



United States Department of Agriculture

Insights from ERS research on the H-2A Program

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Presentation on ERS Reports:

Castillo, M., P. Martin, and Z. Rutledge, 2022, **The H-2A Program in 2020**, EIB [No. 238](#), ERS, USDA, August.

Castillo, M.*, S. Simnitt*, G. Astill, and T. Minor, 2021, **Examining the Growth in Seasonal Agricultural H-2A Labor**, EIB [No. 226](#), ERS, USDA, August.

For Immigration and Farm Labor conference at UC Davis, March 16, 2023



Goal of ERS reports on H-2A

- Data: Department of Labor (DOL) disclosure dataset
- Explore how H-2A use varies across agricultural sectors, geography, the types of firms requesting H-2As, and more.
- Primarily descriptive in nature
- **Limitation:** do not cover some important issues
 - e.g., H-2A working conditions, H-2A demographic characteristics
 - e.g., violation of employment agreements

The supply of immigrant farmworkers appears to be declining

- 70% of farmworkers in crop agriculture are immigrants
 - primarily from Mexico
 - 60% unauthorized
- Signs of a falling labor supply:
 - increases in reports of farm labor shortages
 - rising farm wages
 - increases in use of H-2A program

H-2A uptake in response to a falling farm labor supply

- U.S. labor-intensive industries are most exposed to declines in labor supply
 - Fruit, vegetables, nursery and greenhouse
 - dairy

- How can producers adjust?
 - decrease production
 - substitute labor with capital
 - hire H-2A agricultural guest workers

Background: H-2A Program Eligibility

1. Agricultural job must be temporary or seasonal

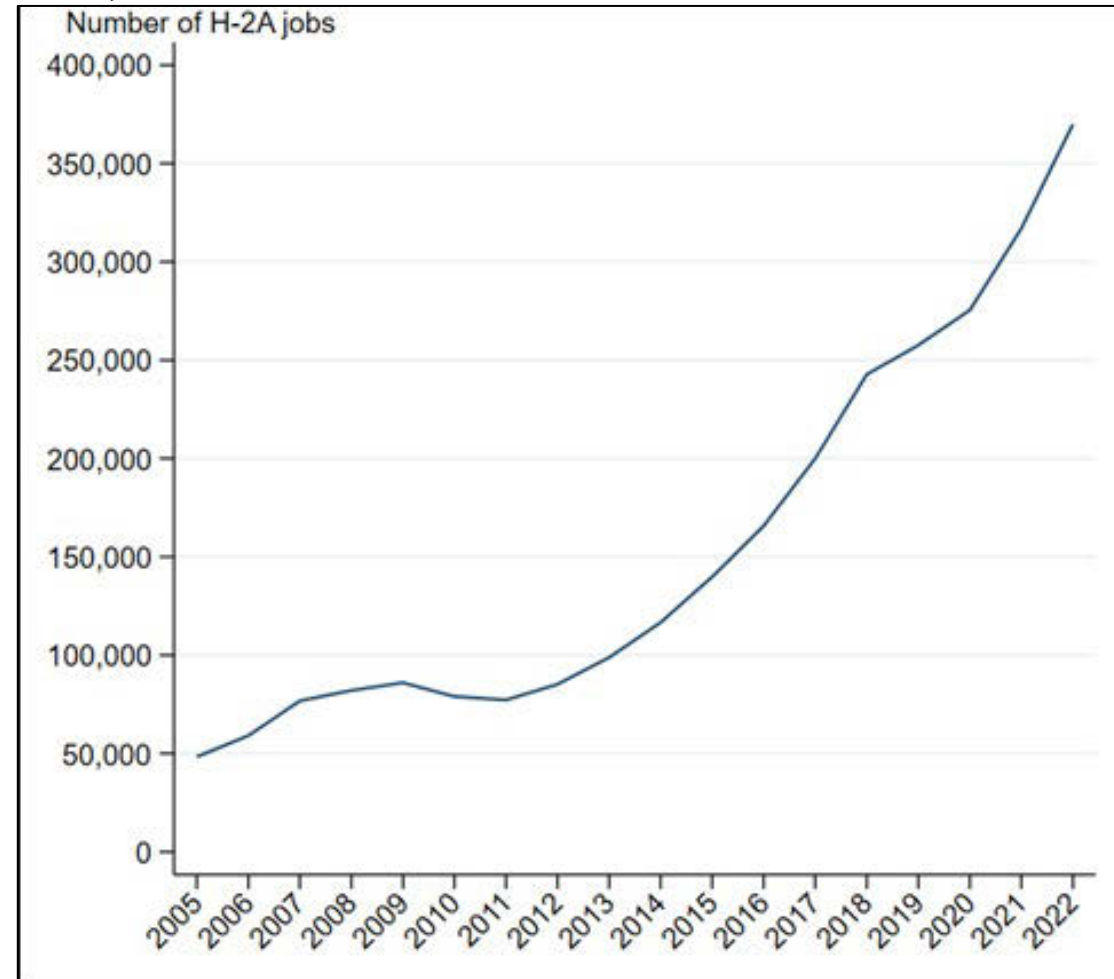
Employers must show, and the Department of Labor (DOL) must certify, that:

2. H-2As won't negatively affect the wages of U.S. workers
 - must pay an H-2A minimum wage
3. There are not enough U.S. workers to fill the job
 - must try to recruit U.S. workers

H-2A certifications increased sevenfold since 2005

- Jobs increased from around 48,000 in 2005 to 370,000 in 2022
- Jobs increased in nearly all States and sectors
- By some estimates, H-2A workers fill about 15% of U.S. jobs in crop agriculture

H-2A jobs certified, FY 2005-22

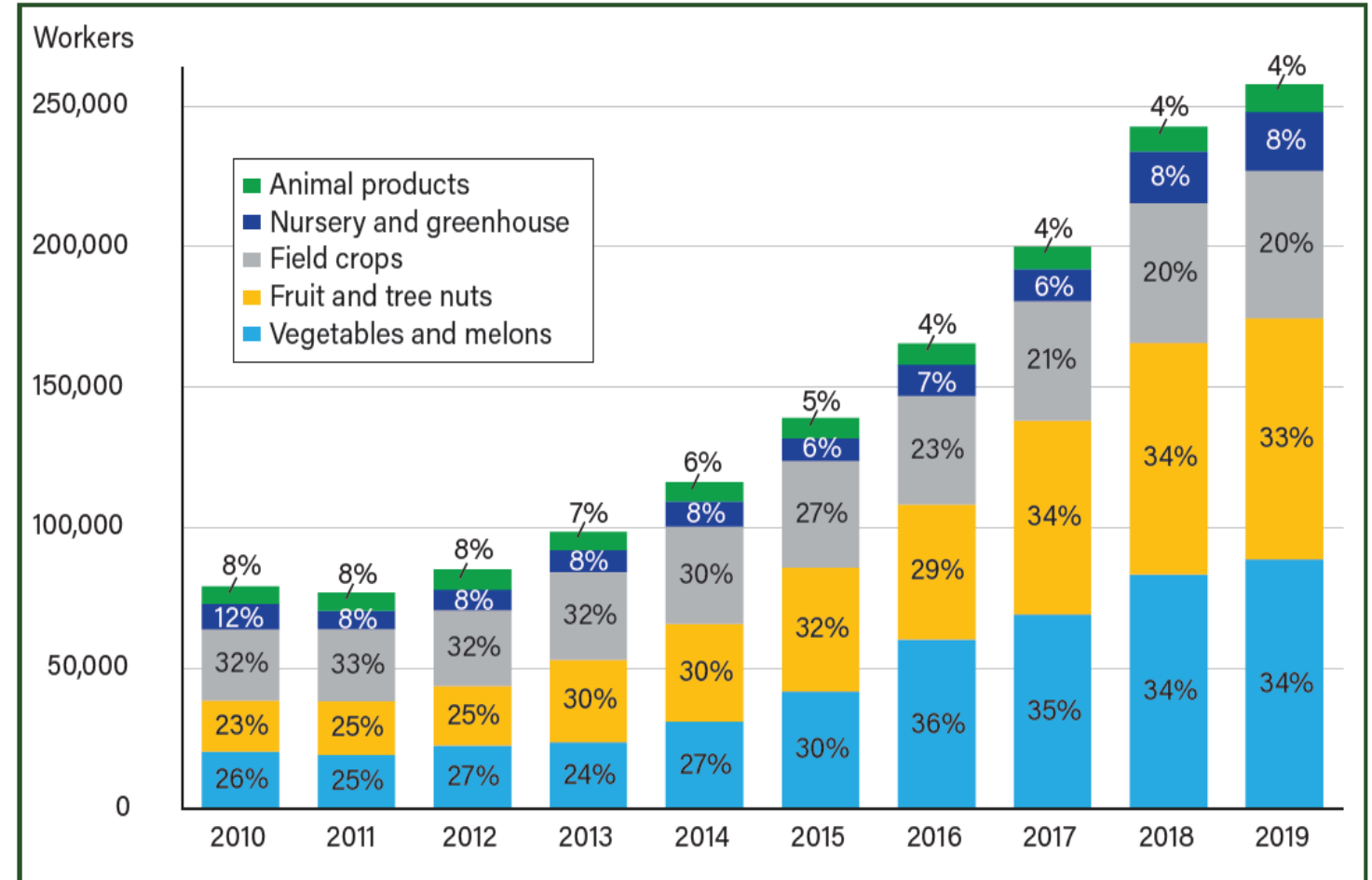


Source: USDA, Economic Research Service using data from the U.S. Department of Labor

Producers of fruits and vegetables are now the top users of the H-2A program

- Large increases in fruits and vegetables
 - ~49% of total in 2010 to ~67% in 2019
- Considerable increases in labor-intensive industries within field crops (tobacco, sugarcane, seed corn).
- Smaller increases in nursery/greenhouse and livestock likely because jobs tend to be year-round (e.g., jobs in dairy).

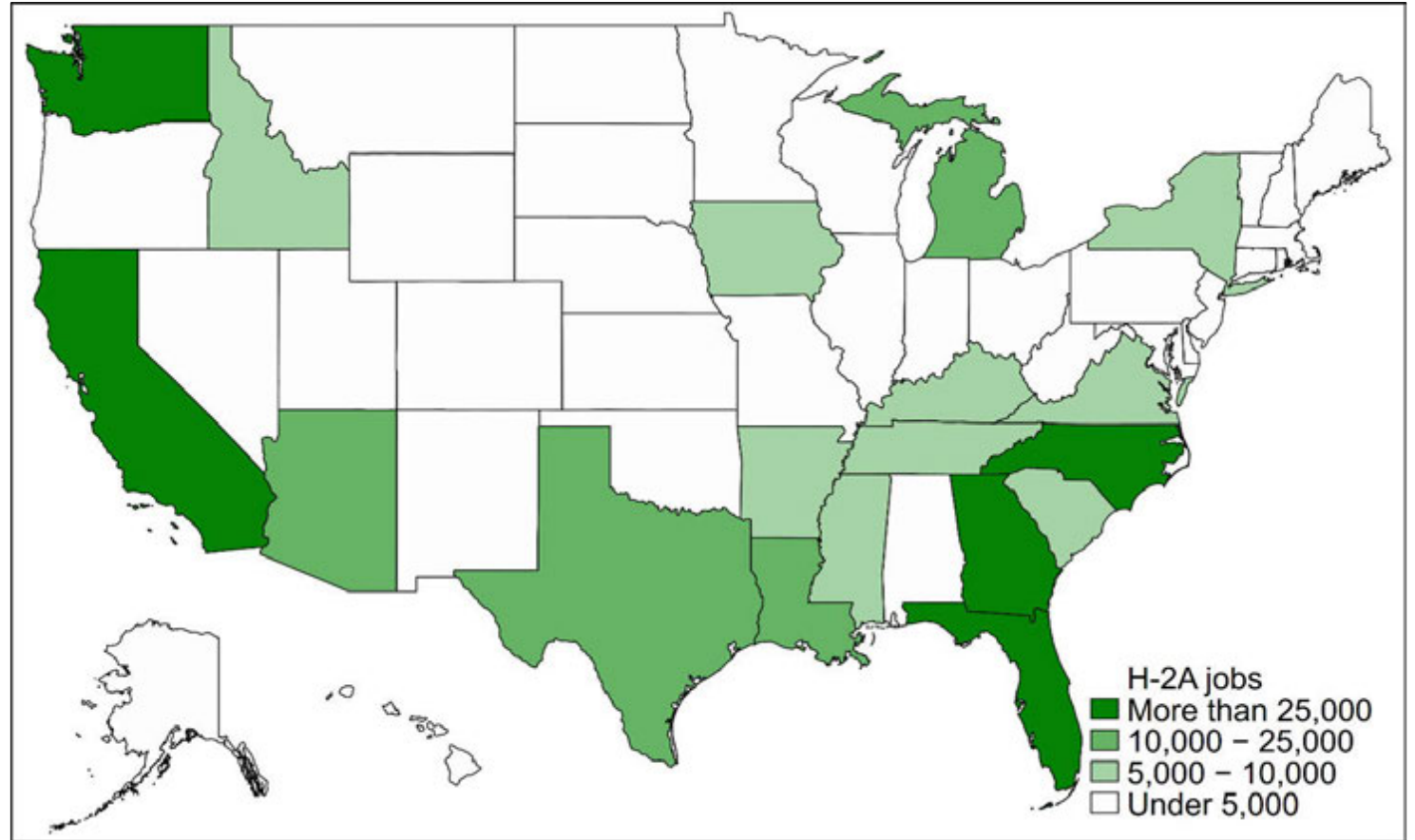
H-2A workers by sector, 2010-19



Five States accounted for 51% of H-2A jobs in FY 2022

- States with high employment in H-2A-eligible industries tend to employ the most H-2A workers.
- Top five States (51%):
 - FL (14%)
 - CA (12%)
 - GA (9%)
 - WA (9%)
 - NC (7%)

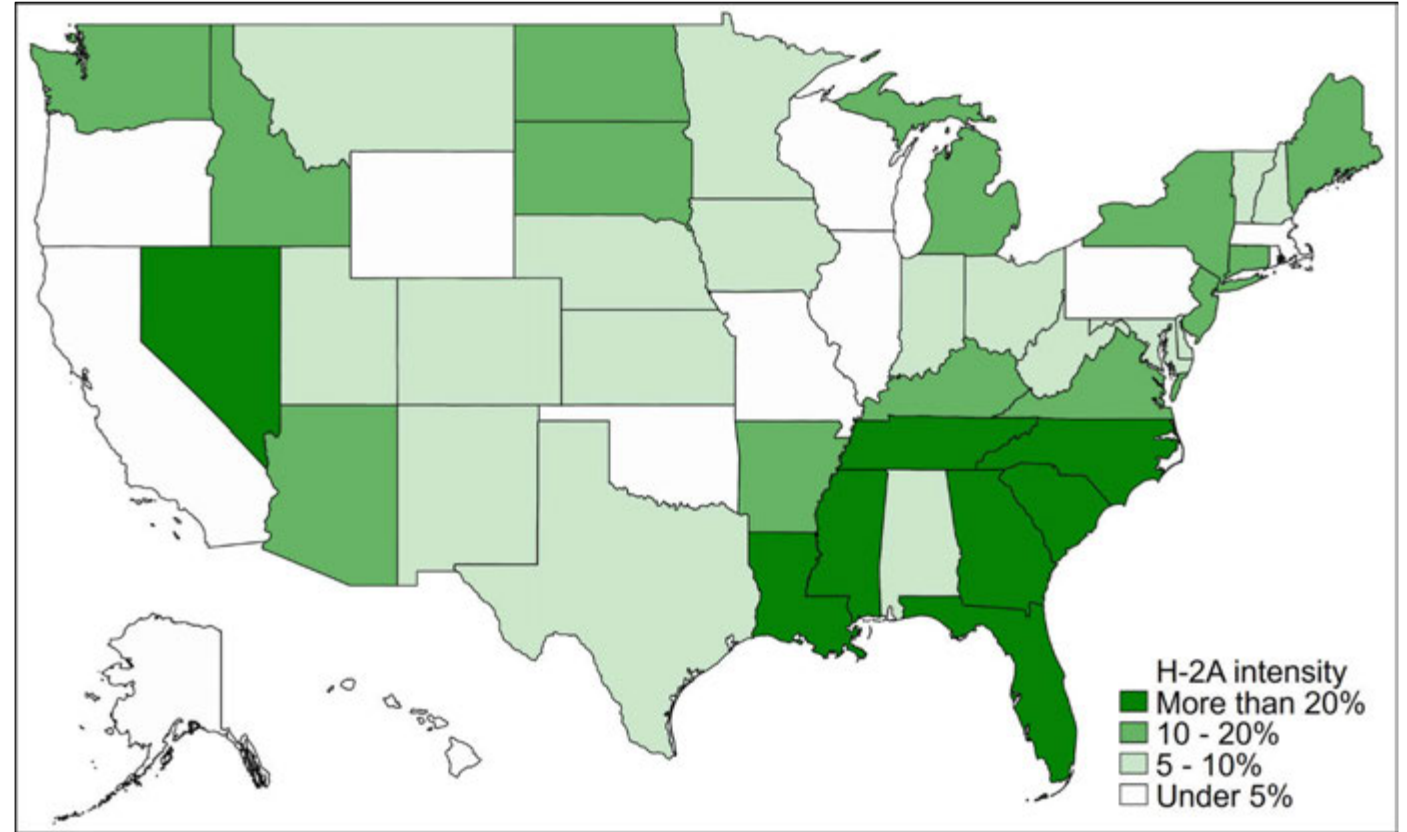
H-2A jobs, FY 2022



H-2A share of total labor expenditures is high in the Southeast and low in California

- State-level relationship between number of farmworkers in seasonal jobs and H-2A jobs is far from perfect
 - GA and CA H-2A employment is similar, but GA employs fewer farmworkers than CA
 - GA is more H-2A intensive than CA
- H-2A intensity is the ratio of H-2A wages to total hired labor expenditures in a State
- The Southeast is the most H-2A-intensive region in the United States

H-2A share of total hired labor expenditures, FY 2022



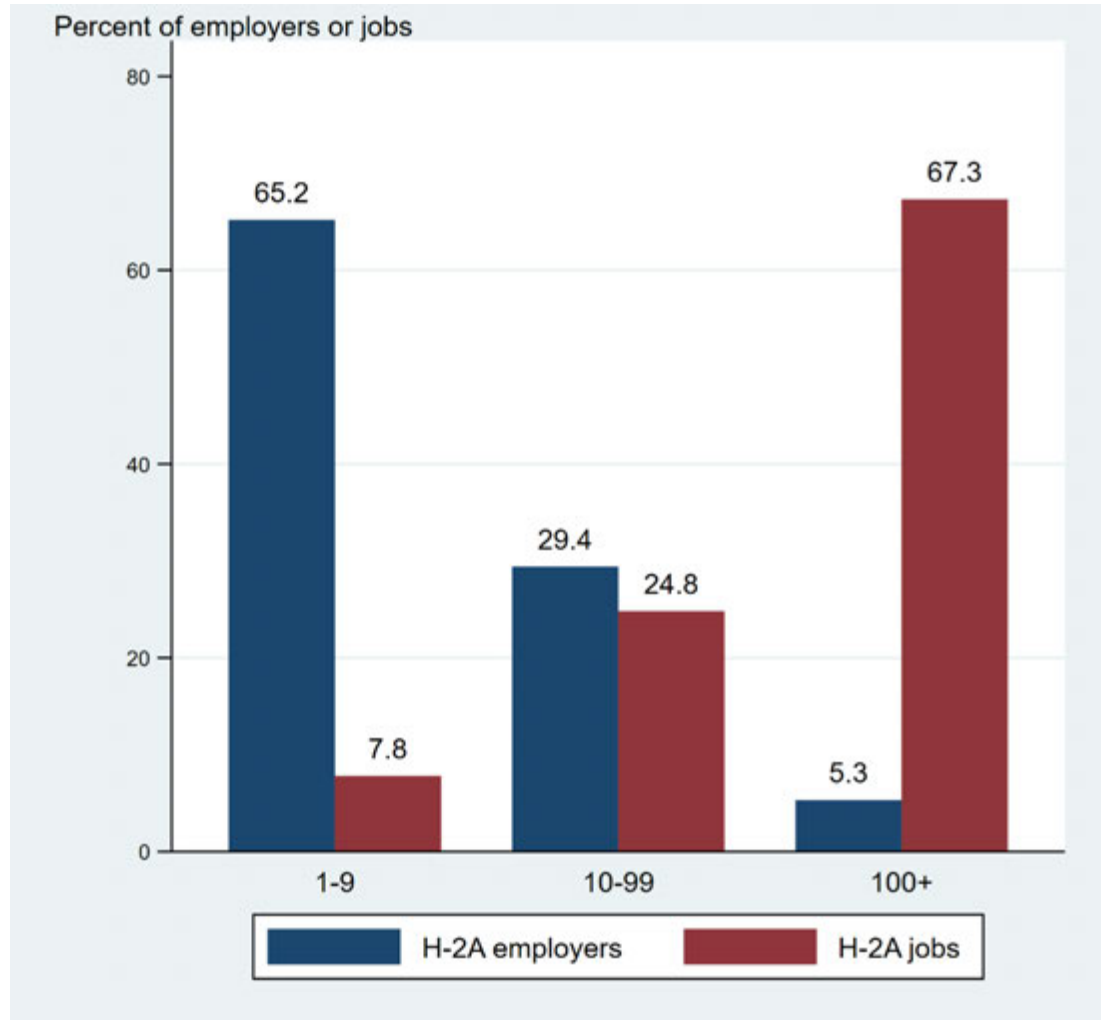
Around 5% of employers, each certified for 100+ jobs, obtained over two-thirds of all jobs in FY 2022

- Few employers hire most H-2A workers

Example:

- employers with 100+ H-2A jobs are 5% of all employers
 - employers with 100+ H-2A jobs obtained ~67% of all jobs
-
- Most employers hire few H-2A workers

H-2A employers and H-2A jobs by size category, FY 2022



Notes: Around 12000 H-2A employers and 370,000 H-2A jobs.

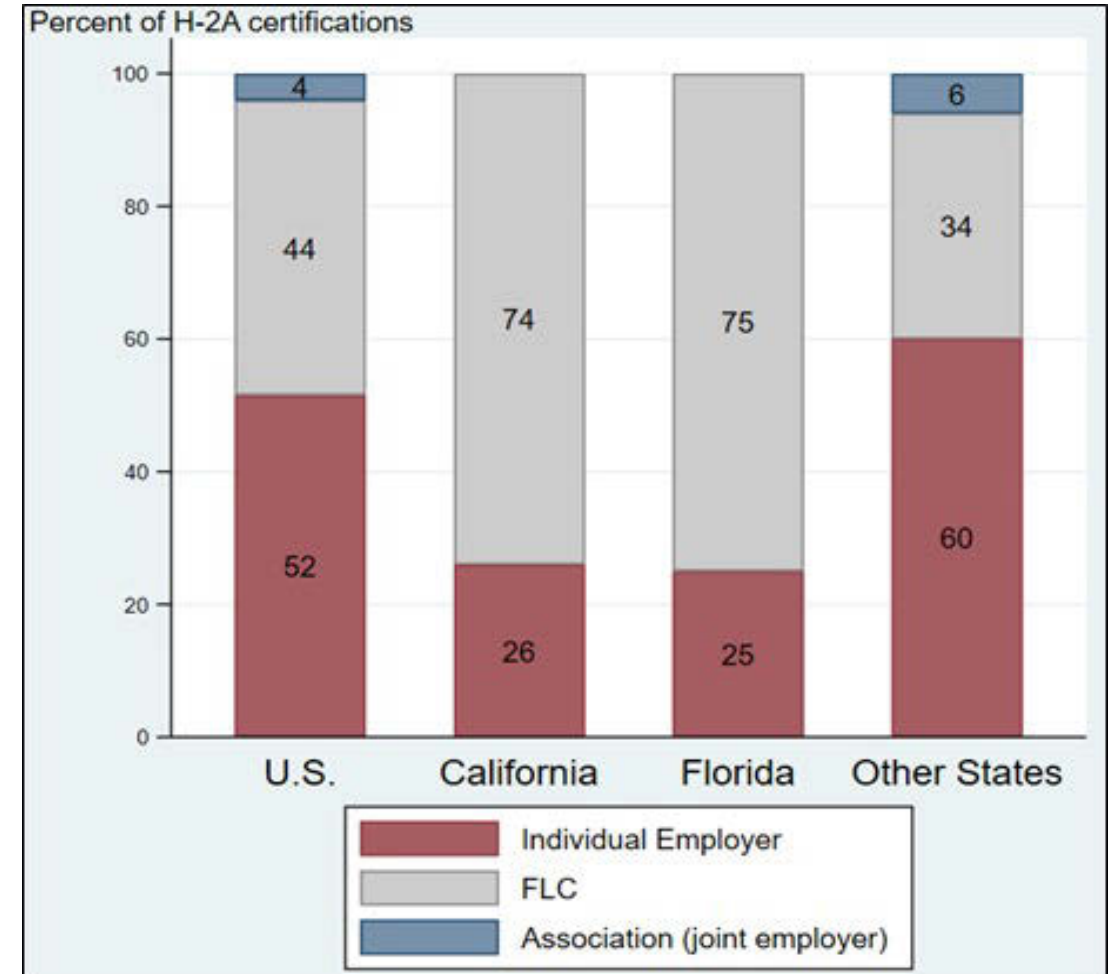
44% of all H-2A jobs certified were for employment by FLCs

○ DOL allows 3 types of employers to sponsor H-2A workers:

1. *individual farmers* – 52%
e.g., Peri & Sons
2. *growers associations* – 4%
e.g., NCGA
3. *farm labor contractors (FLCs)* – 44%
e.g., Fresh Harvest

○ FLCs often provide workers to multiple farmers

H-2A jobs by employer type, FY 2022

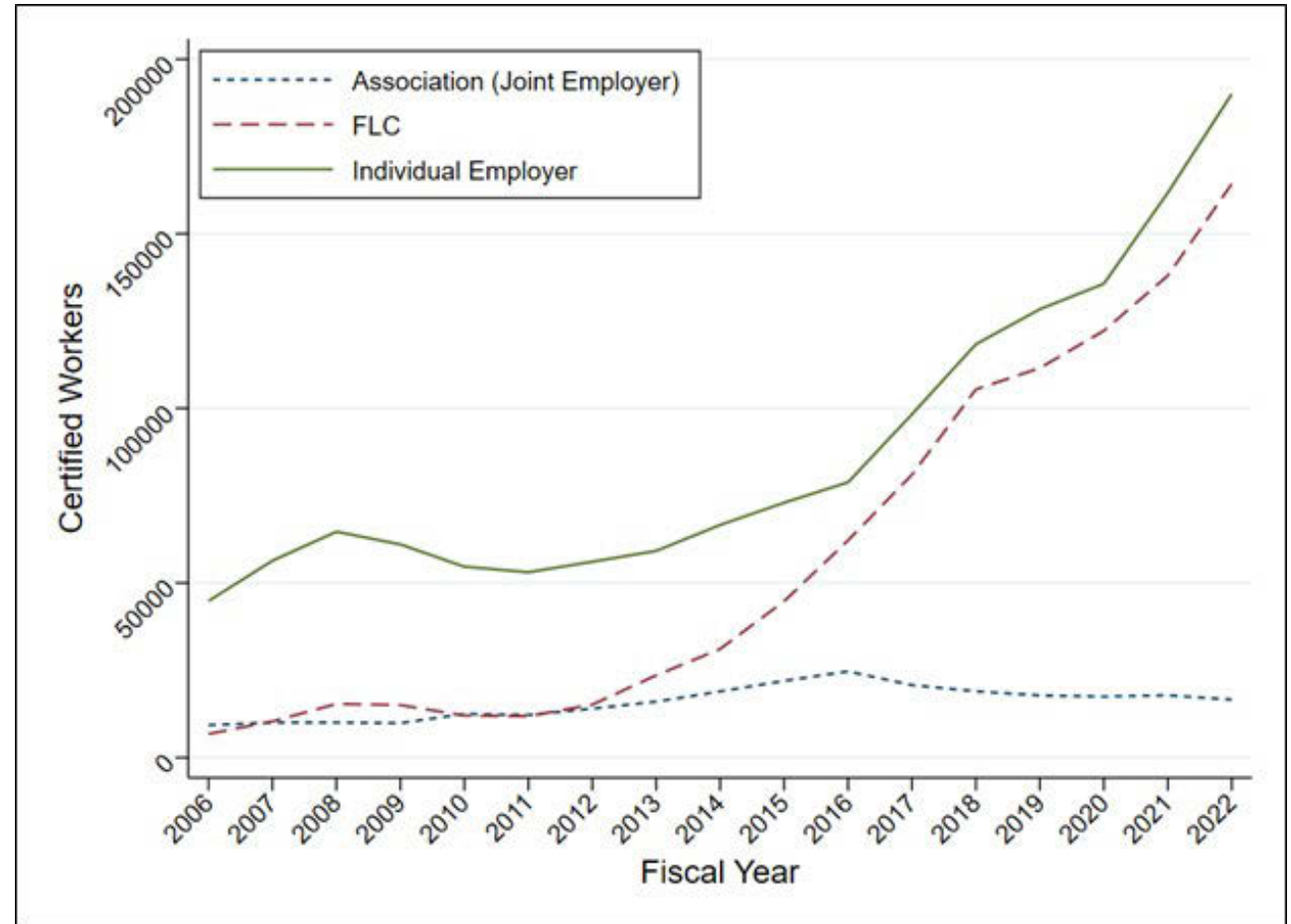


FLC = farm labor contractor

FLC share of H-2A employment has increased over the last decade

- Most H-2A growth stems from increases in individual farmer and FLC H-2A employment
- FLC H-2A share increased from 15% to 44% in the 2010's

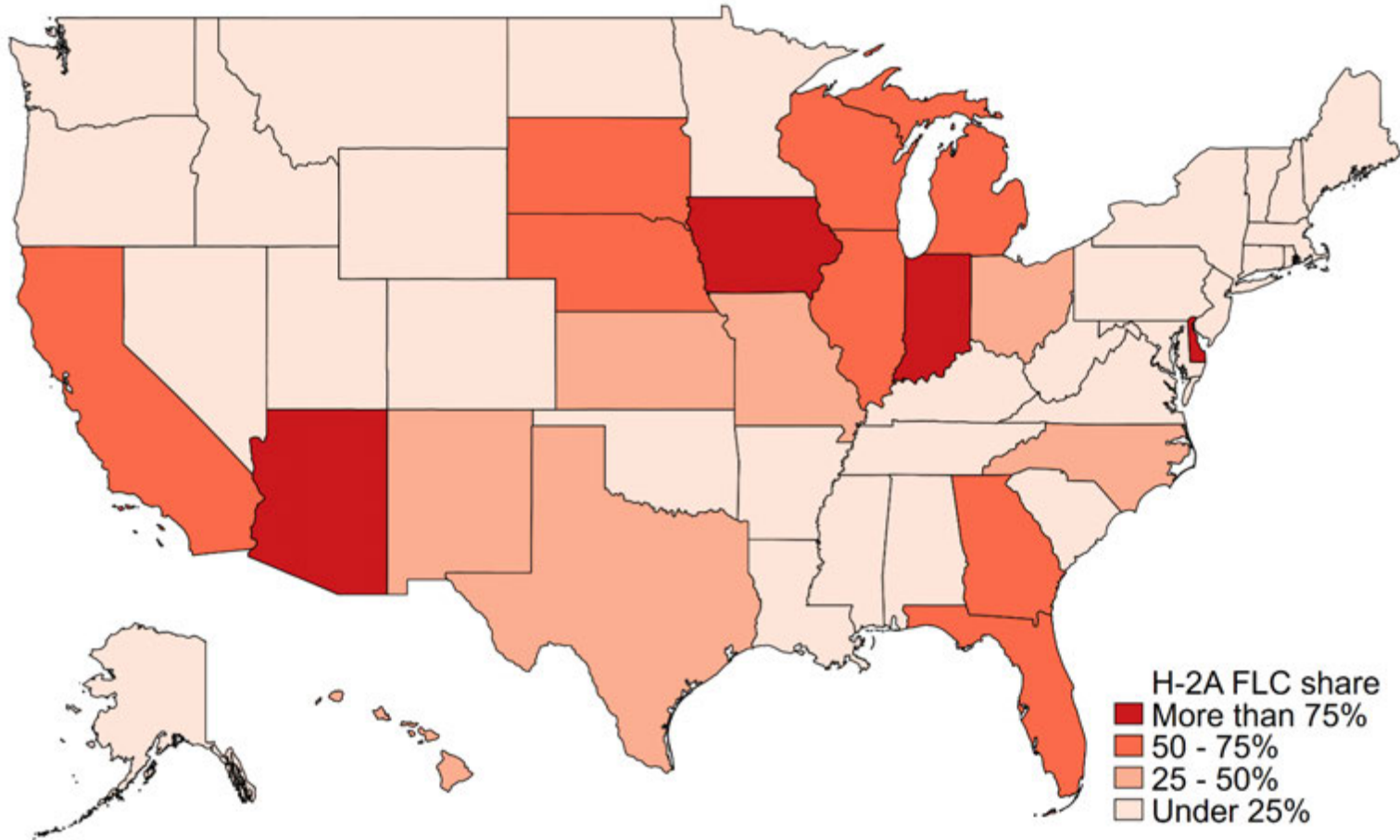
H-2A jobs by employer type, FY 2006-2022



FLC = farm labor contractor

The H-2A FLC share varies greatly across States

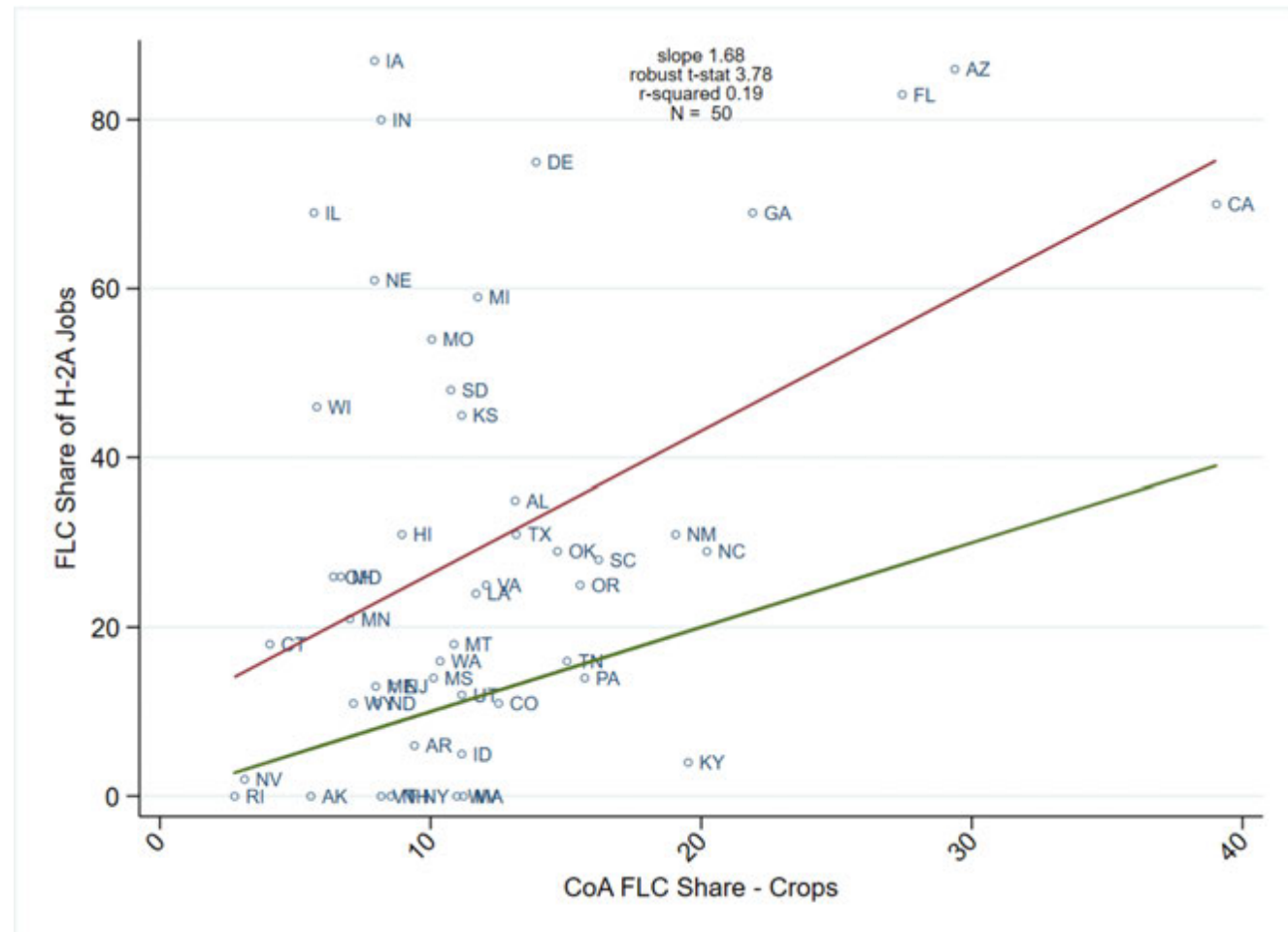
Farm labor contractor share of total H-2A employment, FY 2022



FLC = farm labor contractor

In many States, the H-2A FLC share significantly exceeds the contract labor share of farm labor expenditures

- States where the FLC share is high tend to have high overall contract labor shares.
- In most States, the H-2A FLC share is larger than the overall contract labor share

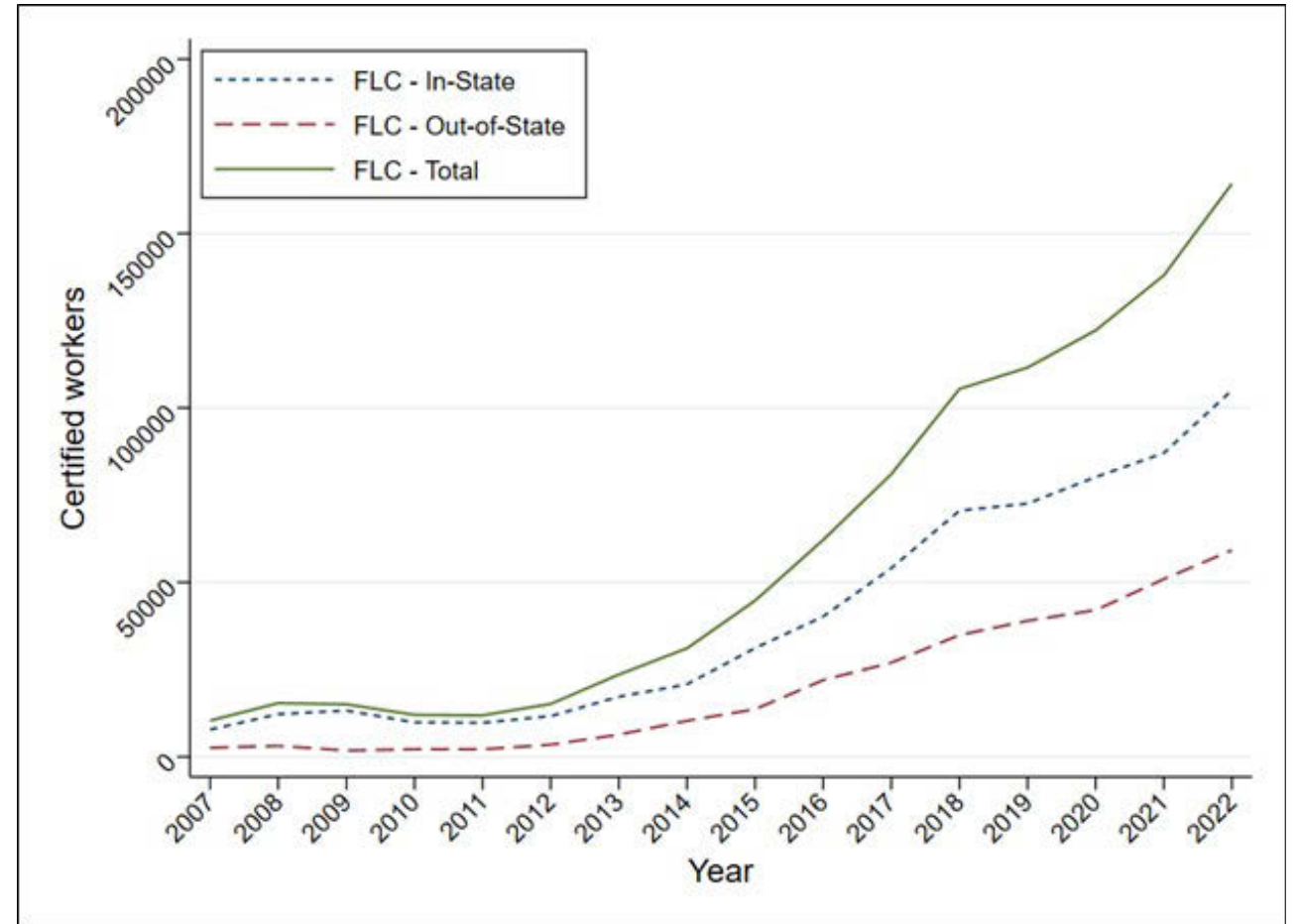


COA FLC Share = Census of Agriculture contract labor share of total farm labor expenditures

Around a third of FLC H-2A jobs were outside the State where the FLC is based, FY 2022

- Employers in one State may employ H-2A workers in other States
- Around 36% of FLC H-2A jobs were for out-of-state worksites

FLC H-2A jobs, FY 2006-2022

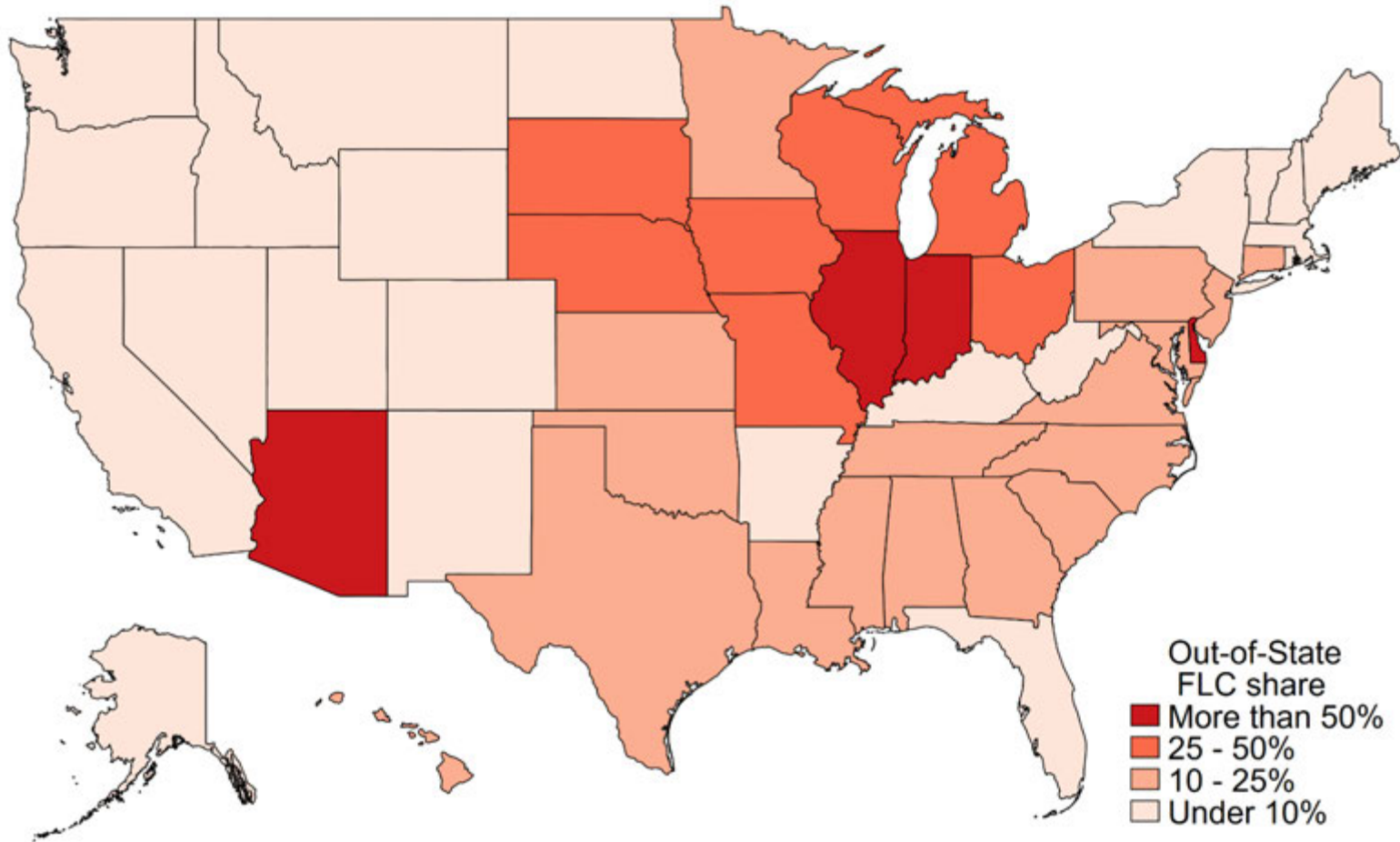


In-State: H-2A worksite is in same state where FLC is based

Out-of-State: H-2A worksite is outside the State where the FLC is based

Out-of-State FLC Share is greater than 50% in some States

Out-of-state farm labor contractor share of total H-2A employment, FY 2022

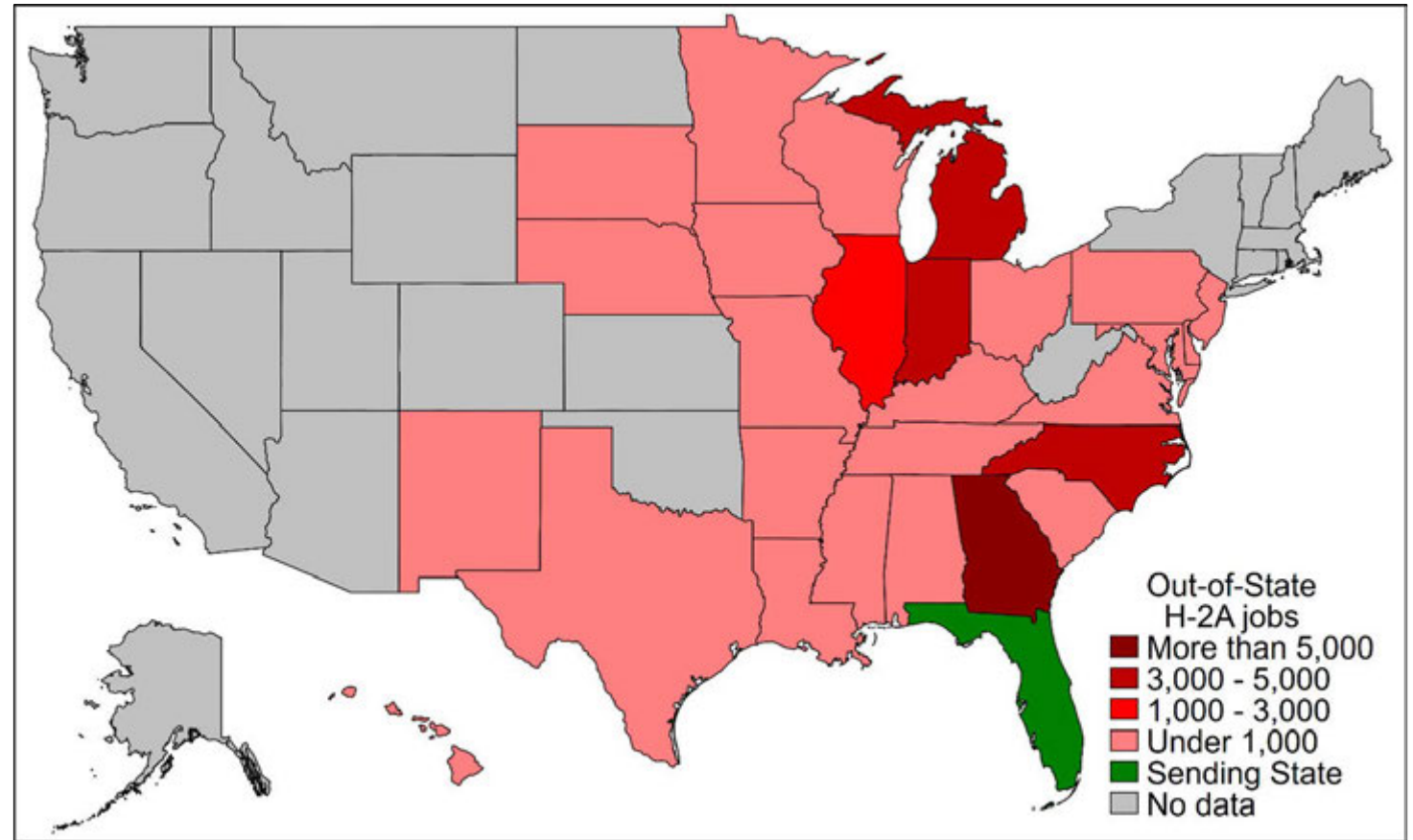


FLC = farm labor contractor

Florida-based farm labor contractors were certified to fill 29,000 jobs in other States, FY 2022

- Florida-based FLCs were certified to fill around 65,000 jobs, including 36,000 in Florida and 29,000 in other States.
- Top destinations for Florida-based FLC H-2A jobs:
 - GA: 7,000
 - NC: 4,400
 - MI: 4,400
 - IN: 3,000
 - IL: 2,000

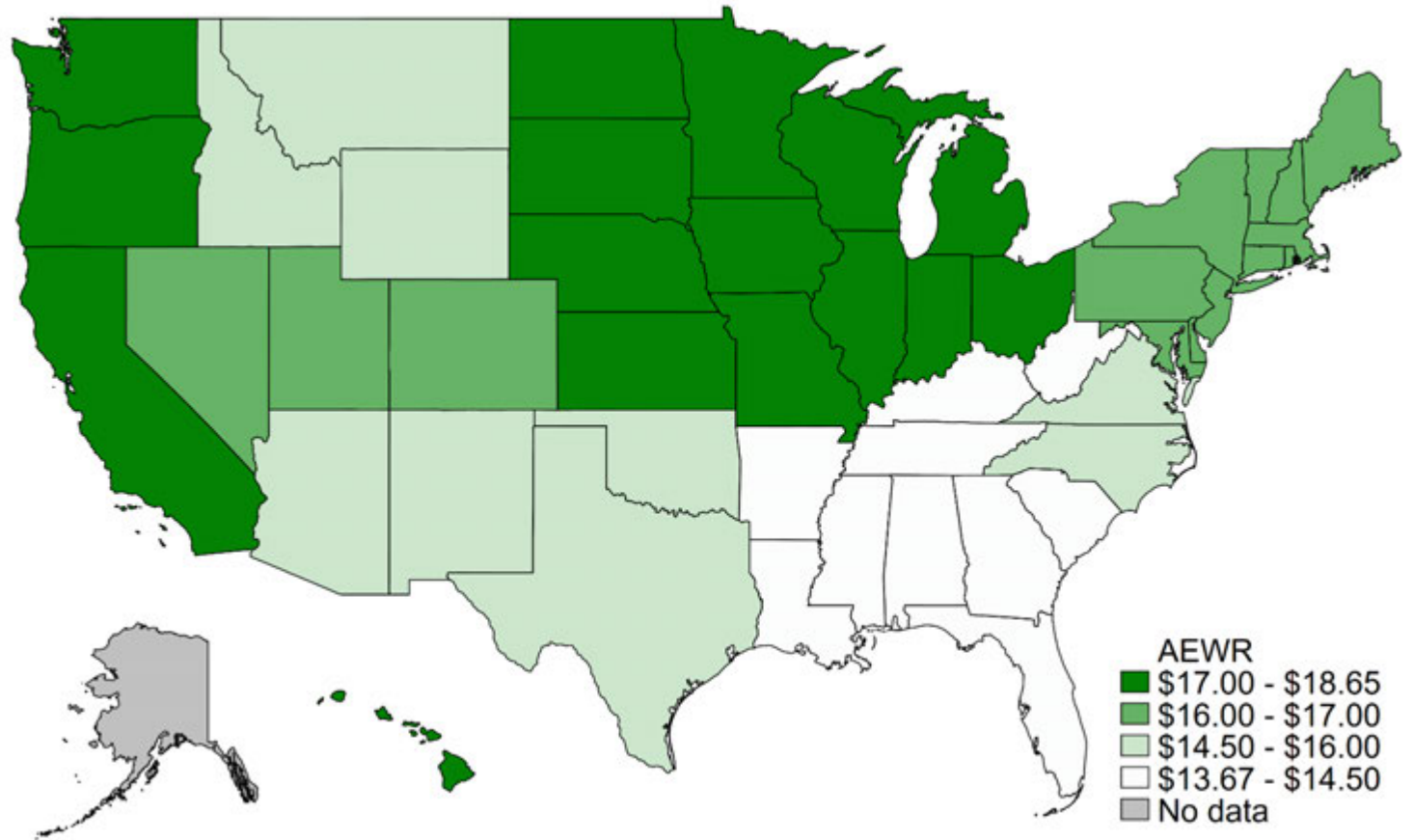
H-2A jobs requested by Florida-based FLCs, FY 2022



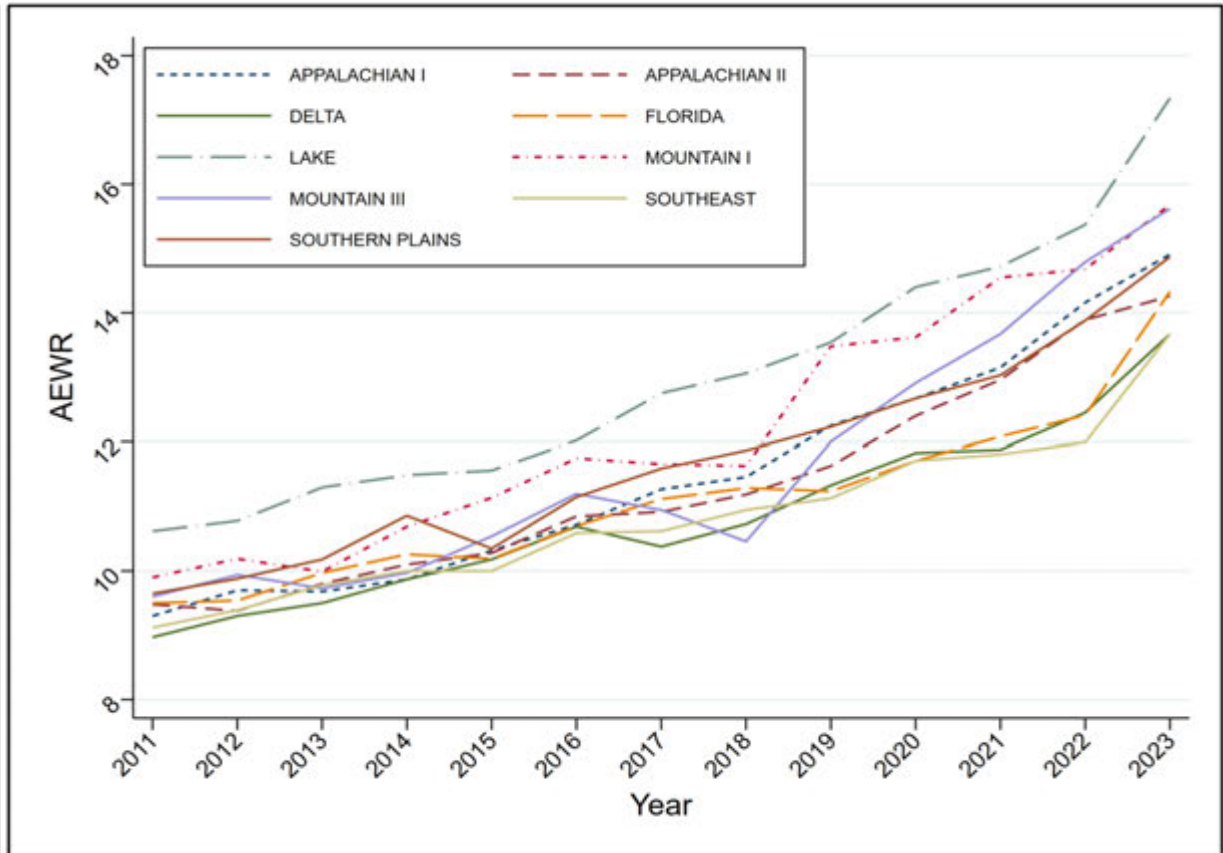
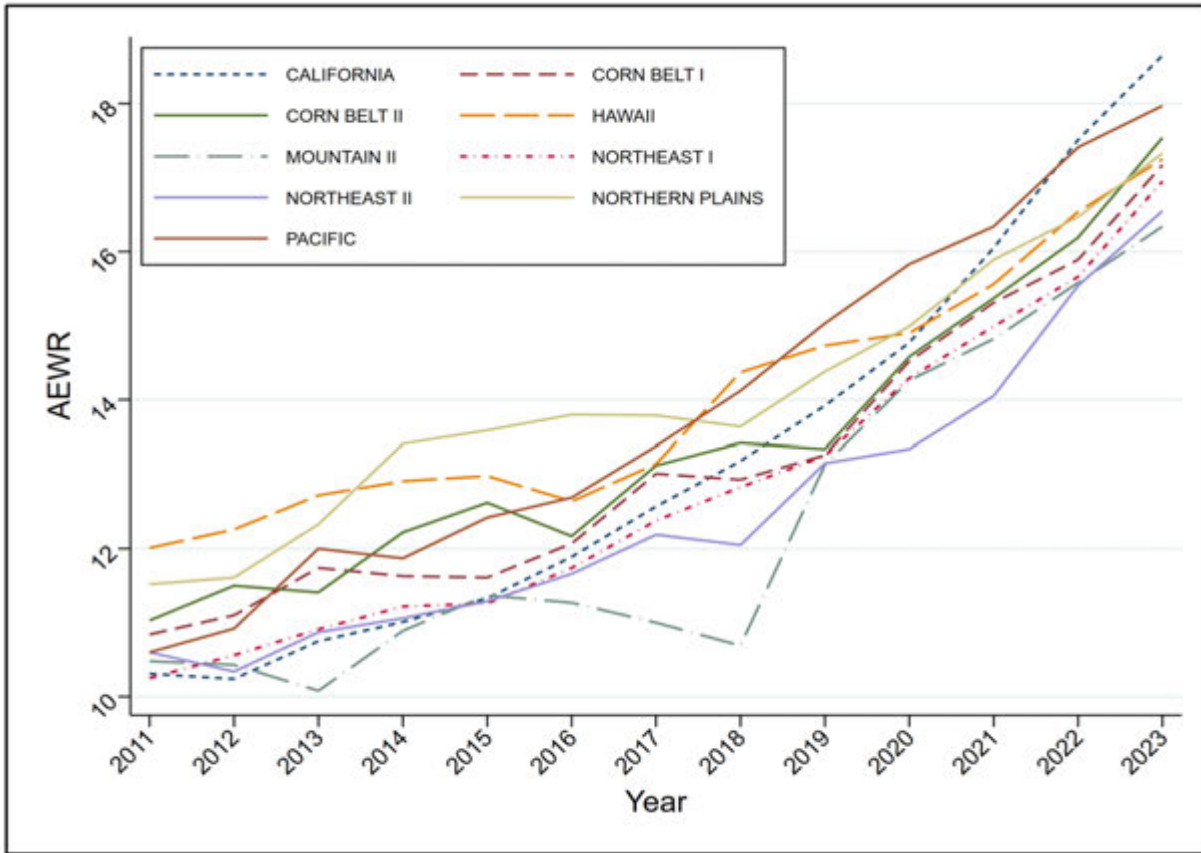
H-2A wages are highest in the Pacific Coast and Midwest, and lowest in the Southeast

- Employers must pay at least the Adverse Effect Wage Rate (AEWR)
 - Crop and livestock wages in the previous year
 - Source: USDA's Farm Labor Survey (FLS).
 - 18 different regional AEWRs
- Highest in the Pacific Coast and the Midwestern States
- Lowest in the Southeastern States

Adverse Effect Wage Rate (AEWR), FY 2023



H-2A wages increased in all regions



- AEWRs rose 4% a year on average
- The Farm Workforce Modernization Act (FWMA) proposed to freeze AEWRs for 1 year
- A 1-year freeze would save employers around \$170 million

Summary

- H-2A jobs certified increased sevenfold since 2005
 - H-2A jobs increased in nearly all States
 - Growth particularly strong in labor-intensive industries eligible for H-2A employment (e.g., industries within F&V).
- H-2A employment is highly concentrated
- FLC share of H-2A employment has increased substantially over the last decade
- H-2A wages:
 - Highest in the Pacific Coast and Midwest. Lowest in the Southeast
 - Increased steadily in all regions

Questions?

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- Castillo, Marcelo, Philip Martin, and Zachariah Rutledge, 2022, The H-2A Program in 2020, EIB [No. 238](#), ERS, USDA August.
- Castillo, Marcelo*, Skyler Simnitt*, Gregory Astill, and Travis Minor, 2021, Examining the Growth in Seasonal Agricultural H-2A Labor, EIB [No. 226](#), ERS, USDA, August.



Breakdown of aggregate crop categories by primary crop of H-2A jobs certified, 2019

Crop category	Primary crop	Percent of total
Animal products		
	Open range livestock	47.3
	Bees	19.8
	Crawfish	15.6
	Horses	4.7
	Fish	3.9
	Chickens	3.1
Field crops		
	Tobacco	38.5
	Corn	19.3
	Sugarcane	13.5
	Hay and straw	6.9
	Grains	3.7
Fruit		
	Apples	17.9
	Blueberries	16.6
	Strawberries	14.7
	Citrus	12.2
	Cherries	8.2
	Fruits	8
	Peaches	4
Nursery and greenhouse		
	Nursery and greenhouse workers	57.9
	Christmas trees	17
	Trees	5.5
	Pinestraw	4.5
	Hemp	4.1
Vegetables and melons		
	Melons	16.9
	Tomatoes	8.9
	Lettuce	8.7
	Sweet potatoes	8.4
	Vegetables	7.3
	Cucumbers	6.5
	Onions	6.3
	Peppers	4.6

Labor Intensity by Industry, 2017

Labor's share of U.S. agriculture's operating expenses by industry, 2017

	Share expressed as percentage		
	Contract labor	Hired labor	Labor share of production expenses
Greenhouse, nursery, and floriculture production	3.9	39.1	43.0
Fruit and tree nut farming	13.6	24.9	38.5
Vegetable and melon farming	9.2	19.6	28.8
Tobacco farming	6.9	18.0	24.9
Aquaculture and other animal production	2.1	17.6	19.6
All other crop farming	2.9	16.1	19.0
Dairy cattle and milk production	0.6	11.8	12.4
Total, U.S. agriculture	2.3	9.7	12.0
Cotton farming	1.0	9.5	10.5
Sheep and goat farming	1.3	7.0	8.3
Beef cattle ranching and farming	1.0	6.1	7.0
Hog and pig farming	1.4	4.9	6.3
Poultry and egg farming	1.4	4.3	5.7
Oilseed and grain farming	0.5	5.0	5.4
Cattle feedlots	0.2	2.2	2.3

Industry Shares of National Agricultural Labor Expenditure Totals, 2017

Table A-5

Labor's share of U.S. agriculture's operating expenses by industry as percentage of total, 2017

	Share expressed as percentage			
	National contract labor	National hired labor	National total labor	National expenditure share
Greenhouse, nursery, and floriculture production	6.5	15.4	13.7	3.8
Fruit and tree nut farming	41.8	18.4	23.0	7.2
Vegetable and melon farming	19.7	10.1	11.9	5.0
Tobacco farming	1.0	0.6	0.7	0.3
Aquaculture and other animal production	2.5	5.1	4.6	2.8
All other crop farming	4.7	6.1	5.8	3.7
Dairy cattle and milk production	2.7	12.4	10.5	10.2
Cotton farming	0.7	1.5	1.3	1.5
Sheep and goat farming	0.3	0.3	0.3	0.5
Beef cattle ranching and farming	4.5	6.6	6.2	10.6
Hog and pig farming	3.7	3.3	3.3	6.4
Poultry and egg farming	6.1	4.5	4.8	10.2
Oilseed and grain farming	5.0	13.3	11.7	25.9
Cattle feedlots	0.8	2.3	2.0	10.5
Total, U.S. agriculture	100.0	100.0	100.0	100.0

Background: Criticism of the H-2A program

- H-2A program was implemented in 1986 but was rarely used until recently
- Employer criticism: Costly and bureaucratically cumbersome
 - Application and visa processing fees
 - Transportation
 - Housing
- Labor Group criticism:
 - Debt
 - Wage Theft

Real Wages for US nonsupervisory farm and nonfarm workers, 1990-2020

