

# Effects of Overtime for California Agricultural Workers

A Preliminary Analysis of AB-1066

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## Farmworkers Finally Won Overtime Pay. Now the Industry Wants to Repeal It.

As Washington and Oregon move to implement historic overtime laws, ag industry leaders are pushing for exemptions that are leaving them at odds with farmworkers and their advocates.

BY GREG MORAN • FEBRUARY 21, 2023

### LABOR

## More States Attempt to Manage Overtime Laws for Agricultural Employees

Farmworker groups sue Polis and the state labor department over new overtime rules on Cesar Chavez Day

By Matt Bloom • Mar. 15, 2023, 5:00 pm

## Some farmers question WA state's plan to pay workers overtime

Implementing the 40-hour work week could cause a financial challenge for tree-fruit growers, where mechanization is minimal.

by Mai Hwang / February 23, 2023

## New State Law for Agriculture Pay

State Of The State: Ag workers win right to minimum wage, overtime pay.

July 1, 2022 by Margaret Jackson

## Editorial – Farm worker OT decision a harvest of failure

Mar 7, 2023

## A Reminder: California's overtime phase-in

Effective date for employers with 26 or more employees	Effective date for employers with 25 or fewer employees	Overtime pay required after (hours per day/week)
pre Jan. 1 2019	pre Jan. 1 2022	10/60
Jan. 1 2019	Jan. 1 2022	9.5/55
Jan. 1 2020	Jan. 1 2023	9/50
Jan. 1 2021	Jan. 1 2024	8.5/45
Jan. 1 2022	Jan. 1 2025	8/40

*Notes:* Table adapted from the California Labor Commissioners Office FAQs on Minimum Wage and Overtime for Agricultural Workers. Retrieved from: [https://www.dir.ca.gov/dlse/faq\\_minimumwage.htm](https://www.dir.ca.gov/dlse/faq_minimumwage.htm) and <https://www.dir.ca.gov/dlse/Overtime-for-Agricultural-Workers.html>

## Implementation in other states

Date	New York	Washington	Oregon	Colorado
pre Jan. 1 2020	none	none	none	none
Jan. 1 2020	60 hrs/week	none	none	none
Jan. 1 2021	60 hrs/week	none	none	none
Jan. 1 2022	60 hrs/week	55 hrs/week	none	none
Jan. 1 2023	60 hrs/week	48 hrs/week	55 hrs/week	60 hrs/week
Jan. 1 2024	60 hrs/week	40 hrs/week	55 hrs/week	48-56 hrs/week
Jan. 1 2025	60 hrs/week	40 hrs/week	48 hrs/week	48-56 hrs/week

*Notes:* Information retrieved from:

<https://dol.ny.gov/farm-laborers-fair-labor-practices-act>, <https://app.leg.wa.gov/billsummary?BillNumber=5172&Initiative=false&Year=2021>, <https://olis.oregonlegislature.gov/liz/2022R1/Measures/Overview/HB4002>, and <https://cdle.colorado.gov/colorado-overtime-minimum-pay-standards-comps-order>

### **Research Questions:**

How did California employers respond to the OT laws?

How did California's new overtime laws impact workers?

### **Contributions:**

1. Document impacts of overtime legislation
2. Inform policies in other states and federally
3. Assess new needs of agricultural employers and employees

# Data: The National Agricultural Workers Survey

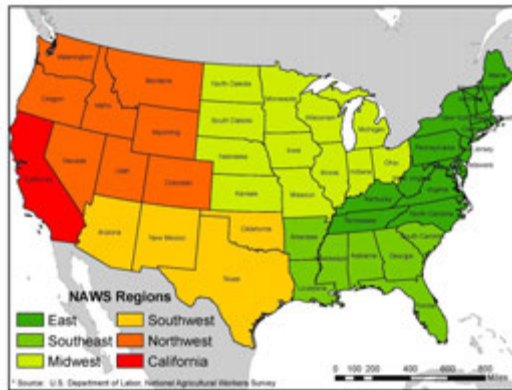
The NAWS is the **only** nationally representative survey of U.S. crop workers.

Repeated cross-sectional from 1989–2020  
(we will look at 2000–2020).

Data are aggregated into **six U.S. regions**.

The NAWS includes information on:

- Income, hours, weeks of work
- Non-farm employment
- Work history
- Worker demographics



## What are potential employer responses to overtime laws?

### **Extreme 1:** Employers scale back hours to align with thresholds

- 80% of farms in a [2016 Western Grower's Survey](#) indicated that this is how they would respond
- Employers either hire additional workers, mechanize, reduce production (in CA...), or change to producing a less labor-intensive commodity

### **Extreme 2:** Employers make no changes

- In the same survey, only 3% of farms indicated they would not reduce hours
- Employers maintain current workforce size and hours
- *Why??*

## What are potential employee outcomes? Hours

**Extreme 1:** Employers scale back hours to align with thresholds

- Employers hire additional workers  $\Rightarrow$  **Worker hours**  $\downarrow$
- Employers mechanize, reduce production, or change to producing a less labor-intensive commodity  $\Rightarrow$  **Worker hours**  $\downarrow$

**Extreme 2:** Employers make no changes

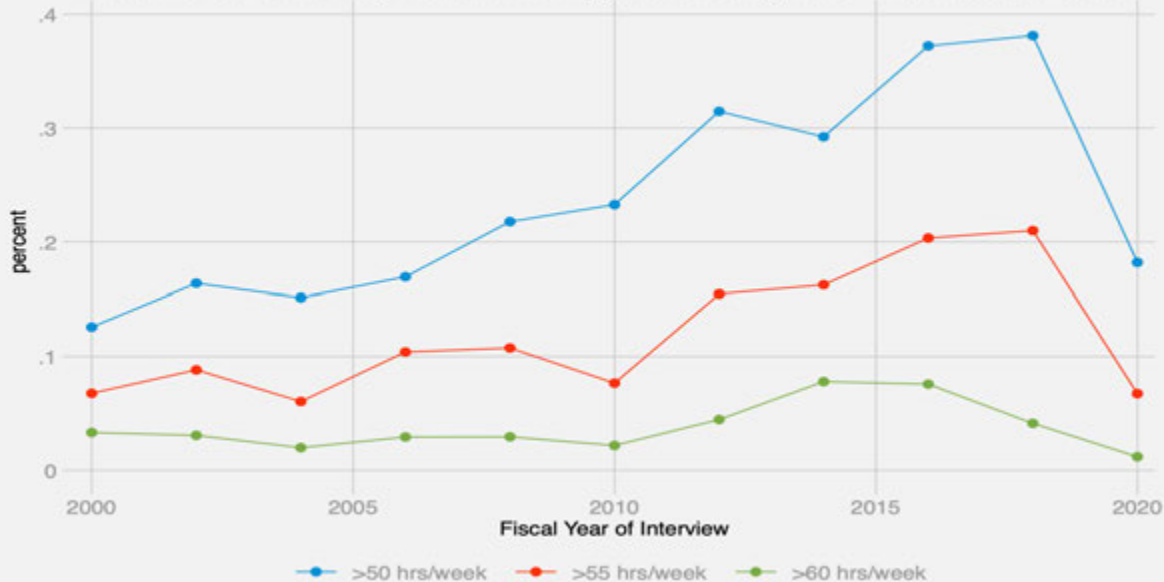
- Employers maintain status quo  $\Rightarrow$  **Worker hours constant**



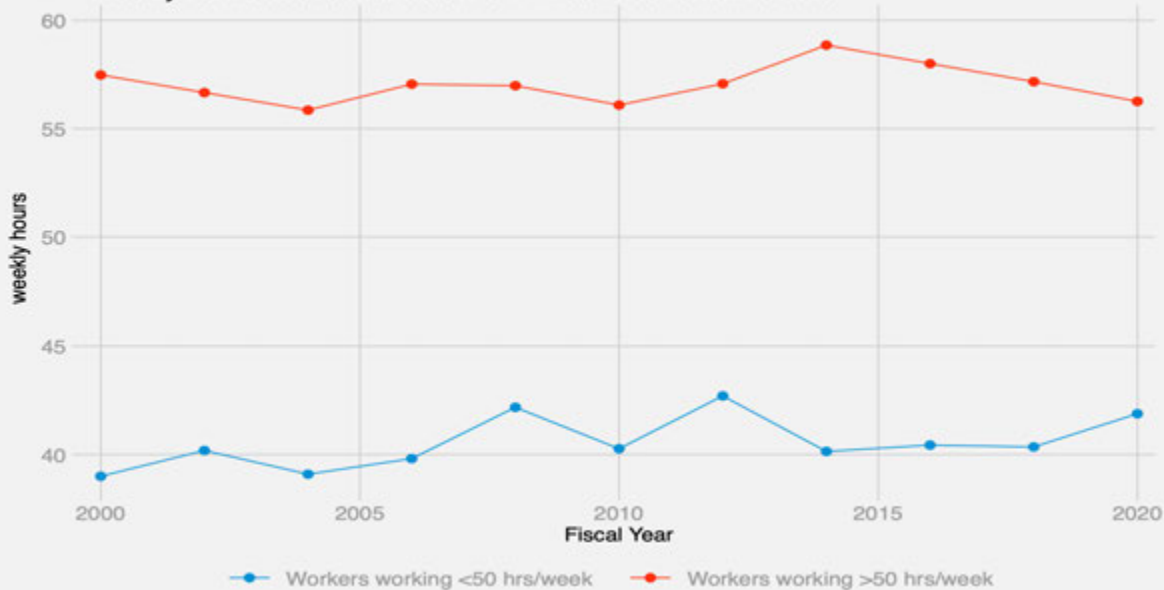
Weekly hours decreased for California crop workers after OT legislation



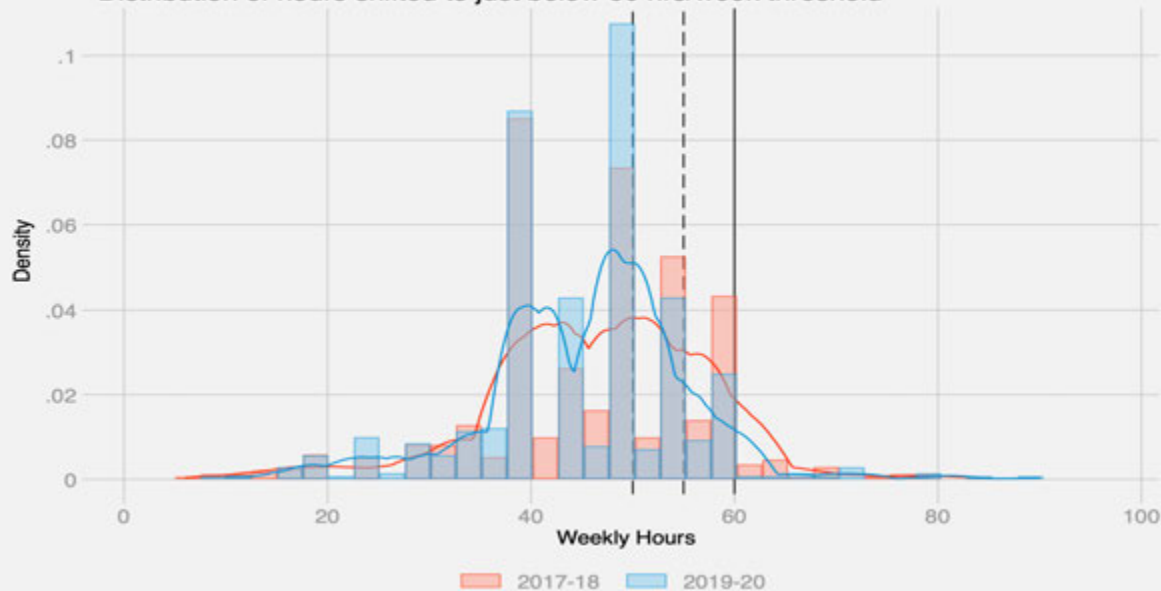
Percent of California crop workers working above weekly hours thresholds decreased



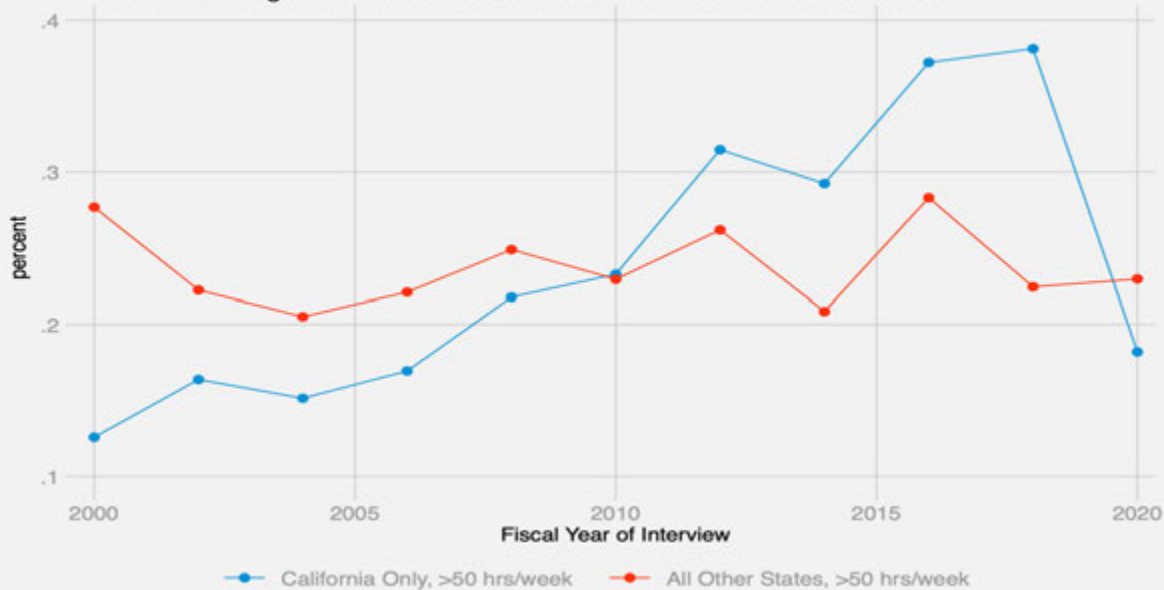
Weekly hours above and below OT thresholds remain stable



Distribution of hours shifted to just below 50 hrs/week threshold



Percent working >50 hrs/week decreased in CA relative to other states



# What are potential employee outcomes? Hours

## Extreme 1: Employers scale back hours to align with thresholds

- Employers hire additional workers  $\Rightarrow$  **Worker hours**  $\downarrow$
- Employers mechanize, reduce production, or change to producing a less labor-intensive commodity  $\Rightarrow$  **Worker hours**  $\downarrow$

Preliminary evidence suggests that employers reduced worker hours in response to overtime legislation

- Workers in California were 8% less likely to be working more than 50 hours/week in 2019/2020 compared with 2017/2018 and with other states
- 6% less likely to be working more than 55 hours/week

## What are potential employee outcomes? Income

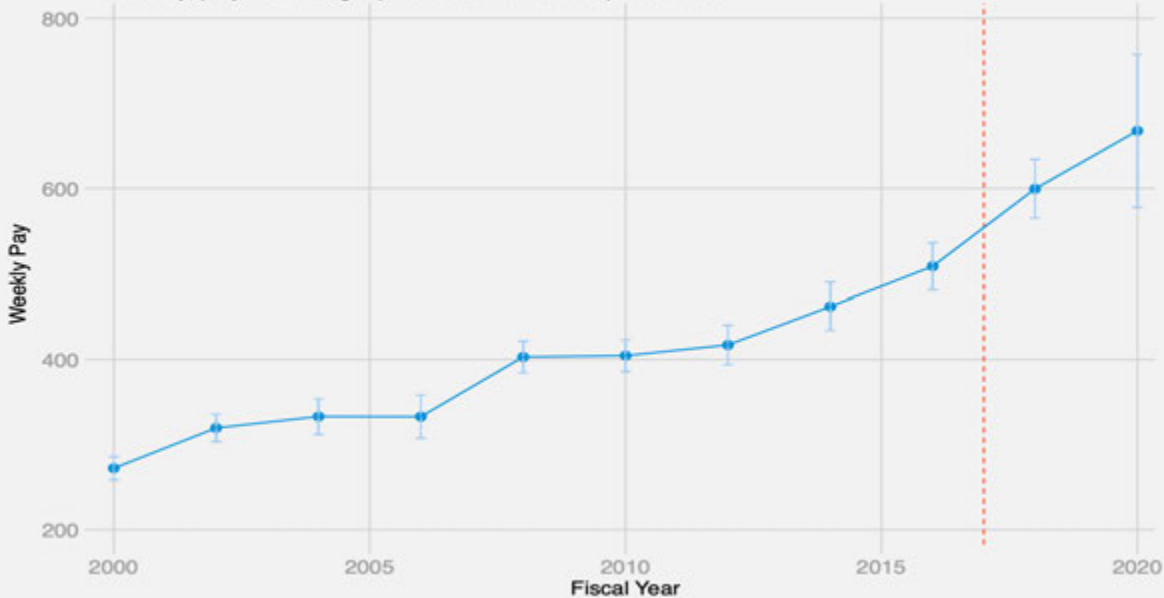
**Extreme 1:** Employers scale back hours to align with thresholds

- Employers hire additional workers  $\Rightarrow$  **Worker income**  $\downarrow$
- Employers mechanize, reduce production, or change to producing a less labor-intensive commodity  $\Rightarrow$  **Worker income**  $\downarrow$

**Extreme 2:** Employers make no changes

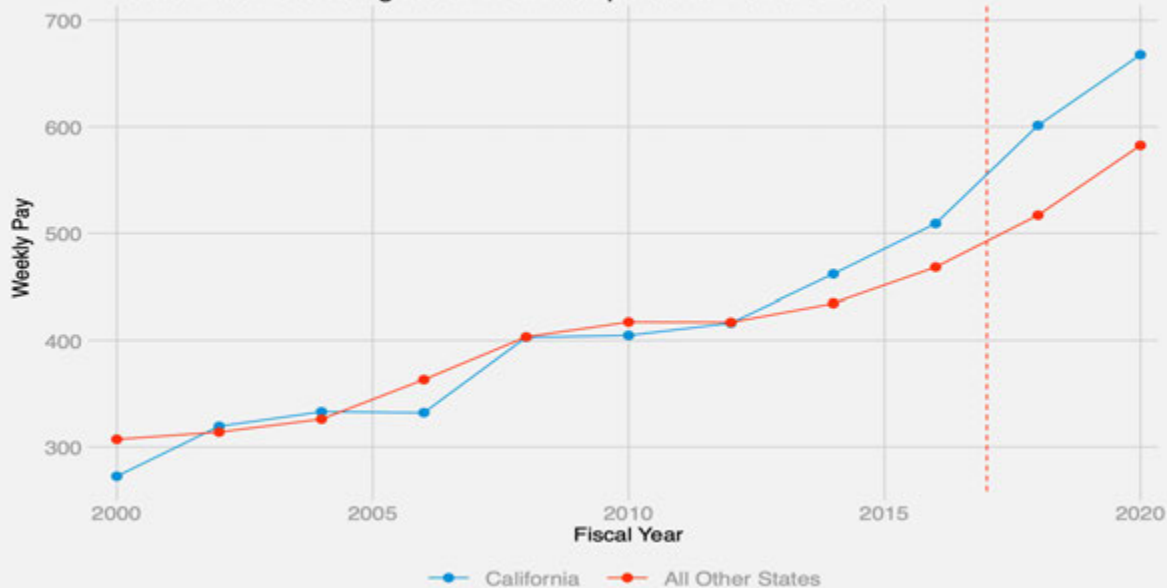
- Employers maintain status quo  $\Rightarrow$  **Worker income**  $\uparrow$

Weekly pay trending up for California crop workers

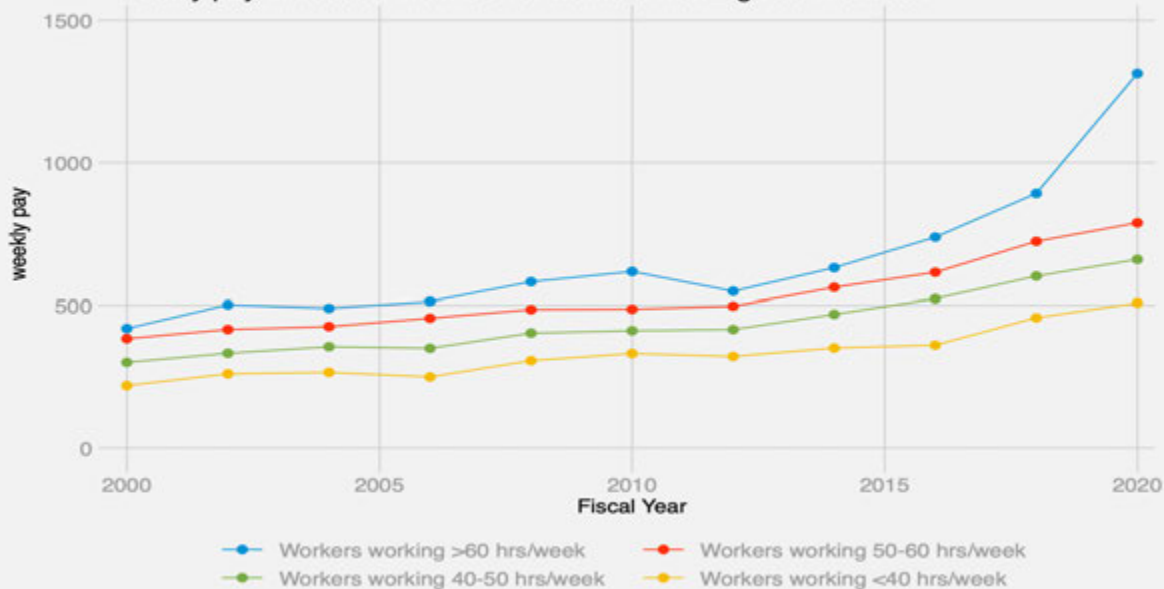




Worker income is rising faster in CA compared with other states



Weekly pay increased the most for workers working >60 hrs/week



## What are potential employee outcomes? Income

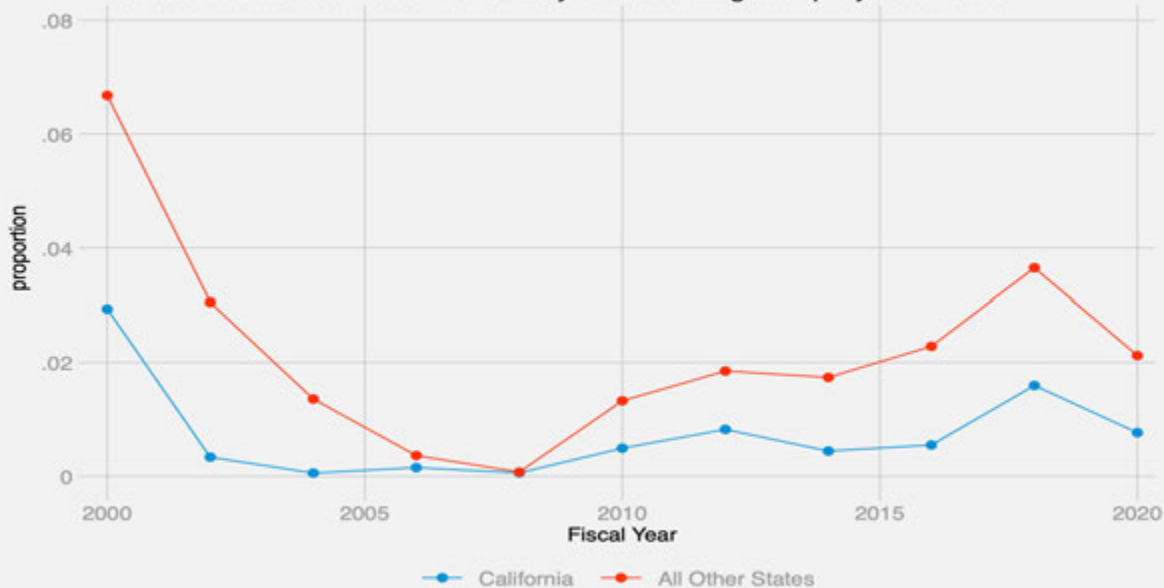
### Extreme 1: Employers scale back hours to align with thresholds

- Employers hire additional workers  $\Rightarrow$  **Worker income**  $\downarrow$
- Employers mechanize, reduce production, or change to producing a less labor-intensive commodity  $\Rightarrow$  **Worker income**  $\downarrow$

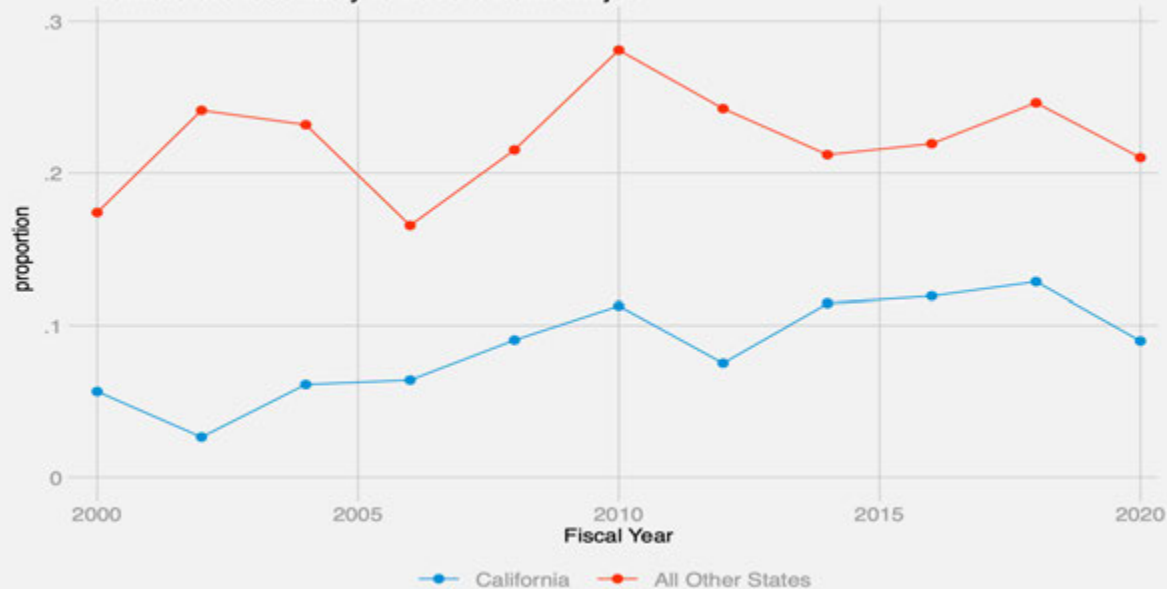
Preliminary evidence is consistent with employers scaling back hours:

- Hourly earnings of crop workers increased by \$0.50 more from 2017/18 to 2019/20 in California compared with other states.
- Over this period California minimum wages increased from \$10.50 to \$13.00 per hour.
- Hourly earnings of crop workers working  $>60$  hours per week increased by \$1.11 from 2017/18 to 2019/20 compared with those working  $>60$  hours.

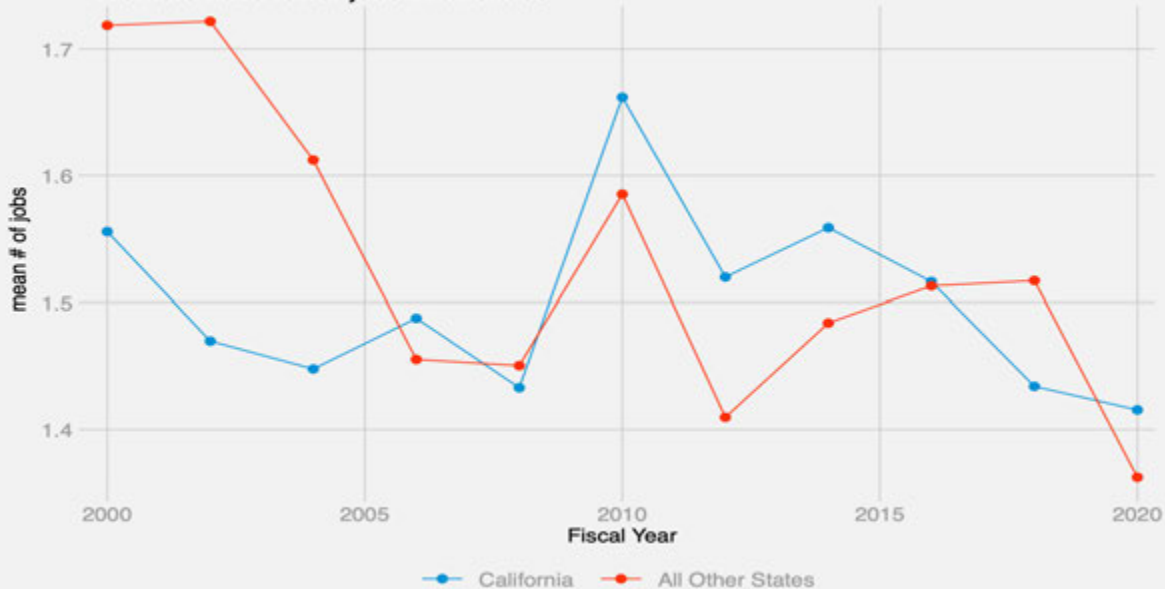
Workers in other states are more likely to be working multiple jobs at once



Workers are less likely to have a nonfarm job



## Workers have fewer jobs in all states



# What are potential employer outcomes?

**Extreme 1:** Employers scale back hours to align with thresholds

- Employers hire additional workers  $\Rightarrow$  **Employers face fixed costs from hiring**
- Employers mechanize, reduce production, or change to producing a less labor-intensive commodity  $\Rightarrow$  **Employers face fixed costs or reduced revenues**

**Extreme 2:** Employers make no changes

- Employers maintain current workforce size and hours  
 $\Rightarrow$  **Employers face rising variable costs from overtime**

## What are the take-aways?

**Preliminary evidence suggests that OT legislation decreased hours, with no significant effect on worker incomes.**

**But... the legislation imposes costs on employers.**

- This will either translate to increases in commodity costs or some employers will need to scale back, mechanize, relocate, or otherwise shift production.

**And we need employers for employee benefits to continue.**

- Policy solutions should promote the economic sustainability of California agricultural businesses. e.g., health care, rent, and farm labor subsidies
- Policymakers in other states should consider these effects when setting phase-in schedules for overtime.





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# What are complicating and mediating factors?

## **Declining Farm Labor Supply**

- Decreasing availability of workers reduces employers' abilities to hire additional workers
- Could lead to increases in wages and hours coupled with declining employment

## **Effects from COVID-19**

- Might have reduced demand for workers (limited) or labor supply
- Could lead to increases in wages and hours coupled with declining employment

## **Effects from CA minimum wage hikes**

## **Data limitations**