

## Farm Labor 2017

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### Highlights

California's farm sales were \$47 billion in 2015, including \$18 billion from the sale of fruits and nuts, \$9 billion from vegetables and melons, and \$5 billion from horticultural specialties such as floriculture, nurseries, and mushrooms, that is, \$32 billion or two thirds of farm sales were FVH crops, many of which are labor intensive.

An average 420,000 hired workers are employed on California's farms, but 850,000 unique workers are reported by farm employers each year. Most of these hired workers, 83 percent, were primary farm workers with most of their 2015 earnings from agriculture; the largest group, over 40 percent, were employed by FLCs. Farm workers are aging (average 38), settled with families that often include US-born children, and mostly unauthorized (60 percent).

Only 1-2 percent of farm workers are unauthorized newcomers in the US less than a year, down from a quarter in 2000; follow-the-crop migrancy has almost disappeared. Farm employers are responding to fewer unauthorized newcomers and less mobility with 4-S strategies, viz, satisfy, stretch, substitute and supplement. Employers try to **satisfy** current workers to retain them longer and **stretch** them with mechanical aids that increase productivity and make farm work easier. The third strategy is **substitution**, replacing workers with machines, or switching crops, and the fourth is to **supplement** with H-2A guest workers; the "fresh blood" in the farm workforce is mostly legal H-2A workers in the US for 10 months.

### Production and Employment

Farm sales increased by almost 50 percent between 2005 and 2015, from \$32 billion to \$47 billion, a decade that saw a doubling of sales of labor-intensive berries, while sales of peaches, apricots, and asparagus declined. Workers pick pounds and tons of produce, and the volume of berries and table grapes rose about 50 percent over the past decade, which more than offset declining volumes of apples, peaches and pears to explain why the employment of farm workers increased.

The average employment of hired workers in California agriculture (NAICS 11) has been rising, from less than 380,000 to over 420,000 over the past decade. In 2015, some 16,400 agricultural establishments reported hiring an average 421,300 workers and paying them \$12.8 billion, an average \$30,300 if they worked 2,080 hours. Employment is seasonal, peaking at over 475,000 in August and reaching a low of 350,000 in December, a peak-trough ratio of 1.4.

The typical farm worker is NOT paid \$30,300 a year, something that is not clear in the March 19, 2017 LAT ([www.latimes.com/projects/la-fi-farms-immigration](http://www.latimes.com/projects/la-fi-farms-immigration)). The 848,000 workers employed on California farms in 2015 earned an average \$20,500. Primary farm workers, those whose maximum earnings from all California jobs were from an agricultural establishment, were 83 percent of the 848,000 total workers, and they earned an average \$17,500. Some 402,000 or 57 percent of primary workers were brought to farms by nonfarm support services for crop production, and their average

annual pay was \$13,500. The 293,200 crop support workers brought to farms by FLCs had average annual pay of \$10,000, equivalent to \$10 an hour for 1,000 hours.

The clear message of production and employment data is that, despite worries about labor and water shortages, labor-intensive crop production has expanded, increasing average and total farm worker employment. The NAWS finds that most California crop workers were born in Mexico (90 percent), not authorized to work in the US (60 percent), aging (average 38), and earning \$15,000 to \$17,500 a year for 200 days of farm work a year, less than \$100 a day. Most farm workers live with families that often include US-born children.

California workers report lower wages, \$10.10 in 2013-14, than all US hired farm workers, \$10.20. Over 90 percent of the California crop workers were employed in fruits and vegetables, but only 25 percent were doing harvesting jobs. A third were employed by support services such as FLCs, while two-thirds were hired directly.

#### **4-S Responses to Fewer Unauthorized**

The slowdown in unauthorized Mexico-US migration since the 2008-09 recession makes agriculture analogous to the canary in the coal mine in adjusting to fewer newcomers. The short-term responses include satisfying current workers, stretching them with mechanical aids and other changes, and supplementing the workforce with H-2A guest workers; the longer-term responses include more mechanization and increased imports.

Most farmers believe that the supply of labor inside US borders is fixed or inelastic, so that higher wages will not attract or retain more farm workers. Instead, some are offering benefits and bonuses to **satisfy** current workers, such as low-cost health care to employees and their families or bonuses that can add 10 percent or more to earnings. Some employers are improving training of first-level supervisors to reduce favoritism and harassment.

Most fruits and vegetables are over 90 percent water, and hand harvesters spend much of their time carrying harvested produce down ladders to bins or to the end of rows to receive credit for their work. Smaller trees mean fewer ladders and faster picking, and hydraulic platforms reduce the need to fill 50 to 60 pound bags of apples and oranges from ladders. Slow-moving conveyor belts that travel ahead of workers who are harvesting berries, broccoli, and other vegetables reduce the need to carry produce, **stretching** them by making workers more productive and harvesting jobs more appealing to older workers and women.

The third strategy is **substitution** or replacing workers with machines. Many fresh fruits and vegetables are hard to harvest by machine because they are fragile, and human hands are far gentler than mechanical fingers on grapes or peaches. Machines are fixed costs and workers are variable costs, meaning that farmers must pay for a \$200,000 harvesting machine whether there are apples to pick or not, while they do not pay wages to workers if storms or disease destroy the apple crop. Some farmers are switching away from labor-intensive crops, as from raisin grapes to almonds.

The fourth adjustment is to **supplement** the current workforce with young H-2A guest workers. The H-2A program is expanding across the US, doubling over the past decade

to over 165,700 farm jobs certified by DOL to be filled by guest workers in FY16 on about 8,300 US farms. The H-2A program has expanded especially fast in California, from 2,600 jobs certified in FY06 to 11,000 in FY16.

Receiving government certification to employ H-2A guest workers requires employers to satisfy three major criteria. First, farmers must try to recruit US workers and provide reasons why US workers who applied for jobs were not hired. Second, farmers must provide free housing to H-2A guest workers and out-of-area US workers. Third, farmers must pay US and H-2A workers a super-minimum wage known as the Adverse Effect Wage Rate, which ranges from \$10.38 to \$13.79 an hour in 2017 and is \$12.17 in California. Over 95 percent of requests to DOL result in employers being approved to hire H-2A workers.

The major variable in which of the 4-S strategies to pursue is labor cost trends, and they in turn depend on federal and state government policies. The Trump Administration's wall and interior deportation strategies should make it harder for unauthorized workers to enter and remain in the US. What is not clear is whether ICE will resume workplace raids and whether E-Verify will become mandatory for all employers, which could further increase labor costs. The H-2A program could be modified, or a new guest worker program begun, to reduce the cost of guest workers by e.g. dropping housing requirements, allowing workers to remain up to three years, and making it easier for FLCs to recruit guest workers and move them from farm to farm.

### **California Laws: Minimum Wage, Overtime, ALRB**

California laws signal rising farm labor costs. SB 3 will raise the state's \$10 an hour minimum wage to \$15 by 2022 for large employers and by 2023 for employers with 25 or fewer workers, after which the minimum wage will rise with inflation. Over five million of the state's 15 million employed workers are expected to be affected directly, half are Latinos, and up to 500,000 are employed in agriculture.

AB 2757 requires overtime pay after eight hours a day and 40 hours a week by January 1, 2022, with smaller employers having until 2025 to comply. Three types of workers are most affected by 8/40 overtime: livestock (dairy) workers, irrigators, and equipment operators. Some workers may work eight hours on one farm and four hours on another, maintaining long work days but not earning overtime pay as they "swap" employers.

The ALRB enforces the ALRA, which granted organizing and bargaining rights to California farm workers in 1975. There are far fewer farm worker union members, less than 10,000 today in a total workforce of 850,000 versus perhaps 100,000 in the mid-1970s when the total workforce was 500,000, and far fewer contracts, perhaps 25 today versus over 200.

Instead of elections to certify unions at newly organized farms, most ALRB activities today involve workers whose rights are violated when no union is present and efforts to de-certify an incumbent union, which generates sometimes lengthy battles between particular growers, unions, and the ALRB. The impacts of unions have shifted from statewide or general in the late 1970s, as when farmers raised wages and added fringe benefits to forestall unionization, to very farm-specific today, and union activities at one farm today rarely change behavior on other farms.

## Education and Research

Most of the workers employed in California agriculture have less than a high-school education and do not speak English well. During the 1960s, the Bracero program ended, unionization pushed up wages and spurred mechanization, and economists and engineers predicted there would be few low-skilled farm workers after 1975 ([www.abebooks.com/book-search/author/cargill-b-f-and-g-e-rossmiller-editors/](http://www.abebooks.com/book-search/author/cargill-b-f-and-g-e-rossmiller-editors/)).

There are similar concerns about rising wages and fewer foreign-born workers today, prompting predictions of mechanization and rising imports unless government makes it easier to import foreign farm workers. This suggests three priorities for education and research:

1. How are farmers responding to fewer newcomers, what is the status of 4-S responses in particular commodities and areas? Which response is optimal given the labor and non-labor trends affecting particular commodities, including technology, labor, trade, and demand factors?
2. What are the challenges and opportunities involved in helping experienced farm workers to become farmers, that is, could aging farmers finance the sale of some or all of their farms to trusted farm workers? What training and supportive services would be required for successful transitions from worker to farmer? Are there lessons from the contracting model in strawberries?
3. BLS projects average agricultural employment in US agriculture to fall from 2.1 million in 2014 to two million in 2024, down 77,000 hired workers to an average 1.3 million full-time equivalents and down 34,000 farmers to an average 720,000 FTE. BLS projects rising employment in the nonfarm input and output components of the food system, including a jump of 660,000 in food services to 11.4 million ([www.bls.gov/opub/mlr/2015/article/industry-employment-and-output-projections-to-2024.htm](http://www.bls.gov/opub/mlr/2015/article/industry-employment-and-output-projections-to-2024.htm)). What is the appropriate balance between training for production agriculture, which can have high turnover of non-family members, and training for jobs in the nonfarm components of the food system?