Farm Labor: Twenty-First Century Challenges

by Philip L. Martin

In 1902, fruit grower H.P. Stabler said: "Labor is the [farmer's] problem of the twentieth century." In 2001, many California growers are echoing Mr. Stabler, saying that the cost and availability of labor are major twenty-first century challenges for farmers.

There are three safe predictions about farm labor over the next five to ten years:

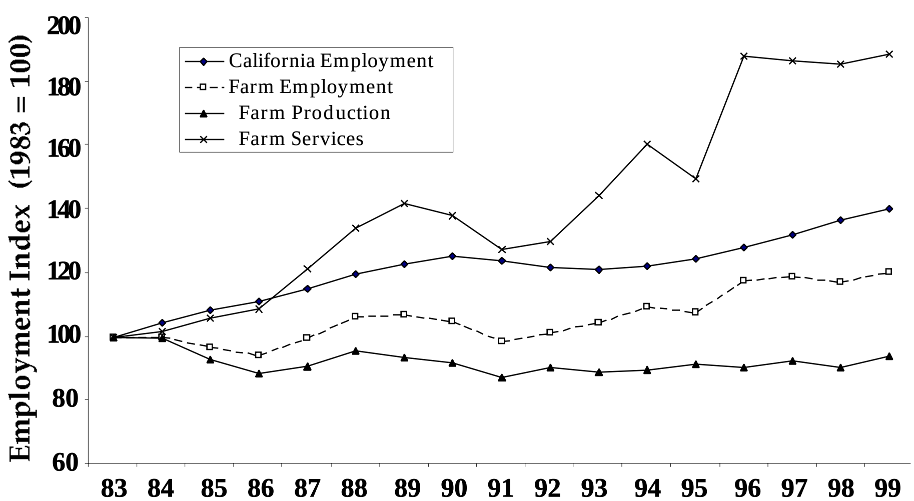
- ♦ The seasonal hired farm work force will consist largely of immigrants, persons between the ages of 18 and 35 born abroad who enter the U.S. to do farm work.
- ♦ For most immigrant farm workers, being employed seasonally on the state's farms is a job, not a career. Annual turnover of at least 10 percent means that 80,000 to 90,000 new immigrant farm workers must enter the farm work force to keep the same number of workers available.
- ♦ Farm labor will remain controversial, with regular debates over farm employer access to foreign workers and government regulation and enforcement of labor, immigration and tax laws.

Farm Employment

Employment on California farms varies from month to month. In 1999, the most recent data available, the employment of hired workers on California farms peaked in August at 522,000 and reached a low of 307,000 in January. This produces a peak-trough ratio of 1.7, which means that 170 workers are employed on farms in August for each 100 workers hired in January.

Farm employment averaged 418,000 in 1999, including an average 235,000 workers hired directly by crop and livestock farmers (56 percent) and 183,000 hired by agricultural service firms such as labor contractors and farm management companies (44 percent). The total number of workers employed on California farms sometime during the year is about twice the average employment.

Figure 1. California Farm Employment



Average farm employment rose about 20% between 1983 and 1999, while employment in California rose 40%. However, there was sharp contrast between the increase in the number of workers hired through farm labor contractors and other farm service, up 90%, and the decline in the number of directly hired workers, down 5%.

The farm labor question for most of the twentieth century was who would bear the cost of seasonality, who would take care of seasonal workers when they were not needed on farms? The answer has traditionally been workers without other job options—they were willing to accommodate to seasonality because most could not get nonfarm jobs due to lack of English, contacts in cities or skills. In 2000, about 95 percent of seasonal workers employed on California farms were born outside the U.S., and new entrants to the seasonal farm work force are almost 100 percent immigrants.

Wages and Benefits

The California minimum wage rose from $5.75 to $6.25 an hour January 1, 2001, and is scheduled to rise to $6.75 in January 2002. In Oregon and Washington, the minimum wage is $6.50, and seven other states, including Alaska and Hawaii, have minimum wages above the federal minimum of $5.15 an hour.

Many farmers pay entry level farm workers, such as those employed in thinning and weeding crews, the minimum wage. Harvest workers are often offered a higher than minimum wage or paid piece rates, that is, harvest workers are guaranteed the minimum wage, but paid according to how much work they accomplish

About three-fourths of California farm employers pay hourly wages; as the minimum wage has risen, many farmers switched to hourly wages to minimize record-keeping required with piece rates. The average hourly earnings of farm workers as reported by USDA, $7.56 an hour in California in 2000, reflect wages paid under the diverse pay systems used in agriculture.

In addition to wages, U.S. employers pay social security and other taxes on their workers' earnings, and many provide other fringe benefits. During the 1990s, payroll taxes and fringe benefits averaged 27 percent of total compensation in the U.S. private sector. The total cost of employing workers in the private sector was $19 an hour in March 1999, including $13.87 an hour in wages and salaries (73 percent) and $5.13 an hour in benefits (27 percent).

Strawberry workers have been in the forefront of farm labor issues because it is a high-value, year-round and labor-intensive crop.

Most farm employers do not provide many non-mandatory fringe benefits; benefits such as health insurance can be a very significant fraction of earnings in a low-wage industry such as agriculture. The state agency that enforces labor relations laws, the Agricultural Labor Relations Board (ALRB), assumes that unionized farm employers provide non-mandatory benefits that add at least 15.7 percent to wages (excluding mandatory social security, unemployment insurance and workers compensation). The dominant farm worker union, the United Farm Workers (UFW), has about 30 contracts covering 7000 jobs on California. The largest UFW contract covers a peak 1,400 workers at Bear Creek (Jackson and Perkins Roses), where fringe benefits exceed 16 percent, i.e., the $1.20 per hour that Bear Creek paid for workers to be covered under the UFW's RFK health plan in 1999 added 16 percent to the cost of a $7.50 per hour worker.

Challenges: Unions, Immigration

There could be significant union organizing activities in the next 10 years, since the AFL-CIO has made organizing immigrant workers one of its top priorities. The UFW changed its organizing strategy in the mid-1900s, targeting the estimated 20,000 workers employed to harvest strawberries in the Watsonville and Oxnard areas. After elections in 1998 and 1999, the UFW won the right to represent 700 workers employed by the largest U.S. strawberry grower, Coastal Berry, in Oxnard, while a local union won the right to represent 800 Coastal Berry workers in Watsonville.

The UFW, which reported 26,000 members and $1.7 million in member dues in 1999, dropped the provision in its constitution that restricts it to organizing farm workers, and won an election to represent 300 furniture workers in Bakersfield in November 2000. The UFW is expected to move from the fields and seek to represent workers employed in canneries, citrus packing and meat packing.

Court decisions have blurred the lines between farm and nonfarm work. The major law regulating private-sector labor relations is the National Labor Relations Act (NLRA) of 1935, which excludes farm workers. California's Agricultural Labor Relations Act of 1975 is a residual law that covers workers excluded by the NLRA. In the 1990s, the National Labor Relations Board (NLRB) which administers the NLRA, concluded that packing activities in the field can be done by nonfarm workers, so that a lettuce crew could have cutters who are farm workers and packers who are nonfarm workers. Indeed, workers could be both farm and nonfarm workers in the course of a day if they switched between cutting and packing.

Farmers who pack only the produce they grow could turn some of their workers into nonfarm employees by regularly buying a small amount of outside produce, as was the case of a mushroom farm that regularly bought exotic mushrooms to offer a more complete selection to retailers.

The changing line between farm and nonfarm work may encourage "nonfarm unions" such as the Teamsters and the United Food & Commercial Workers to step up their efforts to represent farm workers, especially if the UFW moves aggressively to represent nonfarm workers. Competition between unions to represent a group of workers usually ends up with the workers being represented by a union.

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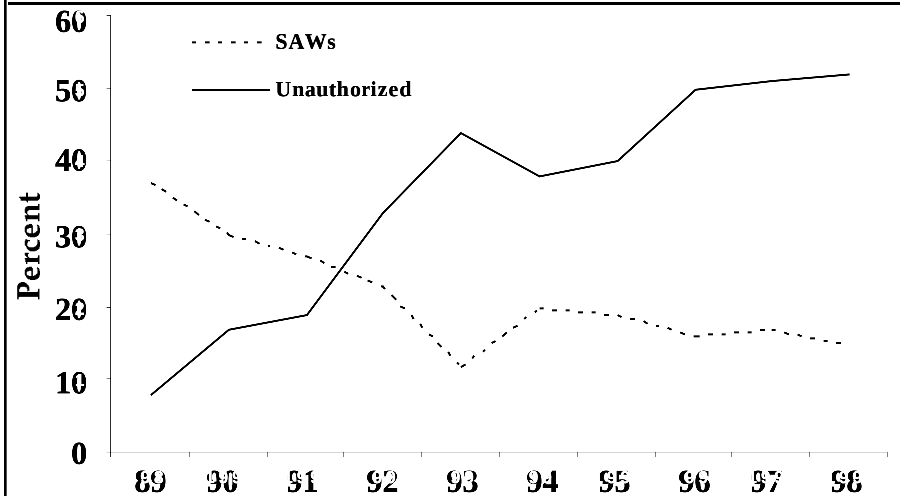
At least half of California's farm workers are not authorized to work in the United States. Since the mid-1980s, immigration enforcement in agriculture has changed from a people chase to paper chase. Instead of driving through fields and apprehending workers who run away, immigration enforcement today usually involves the Immigration and Naturalization Service (INS) inspecting the I-9 forms that employers and newly hired workers must complete, and the INS telling employers which workers appear to be unauthorized.

Figure 2. Shares of Legalized and Unauthorized U.S. Farm Workers: 1989 - 98



In 1987-88, some 1.1 million unauthorized farm workers were legalized asSpecial Agricultural Workers (SAWs), including 550,000 in California. It was assumed that employer sanctions would stop further illegal immigration, and that farm employers would have to raise wages and improve benefits to retain SAWs. This did not happen, as SAWs who left the farm work force were replaced by unauthorized workers.
Source: National Agricultural Workers Survey (http://www.dol.gov/dol/asp/)

When the INS inspects employee records, there appear to be a high percentage of unauthorized workers. For example, the INS examined the employee records of 71 Stockton area farm labor contractors in 2000, reviewed 10,628 worker records, and found that 7,509 or 71 percent of the employees appeared to be unauthorized. There were 15,000 workers reported to the Employment Development Department by all agricultural service firms in June 2000 in San Joaquin county. However, the General Accounting Office examined INS enforcement practices and priorities and concluded that "a sudden, widespread farm labor shortage requiring the entry of large numbers of foreign workers continues to be unlikely now or in the near future, although localized shortages could emerge for specific crops or geographic areas."

Farmers fearful of enforcement-related labor disruptions have been pressing in Congress for a new guest worker program that would make it easier to obtain foreign workers. Under the current H-2A program, named after the section of immigration law in which it is found, farmers must convince the U.S. Department of Labor, on a job by job basis, that they tried and failed to find U.S. workers despite offering a Department of Labor-set Adverse Effect Wage Rate (AEWR) of at least $7.56 an hour in California in 2001. Farmers must also attempt to recruit U.S. workers via the Employment Services' Interstate Clearance System, which requires that farm employers offer free approved housing to all out-of-area workers—if U.S. workers cannot be found, the housing is occupied by H-2A workers. Farmers without approved housing do not apply; 99 percent of employer requests for certification are approved by DOL.

The new guest worker program desired by farmers is the AgJOBS or the Agricultural Job Opportunity Benefits and Security Act, which would eliminate: (1) the DOL's role in certifying the need for foreign workers to fill vacant U.S. farm jobs; (2) the Adverse Effect Wage Rate; and (3) the need to provide free housing to out of area workers (farmers could provide a housing allowance instead of housing). Congress in 2000 did not approve AgJOBS, but the elections of U.S. President Bush and Mexican President Fox might set the stage for new thinking about guest workers, since both favor a new agricultural guest worker program.

Conclusion

Labor continues to be the major "controllable" expense for many California farmers. Future farm workers are growing up outside the U.S. and the major challenge for twenty-first century farmers is likely to be the terms under which growers get access to foreign workers.

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