

**WRITTEN STATEMENT OF
CHAD SELMAN
TO THE
HOUSE OF REPRESENTATIVES SMALL BUSINESS COMMITTEE
REGARDING
“HOW REGULATIONS STIFLE SMALL BUSINESS GROWTH”**

July 22, 2019

Thank you for the opportunity to provide comments on this important topic. I'm Chad Selman, from Skiatook, owner of Selman Farms, a pecan growing operation. Oklahoma is first in the Nation in native pecan production and fifth in overall production, harvesting around sixteen million pounds annually. I lease around 1,800 pecan acres. We harvest more than 25,000 trees. Our groves consist of 90% native pecans and 10% improved varieties. In addition to my pecan operation, I have a 120 head cow-calf herd.

I serve as vice president of the Tulsa County Farm Bureau and president of the Oklahoma Pecan Growers Association. I serve on the board of the U.S. Pecan Growers Council, the American Pecan Federation board, and on the American Pecan Council in the alternate broker/buyer position.

Labor makes up largest percentage of my operating expenses. I use the H-2A Temporary Agricultural Worker program. These workers are not immigrants, but foreign nationals. My workers are from Mexico and most return every year.

Pecan groves require a lot of hands-on caretaking and physical labor. I contract for two H-2A workers for ten months of the year for grove work. During the spring and summer, the workers trim branches from trees, some of which is done from the ground and some with a tree trimmer with a hydraulic pole saw. We manage the ground cover between the trees through mowing, spraying for weeds and baling hay. The hay feeds my cow-calf herd in the winter. We spray the trees to keep them free from insect and plant pests. All fallen branches must be physically picked up from the grove floor and disposed of, which is back-breaking work. We must have a clean

grove floor to harvest the pecans. I could not operate my farm without these workers, as few Americans want to do this difficult, outdoor work.

During harvest, I employ eleven additional H-2A workers, bringing the total to thirteen. We have a tree shaker machine that literally shakes each individual tree. The pecans that fall to the ground are swept up by a pecan harvester, then transferred to a trailer for transport.

I have a cold storage facility that holds two million pounds of pecans. In addition to storing my own pecans, I lease storage space to commercial pecan shellers. The cold storage facility requires year-round workers to weigh and bag pecans, drive the forklift and load and unload trucks.

Because the H-2A program is so complicated, I would never try to arrange for workers myself. The process involves several agencies, including the: State Workforce Agency, Department of Labor, U.S. Citizenship and Immigration Services, State Department and USDA.

I use a third-party consultant who handles the contracts and the paperwork, including performing the H-2A advertising. Workers arriving on different days require separate contracts. Under the program, I'm required to advertise for workers in three different states, three different times. This is to provide Americans with the first opportunity to work for me. If I don't succeed in hiring Americans, it proves I need the H-2A labor. During thirteen years of advertising in the U.S., we've had only six people apply for a job. We hired three and the other three never showed up.

I pay another person to make sure the workers make their appointments at the consulate and have their documents in order.

The minimum amount I pay the workers is \$12.23 an hour, the adverse effect wage (AEWR) in Oklahoma. This is required so I'm not displacing Americans who would otherwise work for me. By comparison, the minimum wage in Oklahoma is \$7.25. What I pay for the AEWR is more than what my neighbors pay for similar labor.

The AEWWR changes almost every year, with the 2019 AEWWR increasing on average 6%, while the national wage increase in the U.S. was only 3%. Some states saw significant increases from 2018-2019, ranging from 15-23%.

I pay the H-2A workers' transportation costs from their country to my location, a per diem that covers their meals during travel, and consulate fees, before they even begin their work for me. This year, it cost more than \$500 per worker to get them to my farm. While they work for me, I provide housing and transportation to and from the workplace, as well as the grocery store once a week. I also pay for their transportation back to their country.

The housing I provide is at no cost to the workers. It must meet strict standards and is inspected annually.

One of the most challenging aspects of my business is having the right number of workers when I need them. We are required to pay 75% of the contract hours from the time they arrive. Because of the weather last year, we had a short crop and harvest lasted only two weeks. I filed to stop the contract early due to unforeseen events. That process takes three weeks to be approved. Knowing that I would receive approval with the appropriate documentation, I sent the workers home early, so they wouldn't have to stay here with nothing to do.

There are segments of agriculture that need year-round workers. Livestock, dairy, mushroom and poultry production do not have a guest labor option, as the H-2A program is currently intended for seasonal/temporary work.

There is great value to the foreign nationals who work me. I mentioned many of the same workers return to work for me every year. I couldn't operate my farm without them, as Americans don't want to do this type of work. I need skilled workers, not inexperienced ones that I have to train who could tear up expensive equipment and cost me time and money.

Last week, the Department of Labor, Employment and Training proposed to help America's farmers with rules to modernize and improve the H-2A program. I'm encouraged by this.

We need revision of the H-2A program to remove those things that don't make sense and that are overly burdensome. The process should be simpler, so it's better for me as the producer and better for them as the workers. Because things like weather are beyond our control, production agriculture needs the H-2A program to have flexibility.

I have some thoughts on how to make the program better. The print advertisements required by the program are expensive and outdated, and do not meet the objective of obtaining a domestic worker before a guest worker. It would be preferable to have an online option for advertising.

A major reform for the program could include approving workers' visas for five years at a time and allowing workers to come and go during the year when the labor is needed, rather than limiting them to a continuous stay per each contract.

Because a domestic labor supply is unavailable, farmers incur costs they normally would not have to pay. Given the recent economic challenges in farm country, these added costs are causing farms to rethink their business structures, or in some cases go out of business. For example, farmers in western Oklahoma who used to grow watermelons have switched to crops that can be mechanically harvested. There are numerous examples of this around the Nation.

Should H-2A regulations not be addressed in a meaningful way, there is a great chance we will be importing even more food from countries with lower food safety, quality, and labor standards than we have in the United States.

Again, thank you for the opportunity to share my concerns.