

Labor shortage for NC farmers ripples across broader economy - Triangle Business Journal

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Although it's not heated, the greenhouse at J&J Thompson Farms provides some warmth on a frigid winter morning.

Jackie Thompson explains that the empty building has been cleaned out and prepared for the upcoming tobacco season. Soon enough, he'll plant seeds in trays that float in four to five inches of water in the beds lining both sides of the greenhouse.

Once the plants reach a certain size, the tobacco will be transplanted – or moved to a permanent location – for the rest of the growing season. The labor-intensive crop requires close attention and hands-on work until it's harvested late in the summer.

Years ago, Thompson would mostly hire locals to do this work. But now, the operation is almost completely reliant on seasonal workers from Mexico who are employed through the federal [H-2A temporary agricultural workers program](#).

“If we didn't have the program, we wouldn't farm,” Thompson said.

And he's not alone. Although the program has always been popular in North Carolina – which for years brought in more workers than any other state – it's grown increasingly vital to farmers throughout the country as they scramble to find workers – and provide agricultural products at a competitive rate at a time when Americans are facing [spiraling costs at grocery stores](#).

The number of people who received visas through the program to work in North Carolina increased from 9,137 to 23,479 between 2011 and 2021. Nationally, these numbers grew from 77,246 to 317,619 during that time.

But the program has become increasingly expensive for farmers as the wage rate they're required to pay workers rises. In North Carolina, the rate – which varies throughout the country – increased about 7.7 percent from last year to this year's amount of \$14.16 per hour.

These costs for farmers are increasing as food prices [are up more than 7 percent from a year ago](#), according to the U.S. Bureau of Labor Statistics. A [global index](#) from the

United Nations Food and Agriculture Organization shows food prices in January reached their highest level since 2011. The U.S. Department of Agriculture is forecasting net farm income is going to decrease 4.5 percent in 2022.

Labor scarcity is one of a number of issues connected to rising food costs. Not addressing this labor issue could lead to either higher food costs or more of a reliance on food being imported into the U.S., said Shawn Harding, president of the North Carolina Farm Bureau.

“Ultimately, as a society, we need to address this issue,” Harding said. “It’s either pay more or get it from somewhere else. And that’s the challenge that we have to face ... in how we move forward with immigration policy and labor issues.”

Finding workers

Filling farm jobs has always been difficult – for large farms and smaller operations.

Entrepreneur Richard Holcomb opened the 55-acre Coon Rock Farm in Hillsborough 18 years ago. Labor is intensive at the organic farm, where weed control is done via a hoe rather than chemicals.

The farm employs about 12 to 15 people, which can include college students in the summer and other locals throughout the year, some of whom are interested in learning about farming so they can open their own operation.

Finding employees for these jobs has become more difficult, Holcomb said. About three to four years ago, the farm had to reduce the number of chickens it processes from 4,000 to 1,000 a year because it couldn’t find enough people to do the work.

He said there are likely several reasons for this. For instance, there are fewer chicken farms in the area than there once were, and these operations used to share labor with one another. The closing of the state’s only poultry processing plant a few years ago also complicates the situation.

“Because it existed, a whole bunch of other people were able to raise chickens,” Holcomb said. “There were more skilled chicken processing people in the area than there are now.”

At the larger farming operations, the labor shortage can be attributed to a few different factors.

The number of undocumented workers from Mexico coming into the United States has decreased over the years as a result of ramped-up border control efforts and the growth of Mexico’s own economy, said Alejandro Gutierrez-Li, an assistant professor for N.C. State University’s Department of Agricultural and Resource Economics.

Undocumented workers [still make up a large fraction of farm labor in the U.S.](#), especially in states closer to the southern border, but the number is shrinking. And as a result,

more farmers are turning to the H-2A program.

North Carolina was one of the early leaders in the H-2A program, and brought in more workers than any other state for years. Since then, other states such as California, Florida and Georgia have surpassed North Carolina's total, but the state remains in the top five users of the program.

One of the reasons for this is that some of the most valuable crops grown in the state – including sweet potatoes, tobacco and Christmas trees – are labor-intensive.

“The reality is that there’s a very important increasing demand for some agriculture products that need to be harvested by hand,” Gutierrez-Li said. “So, there’s a mismatch between the supply of workers and the demand for the crops that requires workers to harvest them.”

The state's early adoption of the H-2A program is also tied to the [North Carolina Growers Association](#), which is the largest single user of the program in the country. In fiscal year 2021, the association was certified for 10,860 positions, according to data from the U.S. Department of Labor.

The association is like a cooperative of more than 700 growers throughout the state that follows a joint-employer model. Farmers inform the association of their H-2A labor needs, and the association takes care of filing paperwork with the government and arranging the transportation of workers from Mexico to the association's office in Vass.

From there, the workers finish their paperwork, have an opportunity to connect with services – including the option of receiving a Covid-19 vaccine last year – before taking a bus to the farm where they'll work.

As part of the H-2A program requirements, the association must first try to fill the open farm jobs with American workers, but this is often a futile effort. Lee Wicker, deputy director of the association, said that out of the more than 10,000 openings the association posted last year, about five or six were filled by locals. And none of them last a whole growing season.

But with the increasing costs related to the program – among other issues, such as the 10-month cap on the visas – some farmers have shifted away from growing labor-intensive crops. This isn't a broad change, but it's a decision that some individual growers within the association have made, Wicker said.

“U.S. citizens are not going to grow out food,” Wicker said. “So, are we going to grow it here with guest workers or are we going to import it? And is that the safe choice when you don't have control over your food production within your borders?”

Changing shape

If there are changes in the types of crops individual farmers are growing, the numbers

don't reflect a widespread shift tied to a labor shortage.

The acres of sweet potatoes farmed in the state has increased from about 89,500 to about 105,300 between 2017 and 2020, said Sandy Stewart, the assistant commissioner of agricultural services for the N.C. Department of Agriculture and Consumer Services.

Meanwhile, the number of acres of tobacco grown in the state has dropped from 163,000 to 99,000 during that time, but this has less to do with labor and more to do with declines in how much tobacco is being exported to China. However, Stewart said, China has returned to the U.S. market and as a result, those numbers should begin moving in the opposite direction.

What is clear is that the number of farms in the state is declining. From 1997 to 2017, the number of farms in the state has decreased from 59,120 to 46,418, according to the agriculture census completed every five years by the U.S. Department of Agriculture.

Part of this loss in farmland is tied to farmers retiring and selling their land. Additionally, there are development pressures in growing areas, such as the Triangle, said Harding, the Farm Bureau president.

“How will we do this with a shrinking labor force that continues to get more expensive?” Harding said. “A lot of ag-commodities are produced in rural communities. If we lose farms, or they get smaller, that can affect communities. That’s why it’s important to grow this ag industry here in North Carolina.”

Mechanization may be part of the solution, but so too is making changes to the H-2A program, Harding said.

Late last year Sen. Thom Tillis – among other senators – introduced legislation that would allow governors in states that meet specific requirements to freeze the adverse effect wage rate, which is paid to workers in the H-2A program, at its 2021 rate.

The Keep Food Local and Affordable Act of 2021 would provide this flexibility to states with an unemployment rate of no more than 5 percent. Additionally, governors of states where food prices have increased more than 3 percent in the past 12 months would be allowed to request that the wage rate remains at its 2021 amount.

The legislation is now with the Senate Judiciary Committee.

This was intended as a short-term measure to help both farmers and consumers, but Tillis said the H-2A program needs permanent changes as well. One of which could require the wage rate be developed and applied more precisely by regions within a state, rather than with a broad brush. But separating the program in Congress from larger immigration issues remains a challenge.

“I really do want to ring-fence the discussion around guest workers so that it’s not at the expense of some of these thornier subjects we’re trying to get bipartisan support for,”

Tillis said.

Changes to the program would also need to benefit the workers. As it exists, the program leads to a power imbalance that favors the employer more than typical job settings, said Anna Jensen, the executive director of the NC Farmworkers Project — a nonprofit that helps connect workers to health care and other services.

Workers can be hesitant to report complaints because their ability to be in this country is tied to a specific employer. Giving the worker an ability to move to a different employer could help in this situation, Jensen said.

Additionally, giving workers — some of whom have been coming to the U.S. to work for 15 to 20 years — a pathway to citizenship would be a step in the right direction, she adds.

“It’s a sacrifice people make,” Jensen said. “There’s no option to come with your family and work here.”

‘Waving a red flag’

Thompson’s family moved from the small town of Epsom to a plot of land on Louisburg Road east of Wake Forest in 1957 to pursue a better economic opportunity.

Thompson began helping his father, who started out growing 10 or 20 acres of tobacco on about 100 acres of open land, at an early age. He started off chopping weeds and was driving a tractor by 10 years old.

The amount of land the family rented for its farming operations grew over the years as surrounding farmers moved out of the industry for one reason or another. The farm now covers about 1,000 acres of cropland, on which Thompson last year grew 235 acres of tobacco, 800 acres of soybeans and 200 acres each of canola and wheat.

Thompson began using the H-2A program in 1991. At that time, he employed six or eight people on H-2A visas along with a mix of local people. He now utilizes about 26 to 27 people through the temporary worker program, and only employs one local individual who has been with the farm for years.

“You can’t fill the jobs,” Thompson said. “There’s nobody around that wants to do the work.”

One of his neighbors, who is also a tobacco farmer, has had a similar experience. Barham Family Farms grows about 330 to 350 acres of tobacco along with grains, that were once mostly a cover crop, and 60 acres of cucumbers, Linda Barham said.

While the grains are heavily mechanized and only require few workers, tobacco is labor-intensive. Barham Family Farms usually hires about 40 workers through the H-2A program to complete this work, while also receiving help from one local employee.

This reliance on hiring workers through this program makes the increasing associated

costs difficult to avoid. And while these costs are increasing, the Barhams and Thompson both say the amount they are paid per pound of tobacco has not raised at the same level.

The state hasn't reached the point where crops are left rotting in the fields because there's a lack of labor to harvest them. But, if unresolved, this labor issue could have lasting implications on the state's agriculture industry, which was valued at \$95.9 billion in 2019, according to data from N.C. State University.

"We're waving a red flag and saying this is an issue," Harding said. "This is an issue going forward and it could get to a point where we have to dramatically shift what we do as a state because we just don't have the labor."

In the meantime, Thompson and Barham both say they plan to continue farming.

While at a retirement dinner recently for somebody they know, Barham and her husband were asked when they plan to retire. Barham responded by saying, "Farmers don't retire, they die."

Likewise, despite the ramped-up economic pressures, Thompson said he finds himself to be in an enviable position. He works hard for much of the year, but has time to unwind in the winter while preparing for the next growing season. And besides, he has a pretty good relationship with his boss.

"I like being my own boss," Thompson said. "I could probably work for somebody else, but when you're 70 years old and that's all you've ever done, it'd be a hard thing to do. It's about being your own person and having a sense of accomplishment and sense of pride."