Recent Trends in Rural-based Meat Processing


Meat processing and rural Hispanic population growth

- Meat Processing Industry Restructuring
  - Changing food consumption patterns and preferences
  - Industry concentration and vertical integration
  - Functional consolidation within increasingly larger plants
  - Relocation of plants to rural areas

- **Result:** Growing industry demand for low-skilled workers in rural areas outside of the Southwest
Per-Capita U.S. Meat Consumption, 1950-2015

Source: Economic Research Service, USDA

* Projected
Firm Concentration of Livestock Slaughter by 4 Largest Meat Processing Firms, 1980-2007

Source: Annual Report, Packers and Stockyards Program, multiple years
Total Meat Slaughtering and Processing Employment, 1976-2008

## Nonmetropolitan County Employment in Meat Processing, 1981-2005

<table>
<thead>
<tr>
<th>Region</th>
<th>Total number of meat processing employees</th>
<th>Percent employed in nonmetro counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>31,882</td>
<td>28,408</td>
</tr>
<tr>
<td>Midwest</td>
<td>117,417</td>
<td>168,476</td>
</tr>
<tr>
<td>South</td>
<td>115,856</td>
<td>229,440</td>
</tr>
<tr>
<td>West</td>
<td>9,262</td>
<td>12,956</td>
</tr>
<tr>
<td>Southwest</td>
<td>44,194</td>
<td>68,252</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>319,336</strong></td>
<td><strong>508,104</strong></td>
</tr>
</tbody>
</table>

*Source: computed by ERS using 1981 and 2005 County Business Patterns data*
Union Membership and Coverage, Meat Processing Workers, 1990-2008

Nominal and Real Hourly Wages of Meat Processing (Production) Workers, 1976-2009

Injuries and Illnesses, Selected Industrial Sectors, 2003-2007

### Reported Annual Turnover Rates for Meat Processing

<table>
<thead>
<tr>
<th>Rate</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>(1990, Garden City, KS, Cultural RB, 2001)</td>
</tr>
<tr>
<td>200-400%</td>
<td>(NIOSH, 1988, selected plant)</td>
</tr>
<tr>
<td>144%</td>
<td>(Gouveia and Stull 1995)</td>
</tr>
<tr>
<td>72-98%</td>
<td>(Stull and Broadway 1995)</td>
</tr>
<tr>
<td>100%</td>
<td>(Kay 1997; Horowitz and Miller 1997)</td>
</tr>
<tr>
<td>60%</td>
<td>(Kay 1997, all red meat)</td>
</tr>
<tr>
<td>80-120%</td>
<td>(Grey 1999)</td>
</tr>
<tr>
<td>40-50%</td>
<td>(IBP, Martin 2007)</td>
</tr>
<tr>
<td>60-100%</td>
<td>(Stull, 2007)</td>
</tr>
</tbody>
</table>

### KEY POINTS
- Historically low turnover rates prior to 1970
- Economic logic to high turnover – lower benefit costs
Recent labor trends in Meat Processing and Agriculture

- Changing labor market for low-skilled workers
  - Weaker economy
  - Hispanic unemployment: increases 5.8% to 10.9% during 2008-09
  - Greater enforcement of border crossing points
  - ICE raids on meat processing plants and other employers
  - Leveling off of foreign-born Hispanic dominance in workforce

- Expectations of a slowdown in nonmetro Hispanic population growth starting in 2008
Meat processing employee income trends, 2000-2008

- Slight shifts in real median incomes
- Narrowing income gap between all minorities and non-Hispanic Whites

Source: CPS Earnings Files (full year), 2000-2008
Racial and Ethnic Composition, U.S. Meat Processing Industry

- Between 1980-2000, a clear shift in ethnic and racial diverse workforce, lead by Hispanic workforce growth.


Workers with less than High School Education, Meat Processing Industry, 1980-2008

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>28.5</td>
<td>16.4</td>
<td>11.8</td>
</tr>
<tr>
<td>Black</td>
<td>41.9</td>
<td>21.4</td>
<td>14.3</td>
</tr>
<tr>
<td>Asian</td>
<td>39.5</td>
<td>35.3</td>
<td>31.6</td>
</tr>
<tr>
<td>Hispanic</td>
<td>65.0</td>
<td>60.7</td>
<td>62.5</td>
</tr>
</tbody>
</table>

- During the 1980s and 1990s, the percentage of workers with less than high school declined for all groups except Hispanics.
- Since 2000, trends have reversed.

**Source:** Decennial Census 1980-2000, CPS Earnings File, full year, 2000-2008

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>3.9</td>
<td>2.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Black</td>
<td>1.4</td>
<td>0.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Asian</td>
<td>46.9</td>
<td>60.2</td>
<td>62.0</td>
</tr>
<tr>
<td>Hispanic</td>
<td>49.6</td>
<td>70.5</td>
<td>81.9</td>
</tr>
</tbody>
</table>

- From 1980-2000, the foreign-born percentage increased substantially among Asian and Hispanic workers.
- From 2000-2008, the trend reversed and gains occurred among non-Hispanic Whites and Blacks.

**Source**: Decennial Census 1980-2000, CPS Earnings File, full year, 2000-2008
Overlap (yellow) of Hispanic Growth (green) and High Producing Poultry Counties (pink), 1997-2000

In 1990, the Hispanic population was concentrated in the West, particularly the Southwest

Source: 1990 Census data, STF1 file
By 2007 Hispanics had settled throughout in the nonmetro Midwest and Southeast

Source: 2007 Census county estimates
Nonmetro Population Composition, 1980-2007

Who Contributes to Nonmetro Population Growth?

*Since 2000 only

Nonmetro Hispanic Population Change, 2000-08

Source: Census County Estimates Data, Released 5/14/09 for 2000-2008
Discussion

- Rural labor demand
  - Linked to consumer trends and restructuring in low skilled industries
  - Increasingly foreign-born, less educated, lower incomes
  - Recent trends indicate changing composition of foreign-born workers

- Rural Hispanic population growth
  - Disproportionate contribution to total nonmetro population growth

- Industries and communities reliant on foreign-born workers
  - Major fiscal and public policy ramifications for all public services
  - Growing need for public acknowledgment of foreign-born residents
  - 2nd generation often U.S. Citizens