



CALIFORNIA FARM BUREAU FEDERATION

FEDERAL POLICY DIVISION

2300 RIVER PLAZA DRIVE, SACRAMENTO, CA 95833-3293 • PHONE (916) 561-5610 • FAX (916) 561-5693

Walking the Tightrope:

California Farmers Struggle with Employee Shortages

California Farm Bureau Federation Agricultural Employment Survey Results—2012

Throughout 2012, farmers in every growing region of California reported having a difficult time hiring enough employees to work in agriculture and harvest their crops. The reports began early in the year in the desert growing regions of the state and continued as harvests moved northward into coastal and valley growing regions. Local and regional media outlets consistently reported that fewer people were taking seasonal harvest jobs, despite increased recruiting efforts, higher pay and other inducements by farm employers.

In an effort to better understand the breadth and depth of the workforce shortages, the California Farm Bureau Federation surveyed California farm employers to assess their employee needs and document the experiences of agricultural employers. Farm Bureau posted a brief survey on its website, www.cfbf.com, asking farmers to provide information about whether they were experiencing employee shortages, the extent of the shortages and how they had responded to any shortages they experienced. Availability of the survey was publicized in the weekly Farm Bureau newspaper, *Ag Alert*[®], via email to Farm Bureau members and by individual county Farm Bureaus. The survey was posted online in late August and remained active throughout September and October. **In all, 794 farmers and ranchers from throughout California responded to the survey.**

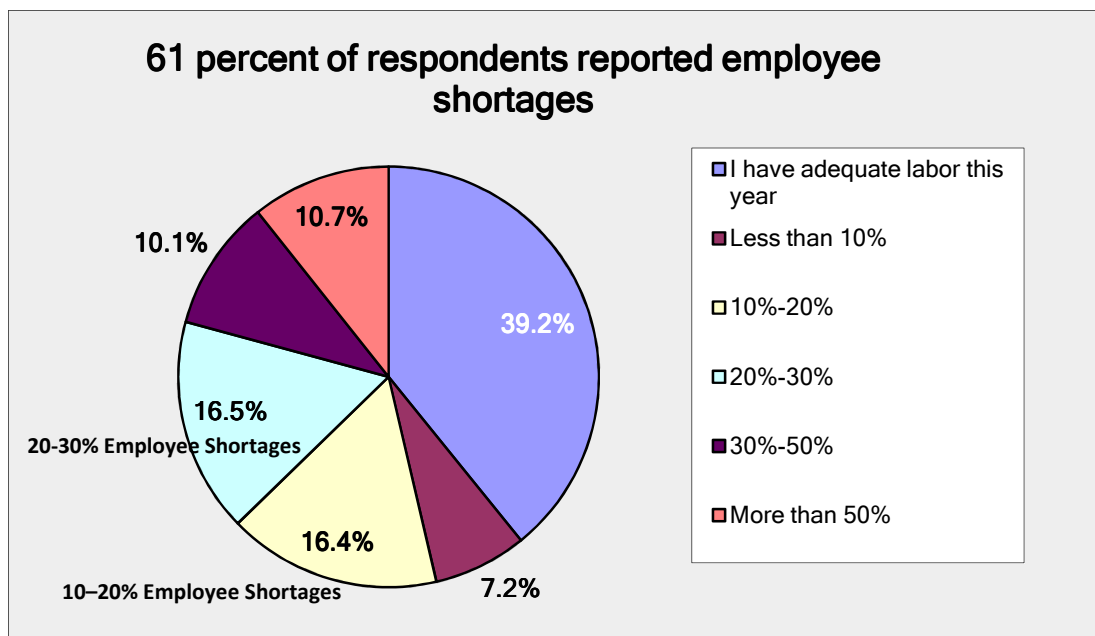
Although not a scientific sampling, the Farm Bureau survey substantiates that farm employers have experienced worker shortages throughout 2012 and changed their production practices in response.

Farmers' need to hire workers varies widely according to the crops they grow. **The survey respondents included diverse farm employers from across the state, growing a variety of crops, including both labor-intensive crops and those that do not require significant employee inputs.** A large group of the respondents grow tree fruit, winegrapes or nuts; respondents also included growers of table grapes, raisin grapes, vegetables, rice, wheat, corn, hay and nursery crops, as well as dairy and livestock producers. To gain a better understanding of the employee needs for the various crops as we analyzed the survey results, the respondents were separated into two groups: those who grow labor-intensive crops (tree fruits, table grapes, raisins, vegetables and berries); and those whose crops rely on less labor.

Survey Result Highlights

- **Sixty-one percent of total respondents said they were experiencing worker shortages** to varying degrees. A combined 32.9 percent of those reporting shortages said they were experiencing shortages in seasonal workers of between 10 percent and 30 percent. Another 20.8 percent of respondents reported shortages of at least 30 percent to more than 50 percent. Of the farmers who reported shortages, a majority were farmers who employ five or fewer employees on a permanent

basis and who hire 25 employees or fewer during peak season. Of the farmers reporting shortages, 48 percent were tree fruit growers and 24 percent were winegrape growers.

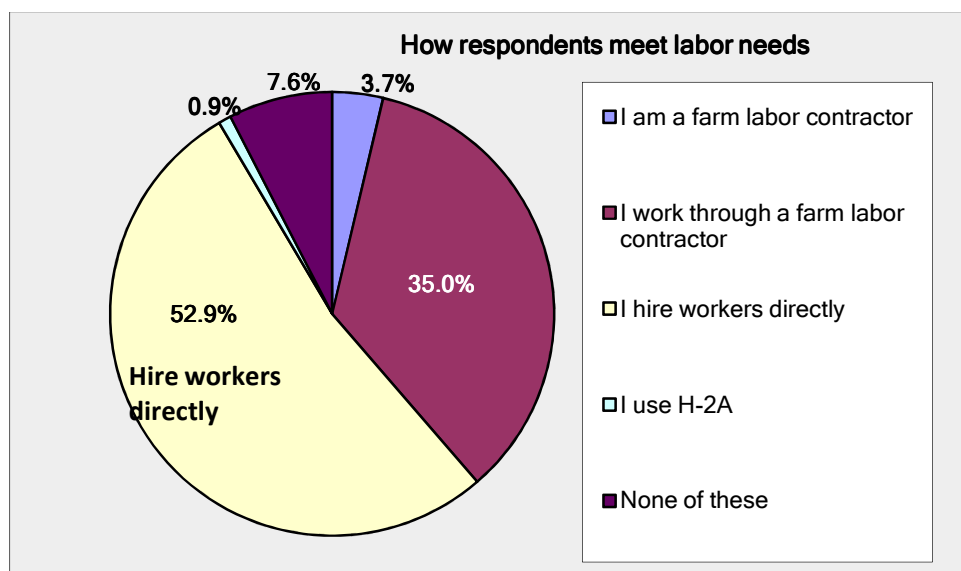


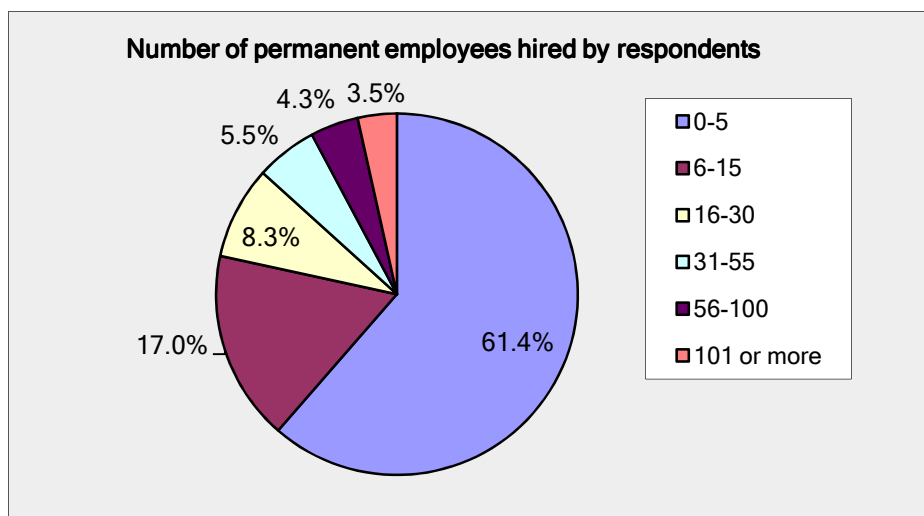
- **Among responding farmers who grow labor-intensive crops (tree fruits, vegetables, table grapes, raisins and berries) 71 percent reported employee shortages.**
- Those who responded to the survey are growers of all types of commodities produced in California. Farm Bureau did not limit the survey to those who grow labor-intensive crops. Recognizing that California farmers produce remarkably diverse crops in unique growing regions, including crops such as rice, wheat, alfalfa, tree nuts and livestock that typically require fewer employees, it is not surprising that some respondents did not report worker shortages (39 percent). Those reporting that they had adequate employees grew a variety of crops with minimal labor demands during peak season. Eighty-eight percent of those who reported having adequate labor relied on one to 25 employees for peak season harvest. In addition to having minimal employee needs, this could be the result of the type of crop, location of the farm, available employee supply in that area, or lack of competing crops at time of harvest.
- **To deal with workforce shortages, growers delayed pruning and harvesting, used mechanization if available, or did not harvest some of their crop.** Comments from respondents suggested that they also increased wages to keep from losing workers to other growers. However, wage increases are only possible where the grower's profit margin can tolerate the erosion caused by an increase in costs for labor, which represents a critical input for many crops. At some point, labor costs become high enough that the farmer will make longer-term investments in mechanization if it's available, change crops or reduce acreage.
- Many comments from respondents indicated that though they may have been able to hire workers, the employees were not sufficiently skilled and it took longer to complete the work. As a result, some farmers chose not to harvest all or part of the crop.

- Comments included:
 - *A tree fruit grower who farms in Ventura, Kern and Santa Barbara counties reported experiencing employee shortages of 50 percent or greater. He employs 51 to 100 employees during peak season for harvesting and this year he delayed harvesting and did not harvest some crops to deal with the employee shortage. Next year, he said he plans on changing his harvesting plan to be able to attract workers. However, he said he is concerned that by moving up harvest his crop will not earn the best market price because it will be too early in the season.*
 - *A San Joaquin County winegrape grower who hires 26 to 50 employees for peak season reported experiencing employee shortages of 10 percent to 20 percent. The farm employer said she has delayed pruning and utilized mechanization to deal with the shortage. She offered increased wages and still had a hard time securing enough employees for harvesting winegrapes.*
- Some farmers suggested they would try to adjust their harvest schedule next year, relative to other crops produced in the area, in order to reduce the competition for workers.

Respondents

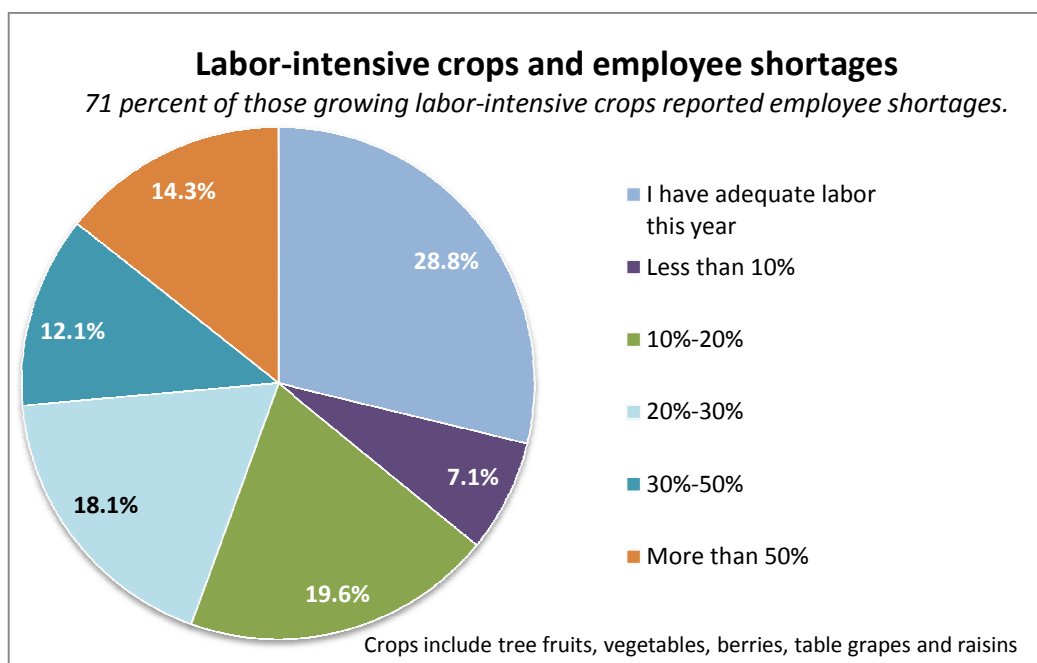
Just over 50 percent of the respondents reported they hire farm employees directly, with the second largest group being those who use farm labor contractors. Fewer than 1 percent of those responding use the existing H-2A immigration program. Farmers in California have for many years said they find the H-2A program unsuitable to meet the labor needs and the diversity of crops grown in the state, so this result was not surprising.





- The respondents included farmers, farm labor contractors and managers associated with a farming operation.
- A majority of the respondents were small farmers who employ one to five permanent employees throughout the year and hire as many as 50 employees during peak harvest season.
- A small percentage of those who responded hire more than 101 employees.
- Tree fruit producers represented the single largest group of respondents (41 percent). The second largest group was those who grow winegrapes (21 percent).

Labor-Intensive Crops



- **Seventy-one percent of respondents who grow labor-intensive crops reported labor supply shortages.**
- In reviewing the 448 responses from those who grow labor-intensive crops, we found a number of common factors. These crops tend to use more hand labor versus mechanized labor, and require more employees during harvest season.
- **Thirty-seven percent of respondents with labor-intensive crops delayed pruning or other cultural practices as a result of worker shortages this year.** In their comments, raisin growers reported that they delayed harvest or took more days to harvest the crop because of worker shortages; for raisin producers, delayed or extended harvest periods can be economically devastating, because autumn rains can destroy harvested raisins that have not yet finished the process of sun-drying. Vegetable growers commented that they paid more overtime to assure they could harvest their crops, delayed planting the fall crop, and 22.5 percent reported not harvesting all or part of the crop.
- **Among tree fruit growers, 71 percent reported worker shortages.** Of those tree fruit growers reporting employee shortages, 37 percent reported experiencing shortages of 10 percent to 30 percent in 2012.
- **Slightly less than 80 percent of both raisin and berry growers reported experiencing employee shortages.** Of the 80 percent of raisin growers reporting shortages, 51 percent reported shortages of between 20 percent and 50 percent. One respondent harvesting cherries and blueberries in Sacramento and Stanislaus counties reported, *“We had days where over 100 people were supposed to show up, and no one did.”*
- Several growers echoed comments from a Humboldt County tree fruit and livestock grower who has known farming his whole life: *“If I do not find a solution soon, I will have to consider selling my property and moving to town. I do not want to do this, since I have been working in agriculture for most of my life.”* He employs up to five employees year-round and up to 25 during the peak season.

Small Farmers

As small farmers tried to hire additional employees during peak season, more reported shortages and fewer reported being able to hire enough help. Seventy-eight percent of those who hire 26 to 50 additional employees during peak season reported employee shortages. A majority of this group permanently hire between one and five permanent employees per year. Of those small farmers reporting shortages, the largest group reported shortages between 20 percent and 30 percent. Forty-seven percent of this group grows tree fruit. They reported delaying pruning and other cultural practices as a result of the shortages.

Reviewing comments submitted by small farmers, many of those who experienced significant shortages said they are preparing to sell land or remove acres from production in the coming year. Some comments from small farmers included:

- *A cherry and dried plum grower who employs 26 to 50 employees during peak season in Sacramento County reported experiencing 30 percent to 50 percent employee shortages and was*

not able to hire enough cherry pickers in June or prune pickers in August. This grower delayed both harvest and tree pruning.

- *A beginning, 26-year-old apple grower in Santa Cruz and Monterey counties said he is preparing to sell his orchard due to not being able to hire the 15 employees he needs to harvest his apples.*
- *A Fresno County winegrape grower reported that employee shortages greater than 50 percent caused crews to take twice as long to complete the work. He said he is preparing to pull out vineyards to plant less labor-intensive crops next year.*

Size of Employer and Employee Supply

Those farm employers with a greater need for peak season workers seemed to experience more difficulty in finding employees. In all three categories of employers who hire 51 to 100, 101 to 300, or 301 employees or more, roughly 90 percent reported having difficulty finding workers to meet their peak season needs. This group predominantly hires directly or through farm labor contractors. To deal with the employee shortages, respondents from this group delayed harvest, did not harvest some crops and used mechanization. Of the total respondents, these combined groups represented 25 percent but are expected to produce a large volume of the crops harvested in California and distributed throughout the United States.

Conclusions

The large volume of responses to the voluntary Farm Bureau survey shows that there is escalating concern regarding the issue of employee supply shortages on California farms and ranches. The survey indicates that farmers of crops that require fewer employees and use mechanization during the peak season generally have adequate labor. However, those who rely on peak season hand labor and lack mechanical methods to harvest the crop are experiencing employee shortages and risk perishability and crop losses.

This may be an indicator of a long-term trend that farmers will face in coming years, absent the creation of effective programs that allow people from foreign countries to enter the United States legally to harvest crops. If this trend continues, where will the small and medium-sized tree fruit and berry farmers find themselves in the long term? Growers of labor-intensive crops, where mechanization is not available, may either consolidate to become larger farms in order to compete in the marketplace and maintain market share, or shift to crops that are less reliant on labor. However, the shifting of crops to those that are less labor-intensive could result in oversupply of certain crops and affect the availability of fruits and vegetables grown in the United States. In the past, when agricultural sectors have faced fundamental challenges, there has been consolidation that makes it difficult for the small or mid-sized farmer to compete.

The Farm Bureau survey indicates that even those operating larger farms are experiencing significant labor shortages. Larger farms are already making adjustments to deal with employee shortages. In the long term, they may be able to adjust crop plantings, compete better for employees by offering year-round employment, invest in mechanization if available, or transfer some production to other countries; all of those steps would be more difficult for small and medium-sized growers.

No matter which of these options farmers take in response to chronic employee shortages, the impact will affect the crops grown, the diversity and the long-term economic value of California agriculture.

Chronic on-farm employee shortages and farmers' response to them may also have negative effects on off-farm jobs that are directly or indirectly tied to agricultural production.

Though California is the largest producer of many of the crops grown throughout the nation—particularly labor-intensive fruit and vegetable crops—many of these same crops are grown in other states. Washington, Michigan, Arizona, North Carolina, Texas and Florida all produce many of the same crops grown in California, and are likely facing the same difficulty in meeting their employee needs.

Farmers in California as well as throughout the United States have been forthright about the fact that they rely on a largely immigrant workforce. Efforts to hire U.S.-born employees on farms have been for the most part unsuccessful, even during the deepest part of the recent recession. Agricultural organizations have been among the leading proponents for reform of federal immigration law that would allow foreign residents with secure identification to enter the United States legally to work in agriculture. Farm Bureau and other organizations will continue to work with Congress to create a secure, flexible, market-based agricultural worker program.

The Farm Bureau survey of California agricultural employers shows farmers walking a tightrope, trying to stay solvent as they are buffeted by continued shortages of skilled, available employees to work in agriculture. Although widespread crop losses did not occur in 2012, 19 percent of the farmers responding to our survey reported planting fewer acres, not harvesting a portion of their crop or giving up leased land because of a lack of available harvest help. Family farmers say they have seen employee shortages escalate and they hope Congress can arrive at workable solutions in order to avoid more widespread losses and dislocations for the nation's rural economy.