

Agricultural Labor Outlook

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The Agricultural Labor Supply Problem



Farmers Can't Find Enough Workers to Harvest Crops—and Fruits and Vegetables Are Literally Rotting in Fields

Labor shortage 'hitting ag community hard'

North Carolina needed 6,500 farm workers. Only 7 Americans stuck it out.

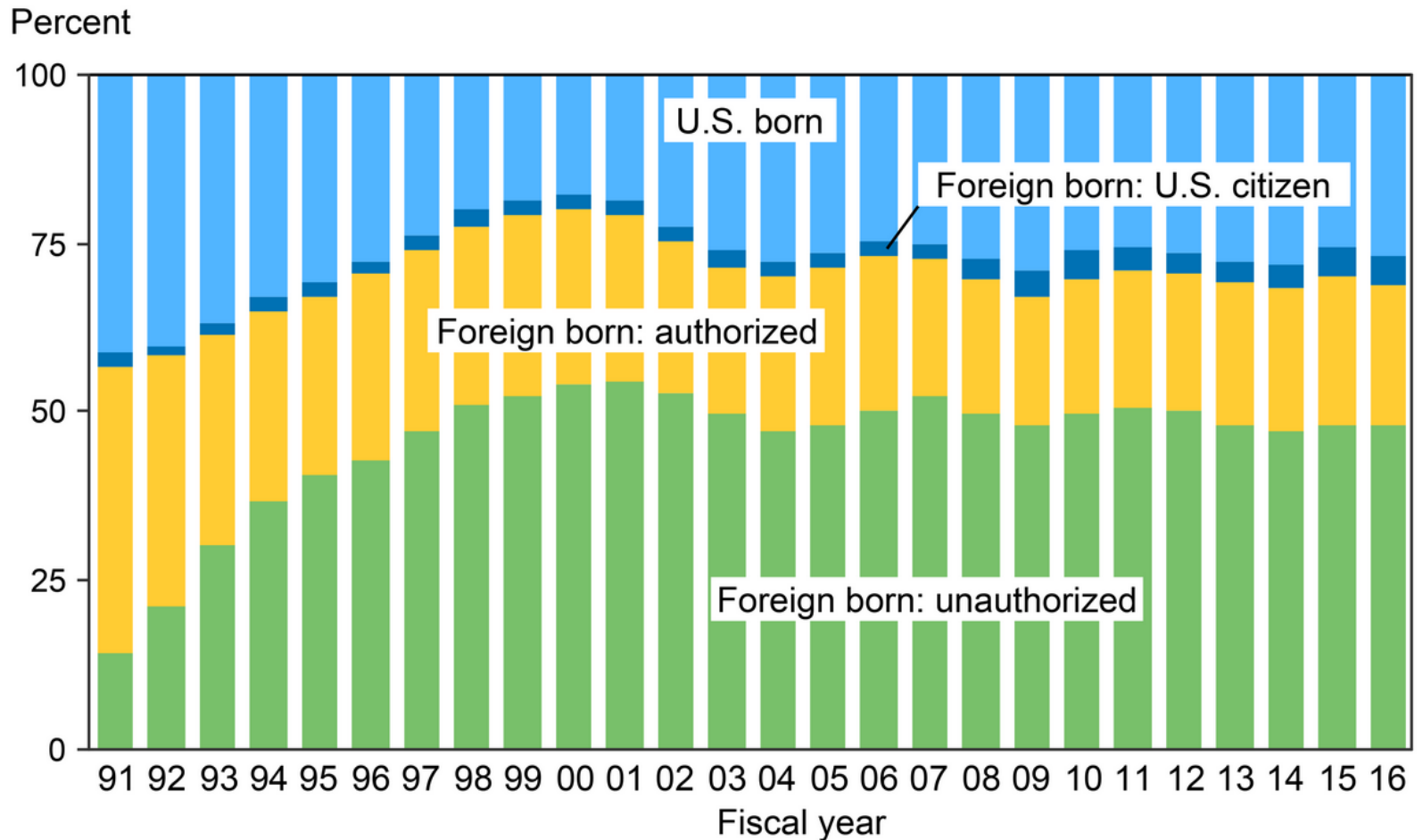
Population decline in rural areas spotlights severe shortage in farm workers

Finding workers was already hard for the ag industry. Now, it's even worse, farmers say

Decline in Number of Farmworkers

- Increase in border enforcement
- Aging of farm labor force
- Internal enforcement: less mobility within the U.S.
- Economic growth in Mexico
- Higher wages in construction and other activities

Legal status of hired crop farmworkers, fiscal 1991-2016

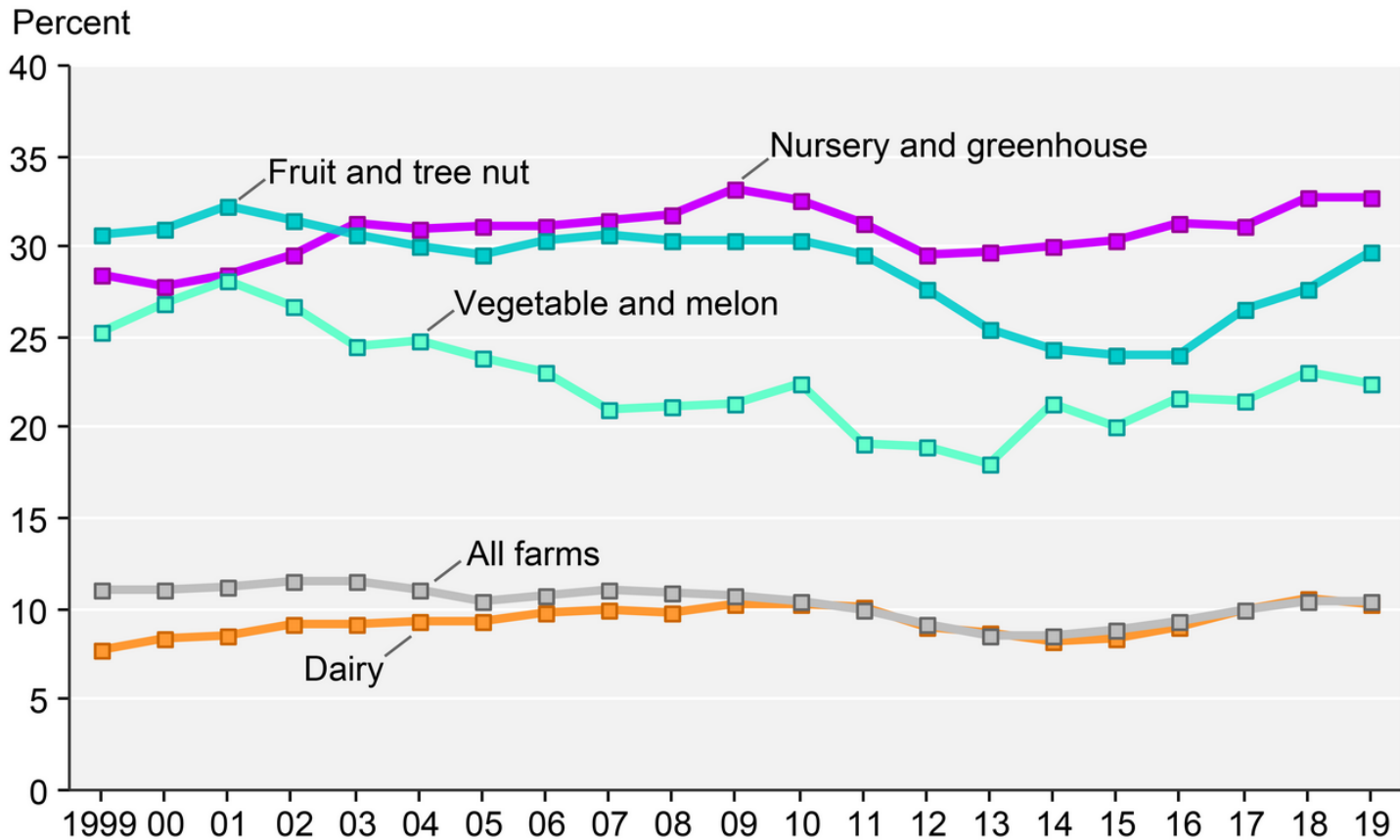


Note: Values for each year are 3-year moving averages to smooth fluctuations due to small sample sizes: e.g. data reported for fiscal 2016 are the average over fiscal 2014-16. U.S. born includes those born in Puerto Rico.

Source: USDA Economic Research Service using U.S. Department of Labor, National Agricultural Workers Survey.

Labor Costs

Labor costs as a share of total gross cash farm income for selected farm specializations, 1999-2019



Note: Values for each year are 3-year moving averages to smooth fluctuations because of small sample sizes, e.g., the estimate reported for 2019 is the average over 2017-19.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Surveys, selected years.

Mechanization Efforts

- Machines could help reduce the need for workers and increase productivity
- Automated devices could be built to tolerate a wide range of weather conditions (e.g. excessive heat)

However,

- High upfront costs (not an option for many farmers)
- Demand for labor with a higher skillset
- Existing technologies do not have the same level of dexterity of a human being
- Suitability varies by crop: soybeans, raisins, sweet potatoes, Christmas trees

H-2A Visa Program

Characteristics

- Visa program that allows farmers to bring agricultural workers legally to the U.S.
- Guest worker program: seasonal
- In addition to wages, employers pay for:
 - transportation
 - housing
 - workers' compensation insurance

H-2A Visas Issued per Year

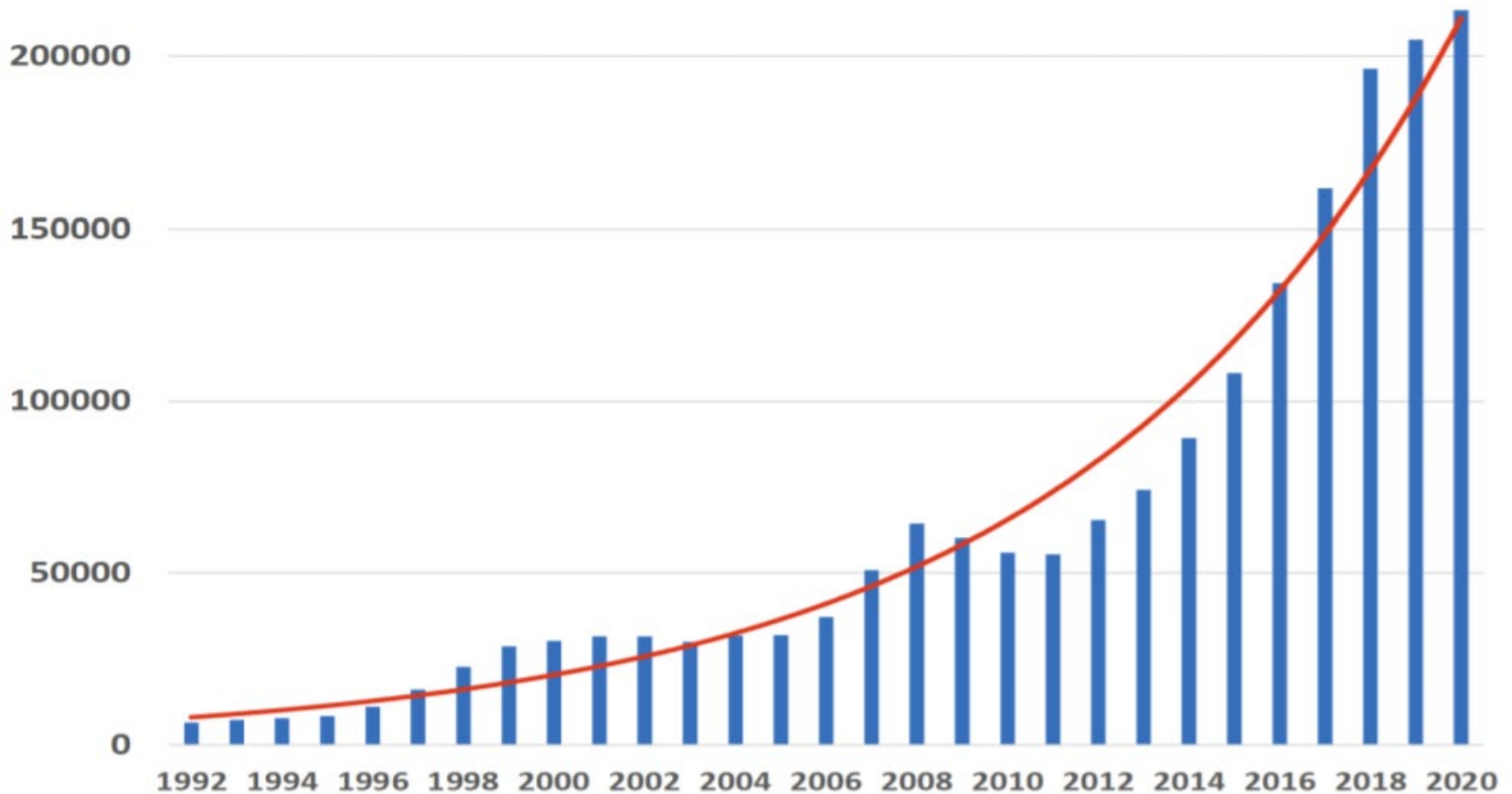


Figure 1. H-2A Visas Issued Per Year: 1992-2020 (Source: Congressional Research Service)

Review of Positions Certified FY 2020 EOY
 (% of total certified FY 2020 EOY)

Top 10 States of Employment	Florida	39,064	14.2%
	Georgia	27,614	10.0%
	Washington	26,832	9.7%
	California	25,453	9.2%
	North Carolina	22,052	8.0%
	Louisiana	11,332	4.1%
	Michigan	9,912	3.6%
	Arizona	8,602	3.1%
	New York	8,482	3.1%
	Kentucky	6,952	2.5%

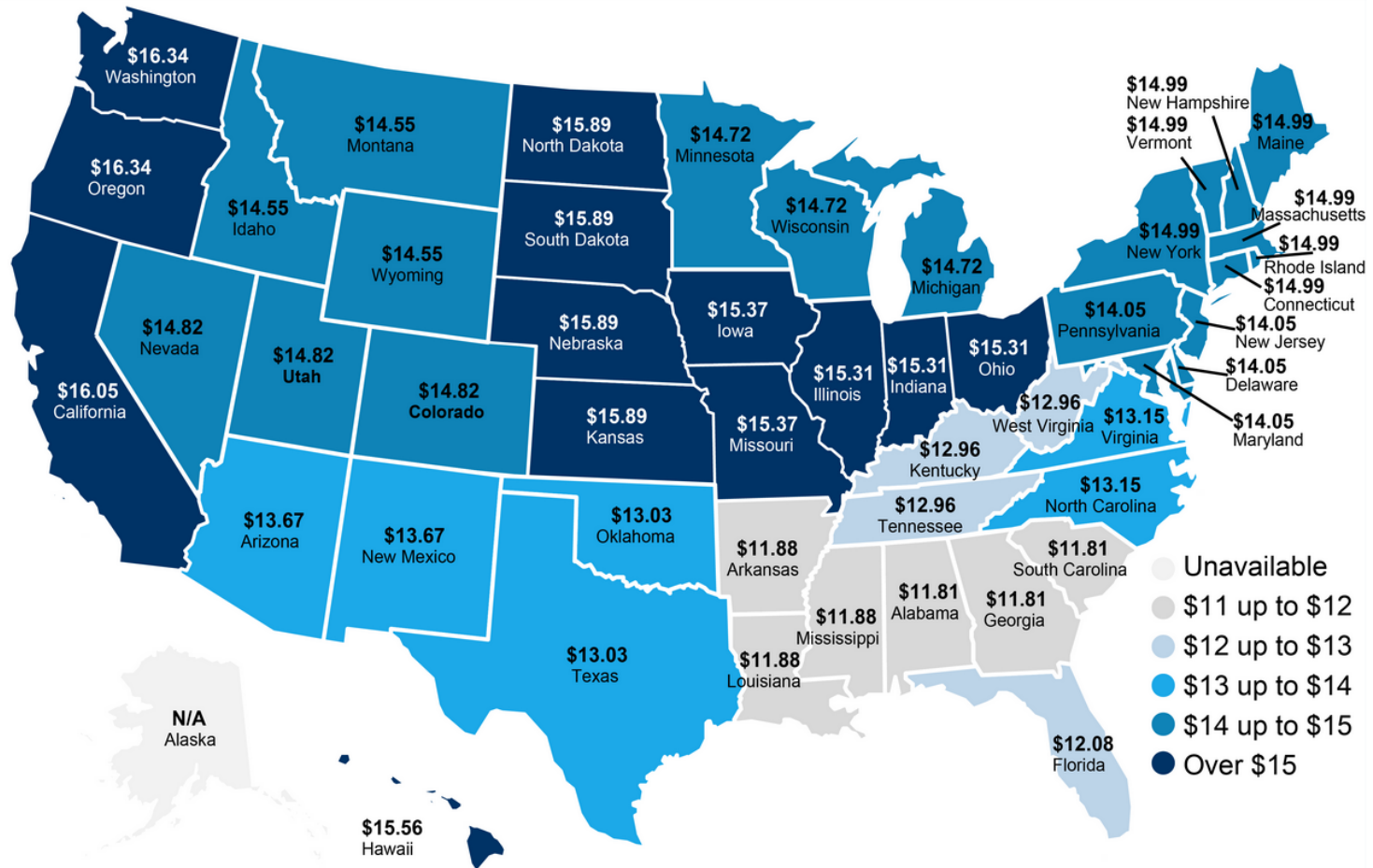
FY	Q1 <i>(Oct-Dec)</i>	Q2 <i>(Jan-Mar)</i>	Q3 <i>(Apr-Jun)</i>	Q4 <i>(Jul-Sept)</i>	% Change FY 2019
14,131	3,545	6,129	2,681	1,776	8.0%
FYTD	Q1 <i>(Oct-Dec)</i>	Q2 <i>(Jan-Mar)</i>	Q3 <i>(Apr-Jun)</i>	Q4 <i>(Jul-Sept)</i>	% Change FY 2020
11,010	4,556	6,454	--	--	13.8%

Top H-2A Employers

North Carolina Grower's Assoc., Inc.	10,650	3.9%
Fresh Harvest, Inc.	5,326	1.9%
WAFLA	4,358	1.6%
Foothill Packing, Inc.	3,199	1.2%
Farm Op Kuzzens H2A, LLC	2,998	1.1%
Rancho Nuevo Harvesting, Inc.	2,864	1.0%
Overlook Harvesting Company, LLC	2,589	0.9%
Templabor, LLC	2,252	0.8%
Zirkle Fruit Company	2,191	0.8%
R & R Harvesting, Inc.	2,056	0.8%

H-2A AEWRs 2021

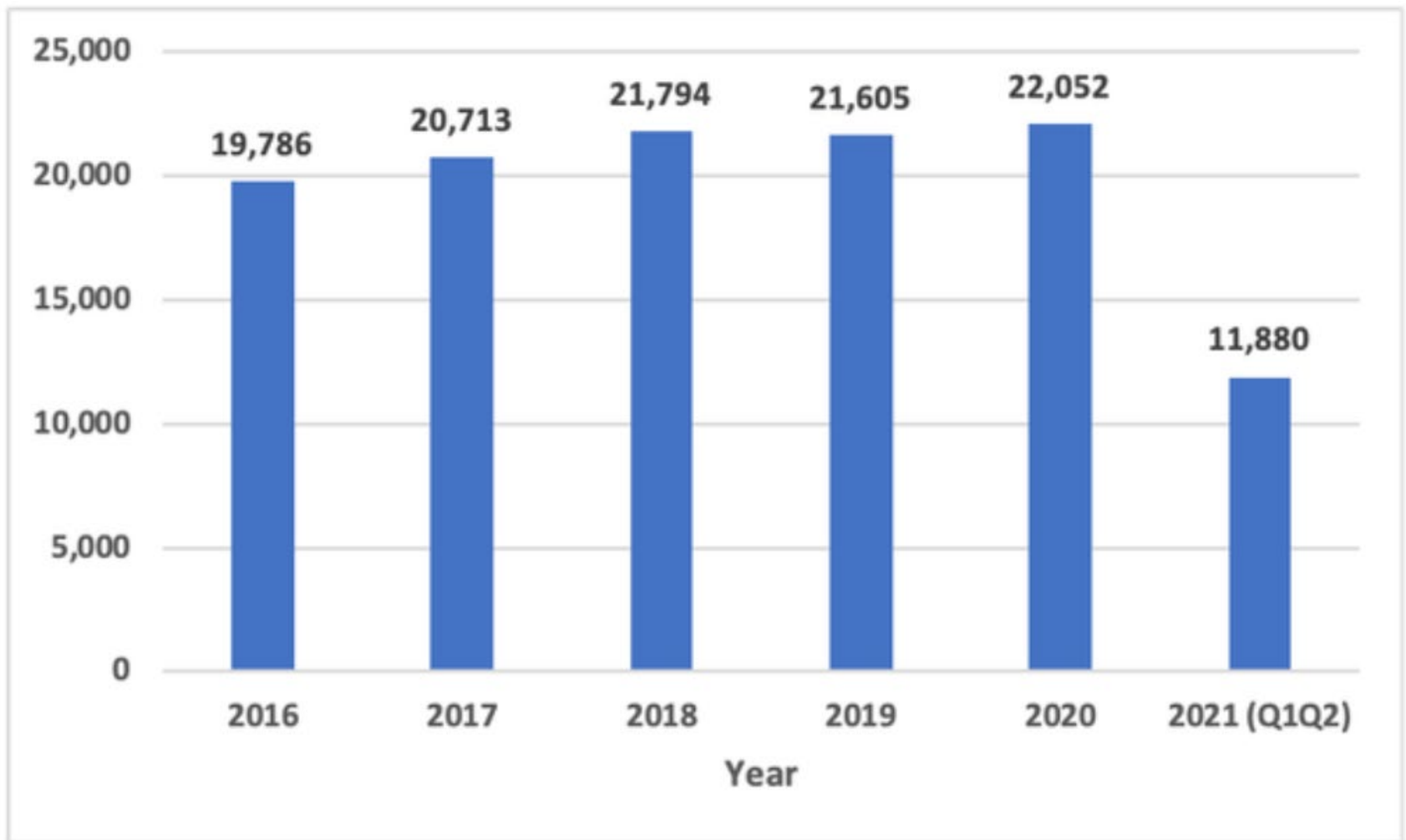
Adverse effect wage rates (AEWR), 2021



Source: USDA, Economic Research Service using data from U.S. Department of Labor, Office of Foreign Labor Certification (OFLC). Data are not reported for Alaska.

H-2A Visa Program in North Carolina

H-2A Positions Certified in NC: 2016-2021



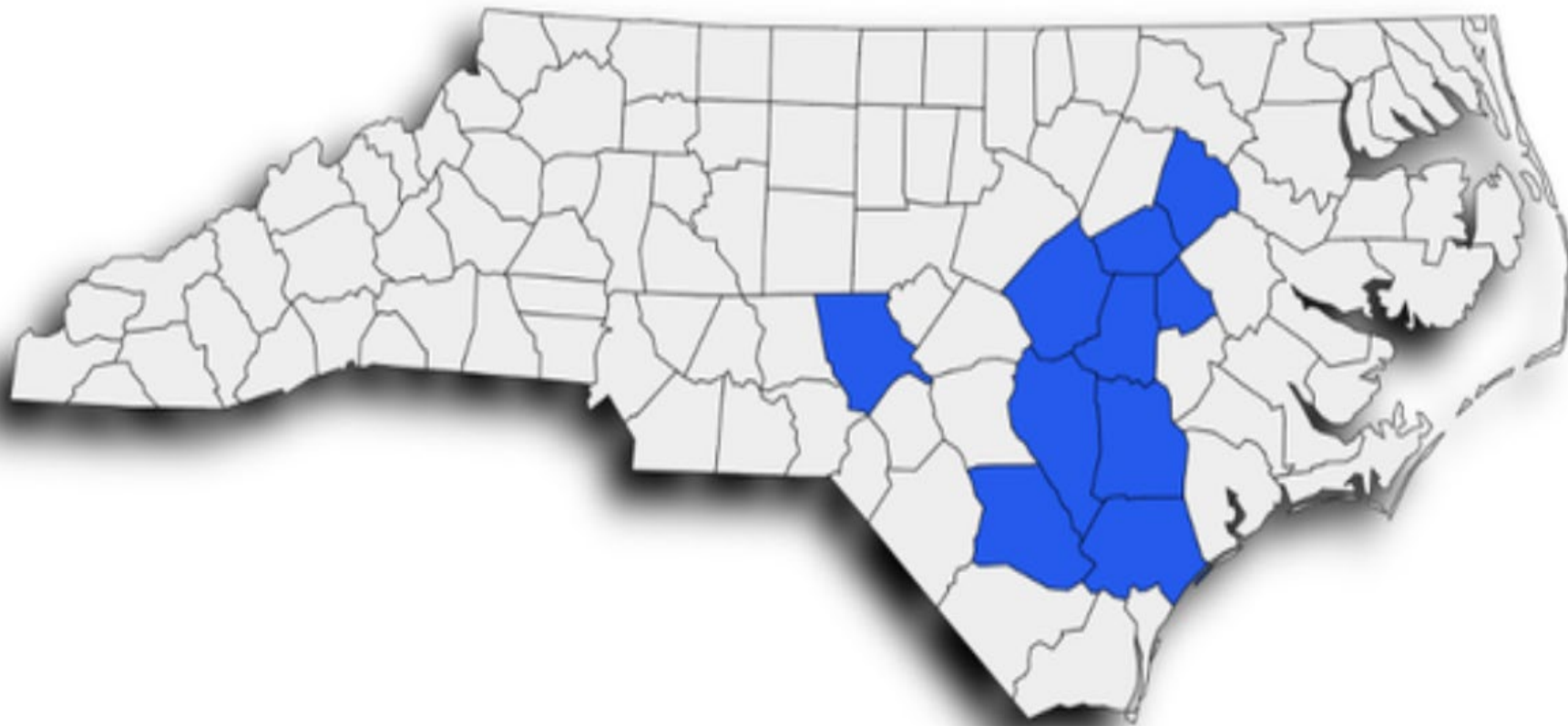
Top 10 H-2A Employers in NC: 2020

Employer	Positions Certified	Location of Employer
North Carolina Grower's Association, Inc.	10,650	North Carolina
Florida Orange Gold, LLC	678	Florida
Sleepy Creek Farms, Inc.	581	North Carolina
Jose M. Gracia Harvesting, Inc.	546	Florida
O'Rea and Sons Harvesting and Hauling, Inc.	332	North Carolina
Overlook Harvesting Company, LLC	315	Florida
AAA Faria, LLC	305	North Carolina
Lewis Nursery and Farms, Inc.	304	North Carolina
Salomon Gomez Garcia	261	North Carolina
Manzana, LLC	259	North Carolina

Top 10 Counties of H-2A Worksite Location in NC: 2020

County	Positions
Moore	10,562
Sampson	2,309
Bladen	1,090
Pender	1,018
Johnston	919
Edgecombe	716
Duplin	658
Greene	593
Wilson	592
Wayne	462

Top 10 Counties of H-2A Worksite Location in NC: 2020



New Immigration Policy

2021 U.S. Citizenship Bill

- Sent to Congress by the President on his first day in office
- Major changes to all the immigration system
- Specific chapter related to legalization and farmworkers
- Around 12 million undocumented immigrants
- Significant fraction of farmworkers are undocumented

2021 U.S. Citizenship Bill



The bill has three main goals:

- providing pathways to citizenship and strengthening labor protections
- prioritizing smart border controls and
- addressing the root causes of immigration

Chapter on Agricultural Workers

-Amends Chapter V of Title II of the Immigration and Nationality Act by allowing the government to grant permanent residency if the following conditions are met:

- The individual complies with all eligibility requirements including passing criminal and national security background checks
- The person submits an application and pays all necessary fees and
- The authorities determine that, during the five-year period preceding the date on which the application is submitted, the person performed agricultural labor or services for at least 2,300 hours or 400 days

-Introduces new rules regarding overtime payments and immigration benefits to relatives of farmworkers

Potential Implications

- Legalization takes individuals out of the shadows
- Possible tax gains as workers move higher up the ladder
- After IRCA, in 1986, some newly legalized farmworkers left agriculture
- Indirect effects related to future immigrant flows

2021 Farm Workforce Modernization Bill

-CAW (Certified Agricultural Worker Status): temporary status for laborers who have worked at least 180 days in agriculture over the last two years. Can be renewed indefinitely with continued farm work (at least 100 days per year)

-Path to a green card by paying a \$1,000 fine and engaging in additional agricultural work:

Workers with 10 years of agricultural work prior to the date of enactment must complete four additional years of ag. work

Workers with less than 10 years of agricultural work prior to the date of enactment must complete eight additional years of ag. work

-Freezes H-2A AEWRs for a year and caps increases at 3.25% for following nine years

-Provides option for year-round workers (20,000 visas per year for dairy sector)

Other Labor-Related Challenges



Pandemic and Natural Disasters

- Covid-19 disruptions:
 - flow of H-2A workers continued; some exceptions granted
 - increased competition for workers by other industries
 - change in social benefits
- Harvesting in extreme weather conditions:
 - fires, droughts, and heatwaves in the West
 - floods and hurricanes in the South

Conclusions

- Some of the most important agricultural industries in North Carolina are heavily reliant on labor
- Agricultural labor shortages likely to persist (and possibly get worse)
- H-2A program demand will continue growing
- Immigration policies under discussion could further affect labor availability
- Need to deal with long term challenges like extreme weather

Questions or Comments?

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