

Farm Labor and Immigration: Outlook for 2015

Philip Martin

Fears of farm labor shortages have made California farmers keen observers of immigration patterns and policies. On November 20, 2014, President Obama announced a new Deferred Action for Parental Accountability program to allow unauthorized foreigners with legal U.S. children who have been in the United States at least five years to obtain renewable three-year work permits. The effects of DAPA on farm workers are unclear. Up to 500,000 farm workers, half in California, may qualify for DAPA status, which may encourage some to seek nonfarm jobs.

Three major issues—labor shortages, the growing role of farm labor contractors in bringing workers to farms, and the impact of Obama’s executive orders—will shape California’s farm labor market in 2015. This article examines these issues.

About 60% of the workers employed on the state’s farms have been unauthorized for the past decade. Most new entrants to farm work have been young, Mexican-born men who filled seasonal farm jobs for about a decade. The slowdown in Mexico-U.S. migration since the 2008–09 recession, reflecting a combination of fewer U.S. jobs, fewer Mexicans in rural Mexico eager to move to the U.S., and more fences and agents on the Mexico-U.S. border, has prompted fears of wage spikes linked to labor shortages.

There were signs of a labor shortage in the San Joaquin Valley in 2012, when the average hourly earnings of farm workers rose over 10%. Complaints of labor shortages and wage increases have since decreased, except in the Napa-Sonoma and Salinas Valleys that have higher living costs. Some Salinas vegetable growers, who use H-2A guest workers when producing vegetables in Yuma, Arizona, are

bringing experienced guest workers to Salinas during the summer months to ensure sufficient harvest workers.

The state’s minimum wage, now \$9 an hour and scheduled to increase to \$10 on January 1, 2016, has combined with expectations of fewer and more expensive farm workers to prompt labor-saving changes. One of the most important labor-saving changes is the switch from labor-intensive crops, such as raisins and canning peaches, to mechanically harvested almonds and walnuts. Rising consumer demand combined with less need for farm labor explain some of the 40% expansion of bearing almond acreage over the past decade. In contrast, periods of low prices and fears of labor shortages help to explain the almost 25% decline in bearing raisin acreage.

Farmers producing labor-intensive crops are mechanizing, as with the state’s raisin grape industry. Harvesting raisins in the 1990s involved over 50,000 workers during a six-week period who cut bunches of green grapes and laid 25 pounds on a paper tray to dry in the sun. Workers were paid piece-rate wages of about \$0.31 per tray in 2014, and most picked 30 to 40 trays an hour to earn about \$10 an hour.

However, raisin harvesting today involves half as many workers because of declining acreage and labor-saving

mechanization. Harvesting raisins is a race between sugar and rain. Letting grapes stay on the vine increases sugar levels, but later harvesting raises the risk of rain damaging the drying raisins.

Raisins have traditionally been made from Thompson seedless grapes. Varieties such as Selma Pete ripen earlier so that the canes holding bunches of green grapes can be cut and the grapes dried partially or fully into raisins while they are on the vine. A wine grape harvester can lay partially dried raisins on a continuous tray in the vineyard until they dry into raisins on the ground.

An alternative involves fully drying grapes into raisins while on the vine (DOV). Yields are often higher in DOV systems because vines can be planted closer together, since land between the rows is not needed for drying. A third alternative has raisins growing on an overhead trellis. The canes are cut so that the grapes dry into raisins, and a machine travels under the trellises to harvest the raisins. Researchers are working on grape varieties that automatically begin to dry into raisins, eliminating the need to sever canes.

Very low raisin prices in 2001–03, less than \$1,000 a ton, drove many raisin farmers out of business and encouraged others to replant their vineyards to earlier maturing and higher-yielding varieties

Figure 1. California Almond and Raisins, Bearing Acreage, 2003–12

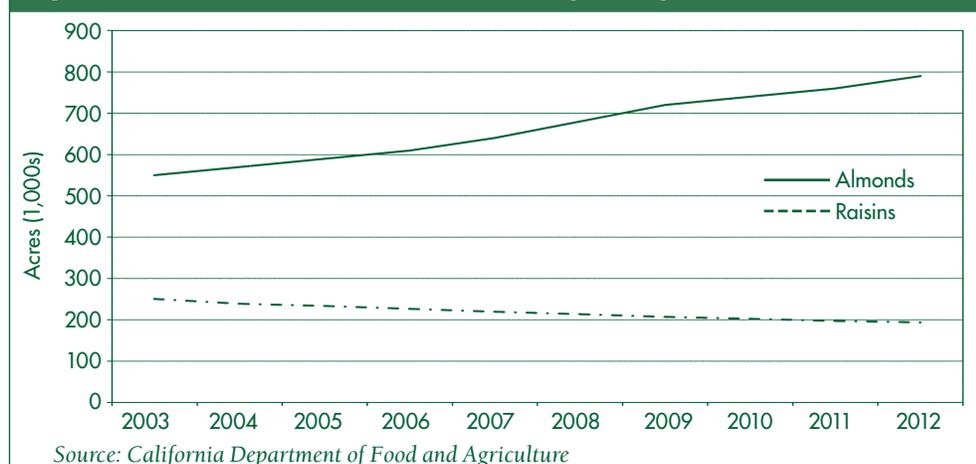
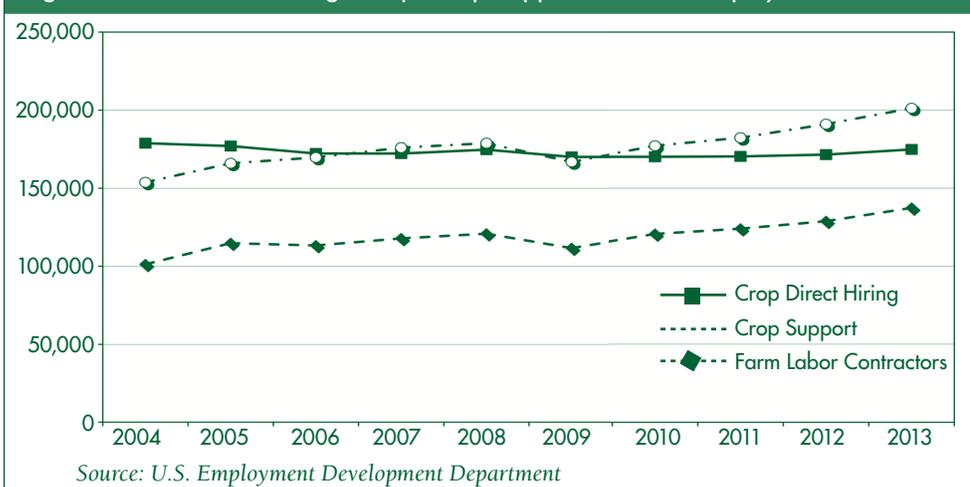


Figure 2. California: Average Crop, Crop Support, and FLC Employment, 2004–13



suitable for DOV systems. California raisin production fell from 400,000 tons a year a decade ago to about 330,000 tons a year recently, bringing supply and demand into balance and reducing the need for harvest workers.

Labor Contractors

Farm labor contractors (FLCs) have long been associated with low wages and poor conditions for farm workers. One reason is that contractors often compete with each other to bring workers to farms. The usual transaction involves a farm employer and contractor agreeing on an hourly or piece-rate wage that will be paid to workers, and then negotiating an overhead to cover the contractor’s payroll taxes, compliance with field sanitation and other regulations, and profits.

Contractors rely on crew bosses to supervise a crew of 20 to 60 workers. Most crew bosses have assistants, often relatives, to help them to recruit and monitor workers. Work crews often include members of the same family, which can facilitate recruitment and car-pooling but can also lead to uneven productivity, since getting the “good” workers in an extended family may also require accepting less-productive workers.

The labor contracting industry is growing. Between 2004 and 2013, California crop farms hired fewer workers directly, but one-third more

workers were brought to farms by non-farm crop support services, which are dominated by FLCs. Contractors are rapidly becoming the major employers of workers on the state’s crop farms.

The contracting industry appears to be segmenting. Large contractors may hire several thousand workers, have professional managers to supervise crew bosses, and announce overhead rates to farmers and refuse to cut them. Farmers who use these “good” contractors pay commissions of 30% or more above the \$9 or \$9.25 wage paid to workers. In exchange, growers get assurance that they will not be found jointly liable for labor law, immigration, tax, and other violations. Smaller contractors may be willing to work for much lower and sometimes money-losing commissions, but survive by paying some workers in cash and thereby saving on required payroll taxes, among other things.

Many of the state’s 460 table grape growers use good contractors to obtain harvest workers. Table grape growers produced 116 million 19-pound boxes of grapes in 2013, including 48 million boxes that were exported. The number of California table grape growers has shrunk by more than half in the past two decades, while production has increased five-fold.

The Delano area that straddles the Tulare-Kern county border is considered the “Napa of table grapes” because of

its high-quality and often proprietary varieties of table grapes. Most table grape growers use contractors to find teams or “trios” of two pickers and one packer. Pickers cut bunches of grapes and put them into plastic bins that are wheeled to a packing station. Here, the packer trims the bunches and places them into the bags that appear in supermarkets.

If wages are \$9.25 an hour plus \$0.33 a box, a trio picking and packing 10 cartons an hour earns \$10.35 an hour, since the three workers share the per box bonus. During the 12-week harvest, many workers work 800 hours and earn over \$8,000.

Crew bosses supervise 60-person table grape harvesting crews—40 pickers and 20 packers. The major responsibility of the crew boss is to ensure that the crew is at full strength and the workers are doing a good job. The table grape labor force in the Delano area is local and diverse, dominated by Mexican-born workers but including U.S.-born Filipinos. Contractors large and small acknowledge that one-half or more of the workers they hire are unauthorized, although all workers present documentation—usually social security cards and green cards or immigrant visas.

President Obama and DAPA

On June 30, 2014, President Obama promised to “fix as much of our immigration system as I can on my own, without Congress.” After the Republicans took control of Congress in the November 2014 elections, Obama said that he would give them “some time” to act; but, if they did not, he would “take the steps that I can to improve the system.”

President Obama acted on November 20, 2014, outlining the Deferred Action for Parental Accountability (DAPA) program, an executive action that would allow an estimated four million unauthorized foreigners whose children are American citizens or legal permanent residents and who have been in the U.S. at least five years, to

apply for renewable three-year deportation deferrals and work permits. DAPA, expected to be in place before May 2015, allows unauthorized foreigners seeking temporary legal status to undergo background checks, submit fingerprints, and pay \$465 for renewable work permits and Social Security numbers.

President Obama also extended the Deferred Action for Childhood Arrivals (DACA) program that began in 2012. By eliminating the requirement that applicants be under 31 when they apply, DACA now allows more unauthorized foreigners brought into the U.S. before the age of 16 to obtain a temporary protected status. About half of the 1.2 million unauthorized eligible for the current version of DACA have registered, and another 300,000 are expected to become eligible.

Those legalized under the DAPA and DACA programs will not be eligible for federal health-care subsidies or federal welfare benefits such as food stamps and Medicaid, although some states are likely to allow DAPA and DACA registrants to receive driver's licenses and pay in-state tuition. President Obama ordered DHS to waive the three and ten-year bars for obtaining legal immigrant status for unauthorized foreigners residing in the U.S. more than six months and a year, respectfully, so that unauthorized spouses and children of immigrants can receive immigrant status without leaving the United States.

Studies of unauthorized foreigners legalized in 1987–88 found that their wages rose 10–15% within five years, primarily because legal status gave them more freedom in the U.S. labor market. With documents, workers were more likely to seek higher-wage jobs, and some moved up the U.S. job ladder, even though most still had low levels of education.

Farm workers were not granted any special status but up to 500,000, including half in California, may qualify under DAPA and DACA. For the 70%

of U.S. crop workers who are foreign-born, almost 90% were in the U.S. for at least five years. The average age of farm workers was 37, and almost 55% had an average of two children under 18 living with them when they were interviewed doing farm work.

These data refer to an estimated 1.8 million U.S. crop workers, making 935,000 crop workers unauthorized and 820,000 in the U.S. at least five years. If 55% of these 820,000 have children, then 450,000 parents have qualifying children. If two-thirds of these children were U.S.-born or are legal immigrants, then 300,000 parents would satisfy the five-years in the U.S. and legal children requirements, or one-third of unauthorized crop workers.

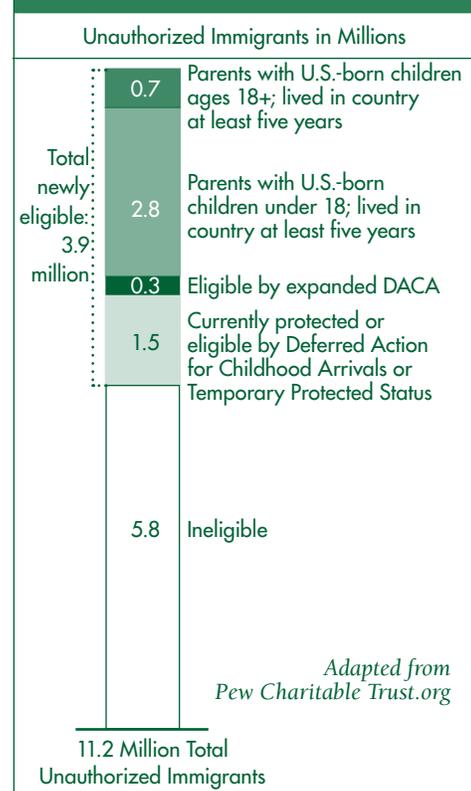
Similar calculations for the 700,000 workers employed in livestock would suggest another 120,000 eligible unauthorized farm workers, for a total of 420,000. In addition, there may be 50,000 unauthorized farm workers who were brought to the U.S. as children who can qualify for DACA status, which requires a high-school education or completion of U.S. military service.

Some farm groups expressed concern that DAPA and DACA will encourage current farm workers to move to nonfarm jobs that offer higher wages, more hours of work, or benefits. If a significant number of unauthorized farm workers register and leave the farm work force, and they are not replaced by new entrants or guest workers, then the labor-saving crop changes and mechanization underway are likely to continue.

Conclusions

The availability of farm workers has long been a concern for California's farmers. The slowdown in Mexico–U.S. migration since 2008–09, economic growth in Mexico, and stepped-up enforcement of U.S. immigration laws prompted complaints of farm labor shortages and a sharp jump in wages in 2012. Since then, crop changes and labor-saving

Figure 3. Who Will Benefit from President Obama's Executive Action?



mechanization have stabilized the farm labor market, as some “super” labor contractors evolve into preferred employers.

There are about eight million unauthorized workers in the U.S., including 1.5 million in restaurant and hospitality occupations, 1.3 million in construction jobs, one million in agriculture, and 750,000 in wholesale and retail trade. President Obama's executive actions potentially give legal status to half of them. Up to 20% of the 2.5 million U.S. farm workers, and up to 30% of the 800,000 California farm workers, could receive work permits under DACA and DAPA, introducing new uncertainties about whether they will stay in the farm work force.

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