

New Mexico Chile Labor Incentive Program (CLIP)

Program Overview:

The COVID-19 pandemic has posed a number of significant challenges to the New Mexico agricultural industry, especially with the unprecedented labor shortages presently faced by New Mexico chile growers and processors. Like many fruits and vegetable crops, availability and timeliness of chile harvest and processing labor is especially critical.

In response, the State of New Mexico is providing financial assistance to the New Mexico chile industry utilizing \$5 million in American Rescue Plan Act (ARPA) funds. These funds will be administered by the New Mexico Department of Agriculture (NMDA). The intent of CLIP is to support both the chile farmers and chile processors in their effort to incentivize hiring and retention of the seasonal workforce necessary to harvest and process the 2021 New Mexico chile crop.

According to the New Mexico Chile Association (NMCA), the chile industry typically employs a total seasonal workforce of 3,000 workers between the farm and the processor. At present, the industry is facing a 45% labor shortage, or 1,350 seasonal employees.

According to the USDA National Agricultural Statistics Service (NASS) and the NMDA, total harvested chile acreage in New Mexico was 8,500 acres or 68,000 tons, and the total value was approximately \$51.8 million in 2020. NMCA reports that over 60% of the harvested acres are picked by hand.

According to the May 2021 report from USDA Economics, Statistics and Marketing Information System, farmers paid an average of \$15.23/hour. NMCA reports the average wage paid is approximately \$15.00/hour and the average seasonal per-ton harvest rate to a contractor is \$150 per ton.

Based on the data, and industry input, this program is designed to incentivize labor needed by offering chile growers and processors the ability to attract and retain chile harvest workers and chile processing employees of the New Mexico chile crop throughout the 2021 chile season (August to October).

Processor:

CLIP aims to assist the chile manufacturing industry in its efforts to incentivize the recruitment and/or retention of the seasonal labor workforce needed throughout the 2021 chile harvest season and to supplement those added staffing costs.

Industry data indicates that the chile processing sector typically employs approximately 1,700 workers and is presently 700 employees short of being fully-staffed.

Processors may submit CLIP reimbursement applications and supporting documentation in person to the NMDA state office at 3190 S. Espina in Las Cruces, via mail to MSC 3189 PO Box 30005, Las Cruces, NM 88003-8005, or via email to clip@nmda.nmsu.edu. CLIP information and claim forms may be found at the NMDA website at www.nmda.nmsu.edu.

Processors Applying for CLIP:

- Applicants must be processors operating in the state of New Mexico.
- Processors may claim CLIP assistance for labor cost expenses incurred between August 16, 2021 and October 31, 2021. The deadline for all applications is November 30, 2021. Any claims received after this date are subject to denial.
- Processors may claim the CLIP assistance to enhance regular hourly wages incurred during the 2021 chile harvest season to incentivize and attract seasonal processing workers.
- Any seasonal employees paid at a rate in excess of \$19.50 per hour are not eligible for CLIP.
- The maximum premium payment will not exceed \$4.50 per hour.
- Claims may be submitted to NMDA on a weekly, monthly or season-end basis. However, processors are encouraged to submit early and frequent claims, as these funds are limited and will be dispersed on a **first-come-first-serve basis** until the allocated ARPA funds have been fully utilized. The maximum funding associated with CLIP is \$5 million.
- NMDA staff will conduct periodic field and site inspections.
- Payment to processors is on a reimbursement basis and will only be made upon receipt of a completed application and all required documentation (see associated application and terms). Any and all claims must include the total number of employees within the associated application period (i.e. week, month, season).
- Chile processors must provide an origin document (i.e. bill of lading, receiving document or grower report) indicating New Mexico chile was processed during the reporting period.

For questions, please email clip@nmda.nmsu.edu or call NMDA Marketing and Development at 575-646-4929.

Grower/Contractor:

CLIP aims to assist the chile farmers in their efforts to recruit and retain an adequate seasonal workforce necessary to harvest the 2021 chile crop and to supplement those added harvest labor costs.

Industry data indicates that the average labor demand of chile growers is 1,300 seasonal harvest workers, and farmers are presently 650 workers short of that need.

New Mexico chile growers and labor contractors may submit CLIP reimbursement applications and supporting documentation in person to the NMDA state office at 3190 S. Espina in Las Cruces, via mail to MSC 3189 PO Box 30005, Las Cruces, NM 88003-8005, or via email to clip@nmda.nmsu.edu. CLIP information and claim forms may be found at the NMDA website at www.nmda.nmsu.edu.

Growers or Labor Contractors Applying for CLIP:

- Applicants must be a grower or labor contractor farming or harvesting chile in the state of New Mexico.
- Growers or labor contractors may claim CLIP assistance for labor cost expenses between August 9, 2021 and October 31, 2021. The deadline for all applications and claims will be November 30, 2021. Any claims received after this date are subject to denial.
- Growers and labor contractors may claim CLIP assistance to enhance regular hourly wages incurred during the 2021 chile harvest season to incentivize and attract seasonal harvest workers.
- Seasonal harvest labor paid at a rate in excess of \$19.50 per hour are not eligible for CLIP.
- The maximum premium payment will not exceed \$4.50 per hour.
- Claims may be submitted to NMDA on a weekly, monthly or season end basis. However, growers are encouraged to submit early and frequent claims, as these funds are limited and will be dispersed on a **first-come-first-serve basis** until the allocated ARPA funds have been fully utilized. The maximum funding associated with CLIP is \$5 million.
- NMDA staff will conduct periodic field and site inspections.
- Payments to the grower or labor contractor are on a reimbursement basis and will only be made upon receipt of a completed application and all required documentation (see associated application and terms).
- Any and all claims must include the total number of workers employed and/or contracted within the associated application term (i.e. week, month, season).

For questions, please email clip@nmda.nmsu.edu or call NMDA Marketing and Development at 575-646-4929.