

US Farm Labor in the 2020s
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Highlights

The three major features of US farm labor include:

- Relatively stable average or FTE employment of 1.5 million, but 2.5 million unique workers who are employed for wages on US farms sometime during the year due to seasonality and turnover
- A shrinking supply of settled US farm workers, including the 70 percent or 1.7 million who were born in Mexico, and a rising number of H-2A guest workers, over 90 percent or 300,000 of whom are Mexican
- Rising farm labor costs due supply shrinking faster than demand, higher state minimum wages, overtime and other requirements, and the need to provide transportation and housing to H-2A and similar US workers

The 3 MMI responses to rising farm labor costs:

- more *mechanization* to replace workers and *mechanical aids* to make hand workers more productive
- more H-2A *migrants*, who are 15 to 30 percent more productive than settled US workers in their 40s and 50s
- more *imports* of labor-intensive fruits and vegetables, from asparagus and tomatoes to berries and grapes

Employment

Average employment of 1.5 million measures full-time equivalent or FTE jobs, including 1.1 million or three-fourths in crops. Farm employment is 20 percent higher during the summer months, and there is worker turnover, explaining why 2.5 million individuals work for wages on US farms each year. Two million or 80 percent were born in Mexico: 1.7 million are settled in the US and 300,000 are H-2A guest workers.

The settled Mexican-born farm workers are half unauthorized, in their 40s and 50s, and most have US-educated children who climb the US job ladder and do not follow their parents into the fields. Mexican-born H-2A workers are the fresh blood in the farm workforce, are in the US an average six months, and half are brought to farms by FLCs.

If current trends continue, average US farm worker earnings of \$19 an hour, versus \$35 for nonfarm workers, could be \$25 in 2030 when nonfarm hourly earnings are \$40. Rising farm labor costs encourage (1) labor-saving mechanization and aids that make hand workers more productive, (2) more H-2A workers, and (3) more imports of fresh produce.

These MMI responses vary by commodity and are influenced by policy decisions, including subsidies for mechanization, the cost of H-2A workers, and trade policies. Other factors include CEA ag (greenhouses) that often create year-round jobs in factory-like workplaces, state laws on overtime and health and safety, and general economic developments, including the value of the dollar that affects exports and imports.

The three takeaways include:

1. The *overall stability* in average farm employment obscures *changes beneath the surface*, including (1) the rising share of H-2As among US farm workers-- 15% of US crop workers but over half in FL and GA and (2) the potential growth of H-2A employment in the western states. Half of US ag employment is in CA, OR, and WA, including a third in CA.
2. A shift from hiring workers directly to relying on *nonfarm crop support firms* (mostly FLCs) to bring seasonal workers to farms; 40% of average employment on US crop farms, and 60% of CA crop employment, is accounted for by crop support firms. *FLCs* are two-thirds of crop support employment, and seven of the 10 largest H-2A employers are FLCs.
3. *The MMI responses* to rising farm labor costs vary by commodity:
 - a. *mostly mechanization* in blueberries and raisins, where machines are available and grower prices are held down by expanding US production and rising imports;
 - b. *mostly H-2As* in apples, leafy greens, and strawberries that face limited import competition, are dominated by large growers and FLCs, some of whom are building housing for H-2As and using mechanical aids such as field conveyor belts and robot carriers to increase hand-worker productivity;

- c. *mostly imports* of asparagus, melons, and mature-green tomatoes, where there is little prospect of mechanization and US production is shrinking due to rising imports from lower wage countries.

The major challenges:

1. For farm employers: rising labor costs require more investment, but where? In machines to replace workers and/or aids to raise worker productivity, in recruitment and housing for H-2As, and/or in US CEA production or production abroad? Given technological, policy, and other uncertainties, the optimal strategy may be to invest in all three MMI alternatives until the winning strategy for a particular commodity is clear.
2. For farm workers and NGOs: what is the optimal balance between helping workers to move up in ag versus to move out to nonfarm jobs? Is the best strategy the same for (1) current farm workers versus (2) farm worker children? Can/should NGOs serve mostly solo male Mexican H-2As? Will H-2As in some states have more time for MSFW services due to 8/40 overtime laws? Will employers encourage NGOs to teach English, tech and other skills in H-2A housing?
3. Policy makers. Which MMI option should be favored and why? Should the policy vary by commodity? Mechanization keeps farm production in the US and enhances food security, while migrant H-2As preserve US production and create jobs and remittances for rural Mexicans. Which option is best: to maximize US production with mechanization or H-2As, or to favor trade in place of migration to ensure low consumer prices?
4. Private Actors. DOL investigates about 1,000 farms a year and finds violations on 70%, suggesting widespread non-compliance with labor laws. Can private sector supply-chain pressure increase compliance? The ECIP ranks suppliers, growers, and FLCs by their plans for compliance and includes recommendations to improve compliance that are visible to others in the supply chain. Will buyers prefer the top-rated 3 to 5 suppliers, and will these suppliers prefer the top-rated 3 to 5 growers, and these growers prefer the top-rated FLCs, so that top-down buyer pressure increases labor compliance throughout the supply chain?

By 2030, there are likely to be:

1. *More Americans consuming more US-produced and imported fresh produce*. Currently 60 percent of US fresh fruit and 40 percent of US fresh vegetables are imported. Historically, the major comparative advantage of imports has been climate; the US produces few tropical fruits such as bananas and limited quantities of many fresh fruits and vegetables during the winter months. New varieties, CEA structures, and lower labor costs abroad mean that the US now imports fresh fruits and vegetables year-round, including when imports compete directly with US production. Will mechanization and H-2A workers slow import growth?
2. *A farm workforce comprised of older and settled farm workers and younger and mobile H-2A guest workers*. Most settled workers are aging out of the hardest farm jobs such as picking fruit from ladders, while H-2A workers do their assigned jobs to earn \$10,000 to \$20,000 in six months, far more than the \$3,000 to \$5,000 they might earn during the entire year at home. H-2A workers are more productive than US workers due to their youth and selective recruitment, and their contracts provide labor insurance to US employers.

Can the H-2A program be modified to reward good employers and workers? Could A-rated employers self-certify their need for H-2A workers and housing? Could H-2A workers returning to A-rated employers obtain multi-year visas and travel directly from homes abroad to US farms, with CBP officers confirming current-year contracts with their US employers and saving H-2A workers the long bus rides involved in annual treks to US consulates and then to US workplaces?

3. *A new-look US fresh produce industry*. With more produce sold to fewer supermarkets and food service firms, buyers may require suppliers and growers to satisfy more standards for food safety, labor, and sustainability. Who will develop these standards, and how will they be enforced in the supply chain? Will privately developed standards eventually be incorporated into law, as with food safety?

What are the best private and public compliance systems? What is the optimal balance between snapshot audits versus continuous data-collection systems to verify motion-picture compliance? Should government enforcement be streamlined for employers certified by NGOs, as with TSA pre-check?

Food safety compliance is based on (1) science-based standards, (2) continuous data collection to monitor adherence (measuring water quality, worker training), and (3) an ecosystem of consultants and in-house staff to anticipate problems, analyze data, and respond to issues. Civil litigation and insurance for food-related illnesses provide economic incentives for top managers to make food safety a daily concern.

Would a similar model improve compliance with labor laws? How should supervisors be trained and monitored, and what data should be collected and analyzed to ensure labor law compliance? If buyers require labor audits and certifications, what are the optimal rewards to induce compliance, and what penalties deter potential violators? Should violators be required to submit certified payroll or other data to buyers that can be examined by AI or machine learning to provide early warning of violations? Could workers upload photos of pay stubs via app to be analyzed?