

HOW OREGON WORKS

A SPECIAL SERIES ON OREGON'S WORKFORCE

OREGON'S WORKFORCE
AND THE JOBS AND SKILLS

AGRICULTURE
& NATURAL RESOURCES

GAP



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OREGON'S WORKFORCE AND THE JOB AND SKILLS GAP



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TUESDAY, OCT. 30	
	HOW OREGON WORKS: Educating the Workforce of the Future

FROM OUR SPONSORS



Advanced manufacturing, welding, health care, information technology . . . these represent industries we regularly hear of desperately needing a skilled, educated workforce. Yet opportunity also exists outside the manufacturing bays, labs, and hospitals. Environmental Studies, Geology, Landscape Technology, and Renewable Energy Systems are examples of career technical education (CTE) that Portland Community College offers in high growth fields, with significant career potential for our students. With data showing 3.7 percent unemployment nationally – our country's lowest since December 1969 – the skills gap for business and industry is fierce. Their need in Oregon for high caliber, trained workers supports the rationale for bridging this gap through CTE support. Students can pursue studies leading to in-demand, high wage jobs, and building better lives for themselves and their families. Meanwhile, business and industry will have access to a larger skilled personnel pool. Funding for CTE in the upcoming biennium is a must, for the well-being of our students and the state's economy.

MARK MITSUI
 President
 Portland Community College



For decades, Stoel Rives has worked side by side with our clients and partners in the agribusiness and natural resources industries to navigate evolving business and market forces, including the unique challenges inherent in a changing workforce. Our lawyers pride themselves in learning the legal and practical challenges facing these industries and the soils, climates, resources, markets and regulatory environments in which they operate. We have built one of the largest agribusiness and natural resources law practices in the U.S., serving clients in virtually all aspects of their businesses, including transactional, regulatory, finance, land use, environmental, dispute resolution, employment and workforce issues. Whether serving our smallest family farmers or our largest agricultural and forest products growers, processors and producers, our mission is the same: We listen to our clients. We make the long-term investment. We adapt to changes in the industry. And we recognize the importance that diversity plays in the future of our farms and forests. We are honored to sponsor the How Oregon Works series. While they may look different over time, we understand that the agricultural and natural resources industries have always been and will always be deeply rooted in Oregon.

ADAM DITTMAN
 Partner, Stoel Rives LLP



Agriculture in Washington County generates nearly \$238 million in annual sales – the 8th highest in the state – and accounts for just under \$98 million in annual payroll. The workforce is relatively small with 5,100 total jobs, however, employment has held steady in the post-recession era and represents 1.4% of the total jobs in the county. The workforce is also older than many other industries in the county with 59% of workers being 45 or older. As well as an important business sector, agriculture holds a significant role in the history of Washington County and is key to the powerful farm to table movement in our region. As a member of the Workforce Development Board staffed by Worksystems, I understand the importance of skilled labor to the health of our industries and overall economy and know that pipelines of skilled people are needed to replace a retiring workforce. WorkSource Portland Metro, including centers located in Tualatin and Beaverton, is a great place to access training and employment services.

PAMELA TREECE
 Executive Director, Westside Economic Alliance
 Washington County Commissioner (Elect)



PSU has earned a reputation for educating career-ready graduates. Our students have developed an understanding that living-, learning- and working-landscapes blend together. This is because we give students real-world experience working and volunteering with hundreds of community partners, from Intel to Nike. Students naturally become engaged in the region that has invested so much in them: More than 100,000 PSU alumni live and work in the Portland Metro area. Our students can choose from one of our 14 pre-health tracks, our pioneering entrepreneurial program, our culturally responsive school of education, or our innovative school of engineering and computer science. They study in state-of-the-art facilities, benefit from expert advisers, and build leadership skills through student organizations. I am particularly proud of our strong alliance with Oregon Health & Science University, including the joint OHSU-PSU School of Public Health. OHSU accepts more students from PSU than from any other university. Through PSU CO-OP, which will be introduced this fall, PSU will further show how a cooperative, experiential education model can serve the needs of students and regional employers and address affordability. We are pleased to sponsor How Oregon Works and proud to educate a workforce that thinks critically, communicates clearly and adapts to new people, challenges and goals.

PROF. RAHMAT SHOURESHI
 President, Portland State University





LABOR DROUGHT STUNTS GROWTH

A WORSENING LABOR SHORTAGE IS LIMITING GROWTH OF OREGON'S NEARLY \$1B NURSERY INDUSTRY



The greenhouse and nursery category was Oregon's top producing agricultural sector in 2017 in terms of dollar value generated, at \$947.7 million. That's well ahead of No. 2, cattle and calves, at \$694.2 million. The Oregon Association of Nurseries is the industry's largest trade group, with its 800-plus members employing about 22,900 workers with an annual payroll of \$327.6 million. We talked with OAN Executive Director Jeff Stone about the state of the industry and how labor issues are stunting growth.

How are acreage and revenues trending in the nursery industry?

Acreage is stalled a little bit. The recession hit this industry hard. We lost about 30 percent of the growers. In terms of revenue, we're almost back to where we were pre-recession. We briefly topped the \$1 billion mark. We bring a lot of trade dollars into the Oregon economy.

Have you recovered most of the 30 percent of growers that you lost? No.

For reasons that were not of their own doing, markets just disappeared. You can't last very long if you don't have anywhere for your plants to go.

What's the biggest challenge facing the industry? Labor, labor, labor. It's difficult because of the type of work. It's skilled labor, but it's also hard work. There is a market there to grow by 10 to 20 percent because of our ability to produce plants, but we're only growing at 2 percent because of the lack of labor. We're working in Washington D.C. on immigration reform. We're telling them that it's an economic cap on our industry.

What are the key reasons the industry is having trouble finding workers? Some of it is the reputation of ag, that it's not skilled, or it's dirty. Not as many people are growing up wanting to go out and be a craftsman of plants. It's been a shrinking workforce for quite a while. It's mostly an aging workforce, and it's going to affect the industry very harshly when they begin to retire. That's why we're trying to place such an emphasis on trying to get



Jeff Stone

an immigration package. ... We also need to get more students in Future Farmers of America to build a bench.

Is automation helping offset labor issues? To some degree.

Nurseries are very labor intensive, and they're very hand intensive. We can mechanically prune some plants, and a lot of this new technology is awesome, but you also have to have someone to operate that machinery.

Which jobs are the hardest to fill?

I would say the entry-level nursery worker is the hardest to get. It's difficult work, and it's outside.... The pride and skill experienced nursery workers exhibit is something we can all emulate. ... (But) it's not just the hand labor in the field, it's all the way through the management level.

What strategies are larger growers

using to attract labor? We already pay more than the minimum wage. A lot of our members were already providing sick leave and other mandates the state imposed. There's not a lot more they can do, other than providing a good family atmosphere and a supportive management staff. A lot of growers are starting to look at H-2A (which allows employers who anticipate a shortage of domestic workers to bring non-immigrant foreign workers to the U.S.) as a stopgap.

Is the H-2A program helping relieve the shortage? The program is of limited use in Oregon and in the West. You have to provide housing, you have to provide transportation, and it's only for a few months. If you bring in 10 people, say, you are not going to solve your entire labor issue. Also, the weather and production cycles don't always match up with the strict schedule. There may be too much rain to get in the field in March, but your workers may have to leave by June 30. ... The biggest conundrum is that there are not enough American workers who want to do this job. We have seen this slow motion car wreck for years, so that is why we have to look at, 'How do you get an influx of workers?' That's going to be through federal immigration change.

- Sean Meyers

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DEEPLY ROOTED IN OREGON: OUR AGRIBUSINESS AND NATURAL RESOURCE INDUSTRIES

Our first jobs were in the dirt. One of us (Kirk) worked on his family's farm and feedlot in Malheur County, and one of us (Hayley) moved irrigation pipe on her family's farm and ranch in Wallowa County. We both went to law school with the goal of returning to Oregon to advise clients in the agribusiness and natural resource industries. Today, we're fortunate to serve the hard working people who gave us our start in the workforce.

Oregon's agriculture and natural resource industries are major employers and economic engines, particularly in rural communities. Oregon's agricultural industry is linked to about 13.2 percent of Oregon sales and 13.8 percent of Oregon jobs. Oregon is the number one U.S. producer of quintessential Oregon commodities like hazelnuts, Christmas trees, and grass seed. Agriculture also supports our booming beer, wine, and cider industries and our foodie culture.

Nearly half of Oregon's 63 million acres are forestland. Oregon's forest sector provides over 61,000 jobs, with an annual payroll of around \$3 billion. Oregon leads U.S. production of softwood lumber and plywood and is a leader in producing engineered wood products. Forest sector jobs promote sustainability and stewardship of forest resources, ensure the availability of wood buildings, and provide outdoor recreation opportunities.

But Oregon's agribusiness and natural resource industries face unique legal issues.

Ownership of farmland and forestland in Oregon



Kirk Maag,
Stoel Rives LLP



Hayley Siltanen,
Stoel Rives LLP

has been consolidating. Owners include expanding family and homegrown companies, growing and diversifying national companies, and institutional investors. As companies look to transition ownership to the next generation or third parties, they should work with accountants and legal counsel to ensure operational flexibility, business continuity, and tax efficiency. And as land ownership structures grow more complex, important questions arise about how asset ownership should be structured from a management and tax perspective, who is responsible for operational control and decision-making, and who bears the risks and liabilities.

Many agricultural and forest properties are eligible for special assessment or tax deferral if the property is used for a qualifying use. But these programs can trigger retroactive tax liability if the requirements are no longer satisfied. Sellers should carefully evaluate their potential tax liability if the sale could affect tax deferral status (e.g., through changes in use).

Buyers must engage in rigorous due diligence, par-

ticularly where changes to historic uses are anticipated. Some considerations include:

- Whether the use complies with zoning laws;
- Whether the use complies with environmental laws, whether new governmental permits will be required, and whether existing permits are transferrable;
- Whether existing water rights are sufficient to support the use and whether the water source is reliable;
- Whether the presence of threatened or endangered species could affect use; and
- Whether past activities caused contamination that might trigger future liability.

Certain segments of the agribusiness and natural resources industries must also navigate unique labor and employment laws. Some of these laws, like those related to overtime pay, farm labor contracting, and migrant and seasonal workers, aren't new. But Oregon recently passed new laws (relating to minimum wage, paid sick leave, equal pay, and background checks) that apply to many industry employees, including temporary and seasonal workers. Employers should ensure that their employee manuals, payroll systems, and policies account for these laws.

Oregon's economic future will depend as much on its farms and forests as it will on its cities and metropolitan areas. At Stoel Rives, we're proud that our roots are inextricably intertwined with Oregon's agribusiness and natural resource industries.

HELPING OREGON GROW

Stoel Rives' multi-disciplinary team offers our **Agriculture and Natural Resources** clients deep industry knowledge, practical solutions, and innovative strategies to navigate the challenges ahead.



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