



# Labor Issues in Agriculture

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## Introduction

Human resources are both a source of risk and an important part of the strategy for dealing with risk (RMA, 1997). Managing labor is the main source of this type of risk. Farm labor in the U.S. is made up of approximately 1.1 million workers and has been relatively stable for at least the past decade (Hertz, 2011). Moreover, immigrant labor is an important component of many, if not most, agricultural enterprises. The 2010 Population Survey estimates that in 2010, 57.2% of the agricultural hired labor force was foreign-born (U.S. Census Bureau, 2012). Approximately 62% of those foreign employees worked in crop production, while the remainder worked in livestock (ERS, 2012). A National Agricultural Workers Survey (NAWS), conducted by the U.S. Department of Labor, interviews 2,500 workers a year that are employed in crop farms and found that 80% worked on fruit and vegetable commodities. Therefore, fruit and vegetable producers are the most dependent on foreign-born hired labor.

Two very important areas that producers are dealing with related to labor issues are the uniqueness of farm labor and training needed to remain competitive.

## Uniqueness of Farm Labor

There are several myths or misconceptions regarding the economic nature of agriculture and the farm

labor workforce (Knutson, 2011). These misconceptions can substantially mislead the understanding of the issues and availability of farm labor. One of the misconceptions is that farm labor should be readily available from nonfarm sources, particularly in a time of high unemployment; therefore, no farm labor shortage exists. However, several studies have confirmed that a labor shortage exists and becomes acute and costly when the labor supply is disrupted (Bjerga, 2013; Taylor, et al., 2013; Horner, 2011; Rosson, 2012). Fruits and vegetables must be harvested in a short time interval or they rot in the field. Skilled milkers must be available to operate milking machines two to three times a day, seven days a week. There are no holidays and no weekend breaks for harvesting perishable crops or for milking cows. Few domestic nonfarm workers will do this backbreaking hand labor.

A second misconception is that large agribusiness firms employ most of the farm labor. In 2012 there were about 2.2 million U.S. farms and all but 60,846 of these were family farms (ERS, 2012). A family farm is defined as one in which ownership and control of the farm business is held by a family of individuals related by blood, marriage or adoption. All types and sizes of farms, including small farms, utilize the corporate form of business organization. For example, in 2007, over 46,000 farms having less than \$250,000 in sales were organized as corporations and all of them were family-held corporations. Likewise, all types and sizes of farm,

including small farms, at times utilize hired farm labor. In 2009, 16% of the labor utilized on small farms, \$10,000 to \$250,000 in gross sales, was hired farm labor. These small farms would be very adversely affected by limited availability of labor and/or increased wage rates for hired farm labor. For farms having over \$250,000 in sales, an average of 48% of the labor was hired.

The third assumes farm laborers are paid the minimum wage and raising the wage rate will solve the farm level shortage. Average wages for farm workers ranges from \$9 to \$11.09 per hour, well above the federal minimum wage of \$7.25 (Rosson, 2012; Martin, 2012a). Even with higher wage rates, several surveys show that produce and dairy farmers continually express concerns about the availability of farm workers.

A fourth misconception is that the labor market is national in scope. Fisher and Knutson conclude that farm labor markets have become local, as migrant laborers who once dominated the agriculture sector have disappeared. Hertz and Zahnizer (2013) found evidence of localized labor shortages in certain counties in California, Michigan and other states among farm labor contractors and crew leaders involved in fruit and vegetable production. The demands for farm workers vary widely by commodity. Often, a large number of workers are required for specific time periods such as harvesttime of fruits and vegetables. When fruits and vegetables destined for the fresh market mature, they must be harvested or they go to waste. Others are year-round such as milk production where cows must be milked twice or three times a day. Either way, farm labor markets are local in scope.

A fifth misconception is that producers are in a market position to simply pass on the cost of farming to buyers of their production. Farm prices are determined nationally or globally by competitive

supply and demand forces. U.S. farmers compete with Mexican farmers and other supplying or potentially supplying countries. If U.S. producers cannot compete, then markets are lost to competitors such as Mexico, Chile, Peru, South Africa, among others. ERS data shows that from 2000 to 2010 the share of U.S. consumption of fruits and vegetables from imports has increased from 42% to 48% for fruits and from 15% to 25% for vegetables, and both trends are expected to remain or increase over time.

## Opportunities and Challenges

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Higher U.S. wage rates make imports more price competitive than domestic production. At the same time, the Secretary of Agriculture and the Secretary of Health and Human Services encourage increased fruit and vegetable consumption by issuing a new set of dietary goals and nutrition guidelines for Americans (hereinafter 2010 DGA). The thrust of the 2010 DGA, otherwise referred to as MyPlate, is to substantially reduce intake of calories and fats as part of the fight against obesity. This goal is accomplished by: (1) increasing vegetable and fruit consumption to the point where their portions account for half of the MyPlate consumption; (2) increasing whole grain consumption; (3) substituting fish and nuts for red meats; and (4) substituting skim milk, soymilk, yogurt and cottage cheese for higher fat/calorie dairy products, including full-fat milk, chocolate milk, cheese, butter, etc.

The total availability of fruit (domestic production + imports - exports) will need to increase by 133.3% to meet the 2010 DGA's recommended amount. In addition, the total availability of vegetables (domestic production + imports - exports) will need to increase by 114% to meet the 2010 DGA's recommended amount (Ribera, Yue and Holcomb, 2012). Some of this increase will be met through higher level of mechanization; however, fruit and vegetable production is dependent on hired farm labor.

Therefore, farm labor immigration policy will have a major impact on whether the increased fruit and vegetable consumption will be produced in the United States or in foreign countries.

There is widespread agreement that the current U.S. immigration policy is broken and in need of repair. The uniquenesses of agriculture must be considered in making these repairs. For example, the current H-2A farm labor program is not responsive to the short-term labor needs of produce farmers. Unless a new short-term visa program is created, proposals to require that farmers e-verify will make the farm labor shortage problem worse.

Agricultural economists have an important role to play by informing constituent groups and the public with objective analysis of the consequences of proposals to change immigration policy. If or when a new immigration policy is enacted into law, farm employers and employees will need to be made aware of its provisions and implications for their operations.

As stated above, most of the hired farm labor is foreign-born; therefore, immigration policy is very important to the U.S. and to agriculture. Immigration policy has been discussed in the 2012 presidential debates and will likely be debated again in Congress at some point in the near future (Rosson, 2012). Agricultural producer organizations, commodity associations and lobbying groups have been at the forefront of this issue for many years.

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