment in Magic Valley communities has closely tracked growth in the number of dairy jobs and the number of Hispanics more generally. Some school districts would be losing enrollment if not for growth in the number of Hispanic students.[l]

Hispanic enrollment in the Magic Valley's 23 public school districts grew 71% from 2000-01 to 2014-15, while the number of non-Hispanic students was flat.[l] Administrators and teachers we interviewed frequently talked about having inadequate resources – especially bilingual and bicultural staff – to serve students and facilitate parent engagement. Speaking about the challenge of engaging with parents, a principal said, *"They are just not confident within the culture of the American school system the way they would be in a different cultural setting. So, we don't have enough resources for that."*
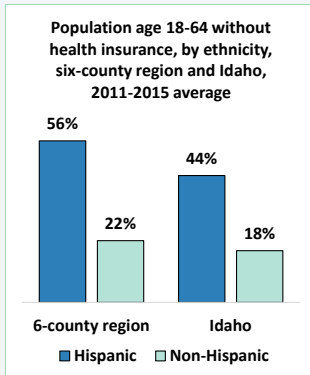
Change in enrollment, select districts, 2000-01 to 2014-15

Percent change

181
120
104
63 64
30
27
23 18
5
-4 -18 -22 -1 -15 -6 -23 -12

Gooding Jerome Twin Falls Richfield Minidoka County Cassia County

■ Total ▢ Hispanic ▢ Non-Hispanic

SOURCE: U.S. Department of Education[l]
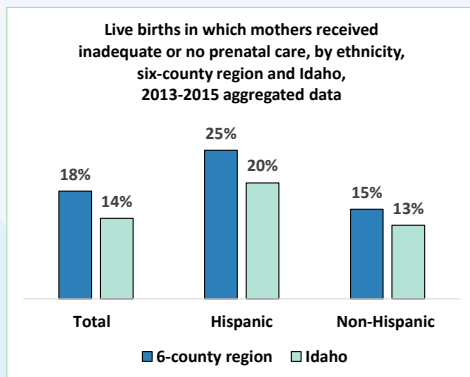
Impacts on health care

Since our 2009 study, Magic Valley health care has improved according to some measures, including lower indigent care costs and improved health insurance coverage. Consistent with state-level trends, indigent care costs declined from fiscal year 2012 to 2016 and the share of both Hispanics and non-Hispanics with health insurance increased over the same period.[d,m]

Nevertheless, public health disparities continue to exist between Hispanics and non-Hispanics, and by geography. Compared to non-Hispanics, Hispanics in the Magic Valley continue to have lower rates of insurance coverage and lower rates of access in specific areas such as prenatal care. Those trends, along with higher birth rates among Hispanics, indicate that some underserved residents may need expanded health care services over the long term.[d,f]

Our interviews and secondary data analyses do not indicate that immigrants are taxing the health care system with unpaid expenses. Rather, in many cases, they fail to access health care services because of their economic constraints and lack of security about engaging with the health care system. Speaking about the Women's Preventive Health Care program, a health care worker said, *"About 3-4 years ago, Idaho changed the policy and now requires us to ask for documentation . . . So, the next year when our number of patients in this category was much lower, the Health Department called and asked, 'What's going on?' . . . It's because [before] we were seeing that many undocumented women who all needed services. We don't know where they are now."*

Population age 18-64 without health insurance, by ethnicity, six-county region and Idaho, 2011-2015 average

SOURCE: U.S. Census Bureau[d]

Live births in which mothers received inadequate or no prenatal care, by ethnicity, six-county region and Idaho, 2013-2015 aggregated data


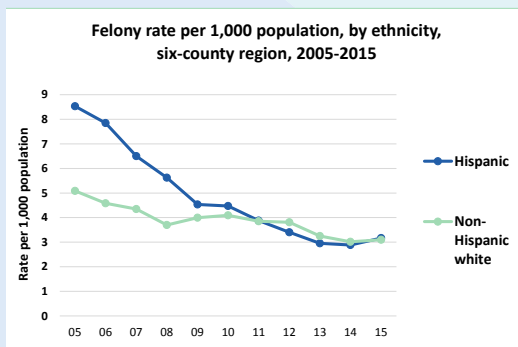SOURCE: Idaho Department of Health and Welfare[f]

Impacts on law enforcement and justice

Our analysis indicates that social and demographic change brought about by the dairy industry has not resulted in more crime. In fact, rates for most kinds of crime have declined in recent years and overall, the region is experiencing relatively low crime activity.[n,o] Moreover, those we interviewed concurred (as they did in the 2009 study) there are no causal linkages between the influx of the dairy labor force and patterns of crime.

However, people responsible for local law enforcement and justice are sometimes challenged to adapt to the region's changing and more diverse population. In many cases, local agencies need more resources – especially bilingual and bicultural staff – to serve the Hispanic population.

Total arrests, by ethnicity, as percent of population, six-county region and Idaho, 2005-2015
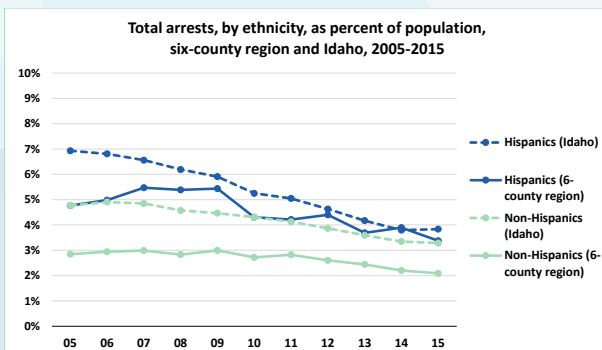
SOURCE: Idaho State Police[n]

Felony rate per 1,000 population, by ethnicity, six-county region, 2005-2015

SOURCE: Idaho Department of Corrections[o]

Conclusions

As in most states, the economy is weaker in rural Idaho than in urban parts of the state. Particularly since the recession, population and employment growth have been slower in rural than in urban Idaho overall.[p]

The Magic Valley is an exception. Like other ethnically diverse parts of the country, the Magic Valley recovered relatively quickly from the last recession. National studies have linked this more rapid economic recovery to growth in lower-wage service and other occupations in which Hispanics are highly concentrated.[q]

With its dairy industry, the Magic Valley has a super-sized market for occupations in which Hispanics are concentrated, though with a twist. Dairy has historically paid relatively good wages and provided steady work. Decent wages and steady hours give people money to spend in local stores that offer familiar products – food, clothing, and entertainment: "a *welcoming community*" in the words of a local Hispanic business owner.

Our study shows that demographic diversity, largely the result of immigration, has benefited the Magic Valley. The dairy industry attracted Hispanic immigrants who were willing to take jobs native-born workers would not, at least at prevailing wages. These immigrants came to the Magic Valley to work. They kept working, married, had children, shopped at local stores, and bought homes, all in pursuit of the American dream.

Alongside dairy farms on which these immigrants worked, dairy processing grew and provided more jobs in the region. Together, milk production and processing launched a more diverse and vibrant food processing sector and an economy that weathered the recession better than the rest of the state.

The presence of immigrants has greatly benefited communities in the Magic Valley, but with these benefits come certain challenges. In our study, we found that these challenges are most obvious in schools and particularly in the areas of English language learners and parent engagement. There is reason for concern that children left behind in early grades because of language barriers will be disadvantaged as they mature and enter the workforce. We also found that the region's most rural communities are challenged to build infrastructure to attract new businesses and diversify their economies.

Addressing these challenges should be a high priority for the regional leaders who so successfully expanded value-added manufacturing, as well as for the emerging Hispanic leaders who are the children and grandchildren of immigrants. Many people we interviewed said that to continue prospering, Magic Valley community leaders must focus on education and integration.

Changing immigration policy, along with new trade agreements and the ongoing assimilation of immigrants, will undoubtedly influence community well-being in the future. So, too, will the pace and scale of automation in response to labor shortages and perceived uncertainties about labor supply and immigration policy. The dairy industry will continue to be a driving force in the region going forward.

About the study

We conducted 48 semi-structured interviews with experts and key informants. All were selected based on their knowledge of and experience in the region, its communities, and the dairy industry. *Quotes from people we interviewed appear in italics*. In addition to interviews, we analyzed secondary data from federal, state, and local sources. These data provide important context to help understand themes, trends, and patterns that emerge from qualitative interviews, and vice versa. All interviews and secondary data analysis were conducted in 2016.

Our research design mirrors the complexity of the community-level issues we address. We examined and synthesized data from a variety of sources and points of view. The data constitute objective fact as well as subjective perceptions. When carefully analyzed and synthesized, these data allowed us to more completely describe and understand community-level impacts by allowing us to identify quantifiable trends alongside public and professional interpretations of how those trends play out at the local level.

The full study on which this report is based is available at:
www.uidaho.edu/mcclurecenter

Data sources

a—Idaho Department of Labor. 1991-2015 final data and 2016 preliminary data for dairy jobs and average wage per job. Public records request.

b—U.S. Department of Agriculture, National Agricultural Statistics Service. 1997, 2002, 2007, and 2012. Census of Agriculture. Available at https://www.agcensus.usda.gov/

c—U.S. Census Bureau. 1990-2015. Population Estimates Program. Available at https://www.census.gov/programs-surveys/popest.html

d—U.S. Census Bureau. 2007-2015. American Community Survey. Available at https://factfinder.census.gov/

e—U.S. Department of Agriculture, Economic Research Service. 2016. "Dairy Data." Available at https://www.ers.usda.gov/data-products/dairy-data/

f—Idaho Department of Health and Welfare, Bureau of Vital Records and Health Statistics. 2013-2015 aggregated data. Public records request.

g—Pew Research Center. 2014. "US Unauthorized Immigration Population Estimates." Available at http://www.pewhispanic.org/interactives/unauthorized-immigrants/

h—Pew Research Center. 2016. "US Latino Population Growth and Dispersion Has Slowed Since Onset of the Great Recession." Available at http://www.pewhispanic.org/2016/09/08/latino-population-growth-and-dispersion-has-slowed-since-the-onset-of-the-great-recession/

i—U.S. Bureau of Labor Statistics. 2008-2016. Local Area Unemployment Statistics. Available at https://www.bls.gov/data/#unemployment

j—U.S. Bureau of Economic Analysis. 2008 and 2015. Local Area Personal Income and Employment. Available at https://www.bea.gov/regional/index.htm

k—U.S. Census Bureau. 2008 and 2015. Small Area Income and Poverty Estimates. Available at https://www.census.gov/did/www/saipe/data/

l—U.S. Department of Education, National Center for Education Statistics. 2000-01 to 2014-15. Elementary/ Secondary Information System. Available at https://nces.ed.gov/ccd/elsi/tableGenerator.aspx

m—Idaho Association of Counties. 2016. Public records request.

n—Idaho State Police. 2005-2015. Public records request.

o—Idaho Department of Corrections. 2005-2015. Public records request.

p—University of Idaho McClure Center for Public Policy Research. 2016. "Rural Idaho Since the Recession." *Idaho at a Glance,* Vol. 6(2). Available at http://www.uidaho.edu/IdahoataGlance

q—The Brookings Institution. 2016. "Another Clinton: Trump Divide: High-Output America vs. Low-Output America." Available at https://www.brookings.edu/blog/the-avenue/2016/11/29/

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