Highlights

- Average employ, unique workers, peak/trough
- Ave ag employ: US 1.2 million; CA 400,000
- CA: 2 farm workers for each FTE ag job, so 400,000 FTE jobs = 800,000 California workers. Same 2 workers per FTE job across US?

Employer 4 S responses to tight labor

- Satisfy: wages, super training - growers think not much
- Stretch: mechanical aids, change production practices
- Substitute: labor-saving mechanization
- Supplement: H-2A workers, but housing

- Most employers do all 4 - no one knows best combination
FVH ag = 3 S’ s: Sales, Labor’s Share, Seasonality

Å Farm sales = CA $43 bil (2012); IA = $31 bil

ï CA = 12% of US $395 billion in farm sales because of FVH commodities

ï US 54% crops, 46% livestock; CA 70% crops, 30% livestock

ï CA $26 bil of $30 bil crop sales or 87% = FVH commodities

Å FVH: labor’s share = 20-30% of prod costs

Å Seasonality: Ave emp 414,000 (2014) Peak 471,000 Aug; low 344,000 Jan. Ratio = 1.4
3 C’s of Farm Labor

Â Concentration: US: < 44,000 farms paid 75% of total COA farm labor expenses; CA: <7,500 farms paid 90% of farm labor expenses.

Â Contractors: intermediaries who recruit & deploy crews. Win-win specialization OR risk-absorbers?

Â Conflict: Exit versus voice: easier to exit a “bad” job (ag & fast food) than to organize & voice demands to change wages and conditions

ï Exits of “best” workers = hard to sustain unions in ag, fast food & other high turnover industries
UI ag employ 2004-14 up 6%: Top 5 = 57% of US ag emp

Average annual employment, 2004-14 (2004 = 100). Label has state's share of US average of 1.2 million FTE ag jobs in 2014; each 1% = 12,000 jobs.

WA up 20%, FL down 20%. These 5 states = 57% of US total.
Next 5 states each have >2% of total ag employment

Average Annual Ag Employment, 2004-14 (2004 =100). 5 states have 11% of US FTE ag employment of 1.2 million in 2014. WI up 40%, MI up 25%; AZ down 15%, GA & NC down 5%. Next: NY, PA, ID just under 2%. IA =1.5%
CA since 2007: more workers brought to farms by crop support (FLCs) than hired directly. Gap is widening.
Crop support: $4.5 billion or 43% of $10.5 billion in CA ag wages paid in 2012 (QCEW); 55% of crop support wages paid by FLCs.
Fruit: $2.5 billion or 24% of California ag wages paid in 2012
Vegetables: $1 billion or 10% of ag wages paid
Nursery: $800 million or 8%
Dairy: $600 million or 6%
Big 5 = 95% of CA ag wages
Hired Crop Workers

Â Young, male & born in Mexico, but changing
- Fewer newcomers (workers in US less than 1 year). From 20% in 2000 to 2% today. Result: average age (37) & weeks of farm work (35) up
- 50% of all crop workers, & 2/3 of foreign born farm workers, are unauthorized. CA has > % unauthorized because more CA farm workers are foreign born, 98%, versus rest of US, 58%

Â Employ and earns: more weeks, higher wages
- Average $9.31/hour across US; $9.22 in CA in 2012
- 35 weeks of farm work + 7 weeks of nonfarm work: 42 weeks, or close to 48 weeks full-time
- Annual earnings average $15,000-$17,000/year

Â Farm work more like nonfarm work: live off the farm, commute to work, have 1 farm employer
Employers 2015: 4 S’s

Â Satisfy current farm workers with higher wages, improved benefits and better trained supervisors. Attract new workers or shift workers between farms?

Â Stretch the current labor force with mechanical aids that increase productivity: conveyor belts in fields, dwarf trees. How fast to deploy?

Â Substitute: labor-saving mechanization in raisins, olives, pre-harvest thinning and weeding, new seeds: high-stalk broccoli. Will wages keep rising to justify long-term investments?

Â Supplement the labor force with H-2As. Why invest in housing if Congress may enact a no-housing program?
Satisfy: wages, benefits, supervisor training & respect
Most farmers: satisfy will not ENLARGE labor force
Stretch: mechanical aids to raise worker productivity
Substitute: mechaniza in olives, carrots, tomatoes, nursery
Supplement with H-2As: 75,000 FY07, 130,000 FY15. CA&WA
AEWRs 2015: $10.32 in NC, $12.42 in WA, $11.33 in CA
H-2As concentrated in brown states with lowest AEWRs
WA H-2As: 4,400 in 2012; 9,000 in 2014

- **H-2A program**: employers must (1) try to recruit US workers, (2) provide housing, (3) pay AEWR

- **WFLA**: employer association = co-employer of H-2As. Shift H-2As between employers
  - WA: direct hires, easier to build & operate housing
  - Saddle labor demand: June-July peak for cherries & Sept-Oct apples; average farm employment of 88,000, or ¼ average of California

- **2014 Apples**: 140 million 40-lb boxes (130 mil in 2012). Pickers average 6,000 pounds or 150 boxes/day for 65 days. Perhaps 20,000 to 25,000, & H-2A = up to half of apple pickers (*not all apple pickers are H-2A, but almost all H-2As pick apples*)

- Spring 2015: destroy $100 million worth of apples
CA H-2As: 3,000 in 2012, 6,000 in 2014

- CA: many vegetable firms operate year-round. Leafy green vegetables in Yuma, SJV, & Salinas
  - Border labor force is legal
  - Bring H-2As to Salinas: move from motels to FW housing? (T&A: $8 million for housing for 800 workers in Spreckels, $10,000 per bed)
  - Largest CA H-2A user: Sierra-Cascade strawberry nursery (1,300 H-2As in Tulelake)

- H-2A expansion: led by coastal vegetable growers, not SJV fruit industry. Half of CA farm labor is in SJV, where fruit industry is concentrated, & there is less grower-shipper integration

- Some shippers: increase imports, esp of Mexican berries
Big 4: alfalfa 5, pasture 3, rice & cotton, 2.5 each = 13 million acre feet or 40% of total 32-33 million acre feet used in ag.
Pasture: more water than tree fruits and vegetables combined
Drought: makes bad situation in farm worker cities worse

“normal” unemployment rate in Mendota & Firebaugh = 35%; with drought 40%
Big 4 CA ag counties had $27 billion in farm sales in 2014
Tulare $8 bil, Kern $7.5 bil, Fresno $7 bil, Monterey $4.5 bil

Tulare County ag sales top $8 billion

Kern County’s crop value hits a record $7.5 billion
Summary 1

- Average farm employment up as expansion offsets mechanization. Berries up as raisins mechanize.
- Farm workers: fewer new entrants & aging, settled farm workforce.
- Employer responses to fewer newcomers:
  - Satisfy: stay longer
  - Stretch: labor-stretching mechanical aids
  - Substitute: labor-saving mechanization
  - Supplement: H-2A workers; try to change rules
- Drought 2015: ag water use down
  - from 33 mil acre feet to 30 million acre feet, down 10%
  - irrigated acreage down 7%, ag job growth slows
Summary 2

Å Farming for workers versus farming for yield
  ï Re-organize work to attract & keep workers versus maximize production & assume seasonal workers will be available
  ï Change crop characteristics to make farm work easier, talk-stalk broccoli, Frescada lettuce, brilliant White Cauliflower

Å H-2A = ñoyal workers. H-2As do not switch employers to earn 5 cents more. E-Z H-2A could lock-in ñabor supply at cost of transport, housing etc

Å Which of the 4 S’s takes priority? What variance by commodity and area?