Finding sufficient & affordable labor is the farmer’s #1 challenge H.P. Stabler (1903)

Employer Guide to Participation in the H-2A Temporary Agricultural Program
Farm Labor Issues

• **Seasonality:** biological prod process, competitive ag
  – Peak-trough ratio—1.4 for US; up as geography down
  – Want workers to be available when needed

• **Hired workers:** low education & manual labor
  – Crews of interchangeable workers (contractors)
  – Exit vs voice: revolving-door farm labor market

• **Protecting workers:** rising labor costs lead to
  - Labor-saving mechanization & changes to raise prody
  - Rising imports from lower-wage countries

• **Labor compliance:** govt & buyers
  – Tight labor market #1 protection—gives workers options
  – Labor law mins & level playing field: enforce, educa, unions
  – Other actors: er associations, buyers, NGOs, consumers
US Highlights

- **Hired workers**: average employ, 1.2 million in 2016; 900,000 crops & crop support; 300,000 animal ag

- **Hired farm workers** = 70% Mexican-born; 50% **not** authorized; from 30% newcomers in 2000 to 1%

- **Employer responses to fewer newcomers**
  - **Satisfy**: bonuses, train supers. If supply US FWs inelastic, wage increases do **not** = more workers
  - **Stretch**: mechanical aids to make work easier for older workers & women (conveyor belts; dwarf trees)
  - **Substitution**: labor-saving mechanization (& **switch** crops)
  - **Supplement**: young H-2A workers = fresh blood, but must (1) recruit US, (2) provide housing, (3) pay AEWR ($12 CA)
  - **Imports**: half of fresh fruits, ¼ of fresh vegetables, are imported
Americans eating more fresh fruits and vegetables

Per capita U.S. fruit and vegetable availability, 1970-2005

Pounds (fresh-weight equivalent)

Fresh fruits up 30% 1970-2011; fresh vegetables up 20%
But cheese per capita up 200%; corn syrup up 300%

Figure 1: Per capita US food availability percent change, 1970-2011
Demand up for very labor intensive crops
US average ag employment up 8%, CA up 10%, WA up 24%
How many workers? CA: 2 workers for each FTE job


- 2007: 900,000 FTE Employment, 800,000 Workers
- 2012: 900,000 FTE Employment, 700,000 Workers
- 2015: 800,000 FTE Employment, 600,000 Workers

US direct hire up 4%; CA flat; US crop sup up 15%; CA 22%
Since 2009: more workers are brought to CA crop farms by nonfarm employers than are hired directly by crop farms

Average FTE Crop and Crop Support Employment, 2006-15
Who pays farm wages? Total in 2016: $42 billion. Big 5 = 2/3
Crop support: 24%; fruit 13%; green 11%; dairy 8%; veg 8%
CA as future? Big 5 = 92% of $14 billion in ag wages

3,000 US FLCs: ½ in CA, hire 1/3 of workers. Increase efficiency or risk absorbers?
FLC crews harvest tree fruits for piece rates

Hard to monitor workers in trees, but easy to measure output
Vegetables: direct-hire & workers via crop support firms (some FLCs are partners)
Nursery & dairy
Hired Crop Workers

- **Born in Mexico**: 70%; unauthorized 50%; 30% born in US
- **Fewer newcomers** (in US less than 1 year). Average age (38)
- **Settled & less flexible**: FTC migration <5%.
- Mostly **families with US-born children**; 60% get some means-tested benefits
- **Workers**: $10.85/hour; Employers $11.85
- Average $17,500-$20,000/year; $100 a day
- **Farm work like nonfarm work**: live off the farm, commute to work, have 1 farm employer during year
Among unauthorized immigrants, a decline from Mexico but rise from elsewhere since 2009

In millions:


Note: Shading surrounding lines indicates low and high points of the estimated 90% confidence interval. The differences in 1995 and 2000 between Mexican and Other are not statistically significant at 90% confidence interval.


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Larger share of unauthorized immigrants are long-term residents

% of adult unauthorized immigrants, by duration of U.S. residence

10 years or more

Less than 5 years


“Overall Number of U.S. Unauthorized Immigrants Holds Steady Since 2009”

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Agriculture: among first to feel effects of fewer flexible & unauthorized newcomers
Employers: 4-S responses

• **Satisfy** current farm workers with bonuses, benefits, & better supervisors. *If supply of US workers = inelastic, wage increases do not add to supply*

• **Stretch** with mechanical aids that increase productivity: conveyor belts in fields, dwarf trees. *How much to invest, how fast to deploy?*

• **Substitute**: labor-saving mechanization. *Will wages keep rising to justify investments? Involve seed companies with long time horizons? (Switch crops?)*

• **Supplement** the labor force with H-2As. *End recruitment, housing, & AEWR? Allow H-2A workers in dairy & other year-round jobs? From 10-month to 3-year visas & Asians?*

• **Imports**: Sep production & consumption of fresh
Satisfy: bonuses, benefits, supervisor training & respect
satisfy can RETAIN but not ENLARGE ag workforce

Sexual Harassment Training for Supervisors

Farm Labor Supervisor Training Program (FLS)

Certificate of FARM LABOR MANAGEMENT
Awarded to Jose Smith
For successful completion of required coursework and testing in the Farm Labor Supervisor Training Program
Stretch: mechanical aids raise worker productivity
Substitute: mechanize olives, carrots, tomatoes, nursery
Defense vs ag robots: performance vs costs
Supplement with H-2As: 75,000 FY07, 200,000 FY17
Top 5 states: FL, NC, GA, CA, WA: 51% of H-2A jobs certified

### Applications Received

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>% Change FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,115</td>
<td>2,355</td>
<td>4,131</td>
<td>2,438</td>
<td>1,191</td>
<td>14.9%</td>
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### Applications Processed

<table>
<thead>
<tr>
<th>Determination</th>
<th>FY 2017</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</thead>
<tbody>
<tr>
<td>Total Determinations</td>
<td>10,097</td>
<td>1,549</td>
<td>4,418</td>
<td>2,690</td>
<td>1,440</td>
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<tr>
<td>- Certified</td>
<td>9,797</td>
<td>1,495</td>
<td>4,334</td>
<td>2,601</td>
<td>1,367</td>
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<tr>
<td>- Denied</td>
<td>144</td>
<td>28</td>
<td>39</td>
<td>45</td>
<td>32</td>
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<tr>
<td>- Withdrawn</td>
<td>156</td>
<td>26</td>
<td>45</td>
<td>44</td>
<td>41</td>
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<tr>
<td>Positions Requested</td>
<td>206,156</td>
<td>28,964</td>
<td>70,409</td>
<td>65,405</td>
<td>41,378</td>
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<tr>
<td>Positions Certified</td>
<td>200,049</td>
<td>28,013</td>
<td>68,834</td>
<td>62,966</td>
<td>40,236</td>
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<tr>
<td>Processed Timely</td>
<td>97.6%</td>
<td>98.7%</td>
<td>98.0%</td>
<td>97.1%</td>
<td>95.9%</td>
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</tbody>
</table>

### Review of Positions Certified FY 2017

<table>
<thead>
<tr>
<th>State</th>
<th>FY 2017</th>
<th>% of total certified FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>25,303</td>
<td>12.6%</td>
</tr>
<tr>
<td>Georgia</td>
<td>23,421</td>
<td>11.7%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>20,713</td>
<td>10.4%</td>
</tr>
<tr>
<td>Washington</td>
<td>18,535</td>
<td>9.3%</td>
</tr>
<tr>
<td>California</td>
<td>15,232</td>
<td>7.6%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>8,875</td>
<td>4.4%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>7,403</td>
<td>3.7%</td>
</tr>
<tr>
<td>New York</td>
<td>6,870</td>
<td>3.4%</td>
</tr>
<tr>
<td>Michigan</td>
<td>6,432</td>
<td>3.2%</td>
</tr>
<tr>
<td>Arizona</td>
<td>6,060</td>
<td>3.0%</td>
</tr>
<tr>
<td>Michigan Foothill Packing, Inc.</td>
<td>1,854</td>
<td>0.9%</td>
</tr>
<tr>
<td>Arizona Peri &amp; Sons Farms, Inc.</td>
<td>1,739</td>
<td>0.9%</td>
</tr>
<tr>
<td>Rema ining States</td>
<td>1,602</td>
<td>0.8%</td>
</tr>
<tr>
<td>Virginia Agricultural Growers Assoc., Inc.</td>
<td>1,580</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

### Top States

- Florida: 30.6%
- Georgia: 7.6%
- North Carolina: 4.4%
- Washington: 3.4%
- California: 3.2%
- Louisiana: 3.0%
- Kentucky: 2.4%
- New York: 2.2%
- Michigan: 2.2%
- Arizona: 0.8%
- Remaining States: 11.7%

### Top 10 Employers

- North Carolina Growers Association, Inc.: 11,947 (6.0%)
- WAFLA: 7,134 (3.6%)
- Fresh Harvest, Inc.: 4,623 (2.3%)
- Zirkle Fruit Company: 2,970 (1.5%)
- Elkhorn Packing Co, LLC: 2,653 (1.3%)
- R & R Harvesting, Inc.: 1,999 (1.0%)
- Stemilt Ag. Services LLC: 1,854 (0.9%)
- Foothill Packing, Inc.: 1,739 (0.9%)
- Peri & Sons Farms, Inc.: 1,602 (0.8%)
- Virginia Agricultural Growers Assoc., Inc.: 1,580 (0.8%)
CA H2A: 3,000 in 2012, 8,600 in 2015, 15,000 in 2017

• CA: vegetable firms operate in Yuma & Salinas
  – Border labor force is legal; BP agents check buses
  – H-2As from Yuma to Salinas: house in motels or on-farm housing? T&A: $8 million to house 800 workers in Spreckels, $10,000 per bed
  – Largest: Fresh Harvest, FLC certified to fill 4,000 jobs with H-2A workers in FY16

• Half of CA farm labor is in SJV, where fruit industry is concentrated; more seasonal, less grower-shipper integration, cheaper housing

• Challenge: housing, esp in coastal metro counties best suited to producing high-value crops
FMR Monterey county 2017: $1,400 for 2-bedroom apartment

Many of them earn hourly wages between $12.50-$16 and work the long hours of 10-12 hour shifts.

A third of the children in the Salinas City School District are technically homeless.

The median home price of a single-family home in Salinas is $552,000.
T&A $17 mil, 800 beds, of $21,000/bed
Return to Bracero-era on-farm housing?

T&A: also houses 800 employees at 145-unit apt in Yuma, AZ since 2007
S125.00 de renta por mes, por persona

Llámenos al (831) 455-3663 o al (928) 317-2340 para reservar su espacio.
Guest workers find own housing, but work for a particular farmer? Will farmer escape liability?

Note 2.5 to 3 people per room in Salinas & Ventura
AEWRs 2017: $12.57 in CA; <$11 in southeast & AZ-NM
Highest: Canadian custom harvesters $13.79

FY 2017 Adverse Effect Wage Rates

Map showing the adverse effect wage rates in different states with a range of values from $10.38 to $13.79.
GUARD REGISTRATION

JOHN DOE
5555 ANY STREET
ANY TOWN CA 55555

06/30/2000

Additional Permit Required to carry Firearm

Business services:
1.5 million unauthorized in
10 million labor force-15%
Hospitality and hotels: 1.5 million in 12 million labor force, 12%
Construction: 1 million unauthorized in 5 million labor force, 20% concentrated in residential.
Agriculture: 1 million unauthorized among 2 million hired
US trade surplus in ag, but FVH imports are rising

U.S. agricultural exports have historically exceeded imports, leading to surpluses.

Export share of U.S. farm production, 2011-13:
- Cotton
- Tree nuts
- Rice
- Wheat
- Soybeans
- Fresh fruits
- Processed vegetables
- Pork

Source: USDA, Economic Research Service Foreign Agricultural Trade of the United States data.

U.S. agricultural imports, 2000-15:
- Sugar and tropical products
- Horticultural products
- Livestock products
- Cotton, tobacco, and seeds
- Oilseeds and oilseed products
- Grains and feeds


Estimated US Wine Sales Revenue in 2016:
- Domestic: $39.8 billion
- Imports: $20.2 billion
- Total US: $60 billion

Summary 1

• Hired worker employment up as expansion offsets mechanization.

• Farm workers: aging & settled unauthorized workers with US-born children; less flexible

• Employer responses
  – **Satisfy** current workers to retain
  – **Stretch** with labor-stretching mechanical aids
  – **Substitute**: labor-saving mechanization (switch)
  – **Supplement**: H-2A workers; reduce recruitment, housing, & AEWR requirements

• New enforcement & easier guest workers? Which 4 S gets investment? What variance in response by commodity and area?
Summary 2

• **Short-term responses:** satisfy, stretch, and supplement. What employer model for H-2A?
  – NC & WA: associations that move workers from farm to farm
  – FL & CA: super FLCs move workers from farm to farm
  – Most H-2As: direct hire, but requires housing

• **Medium-term responses:** substitute, supplement, and imports
  – How fast do machine costs fall & performance improve? What farm mgt changes? Is acreage growing?
  – Build housing for H-2A workers or change to end housing requirement? Invest to assure workers when needed or assume floating workers available?
  – Imports: US ag net export surplus, $140 bil X, $100 bil M, but imports of FVH commodities rising