

Labor Market Outlook

2023 Agricultural Policy & Outlook Conference
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COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Outline

- General labor market update
- Agricultural employment update
- Agricultural wage update
- Agricultural labor policy?

General labor market trends

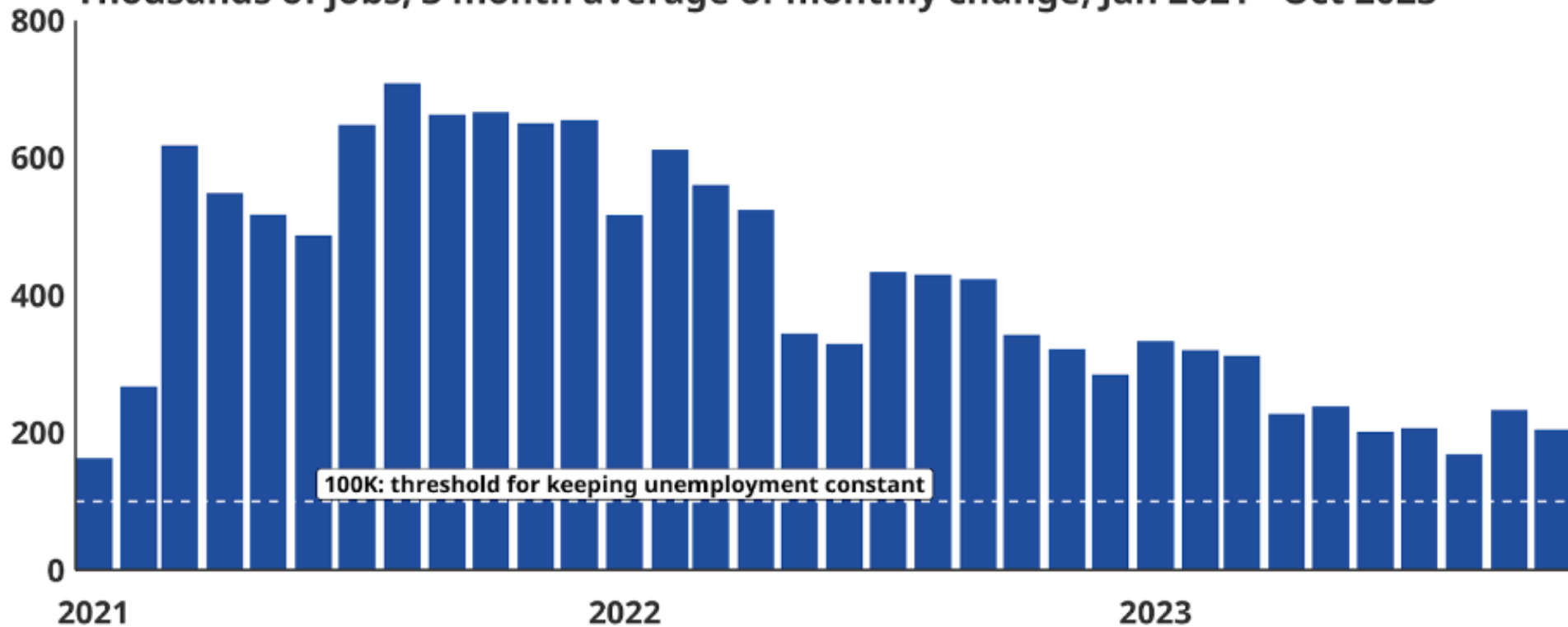
General employment update: introduction

- Period of “balance” after disruptions of the pandemic and early post-pandemic years
 - Headwinds from inflation and tighter monetary policy
 - Sustainable, rather than reckless, growth in key employment figures
- Evidence that job switching behavior is moderating
- Nominal wage growth is moderating
 - Approaching their pre-pandemic levels

Job growth shows labor market loosening:

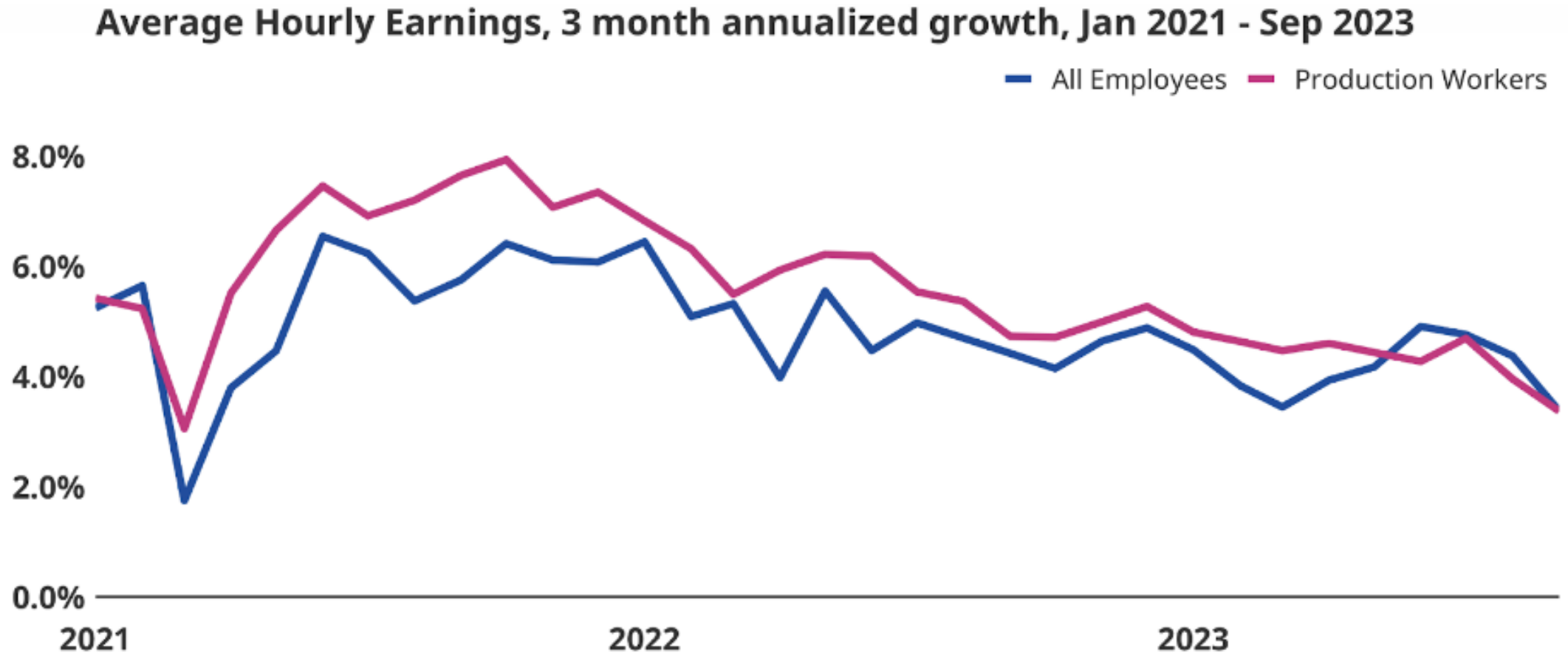
Pace of monthly job gains

Thousands of jobs, 3 month average of monthly change, Jan 2021 - Oct 2023



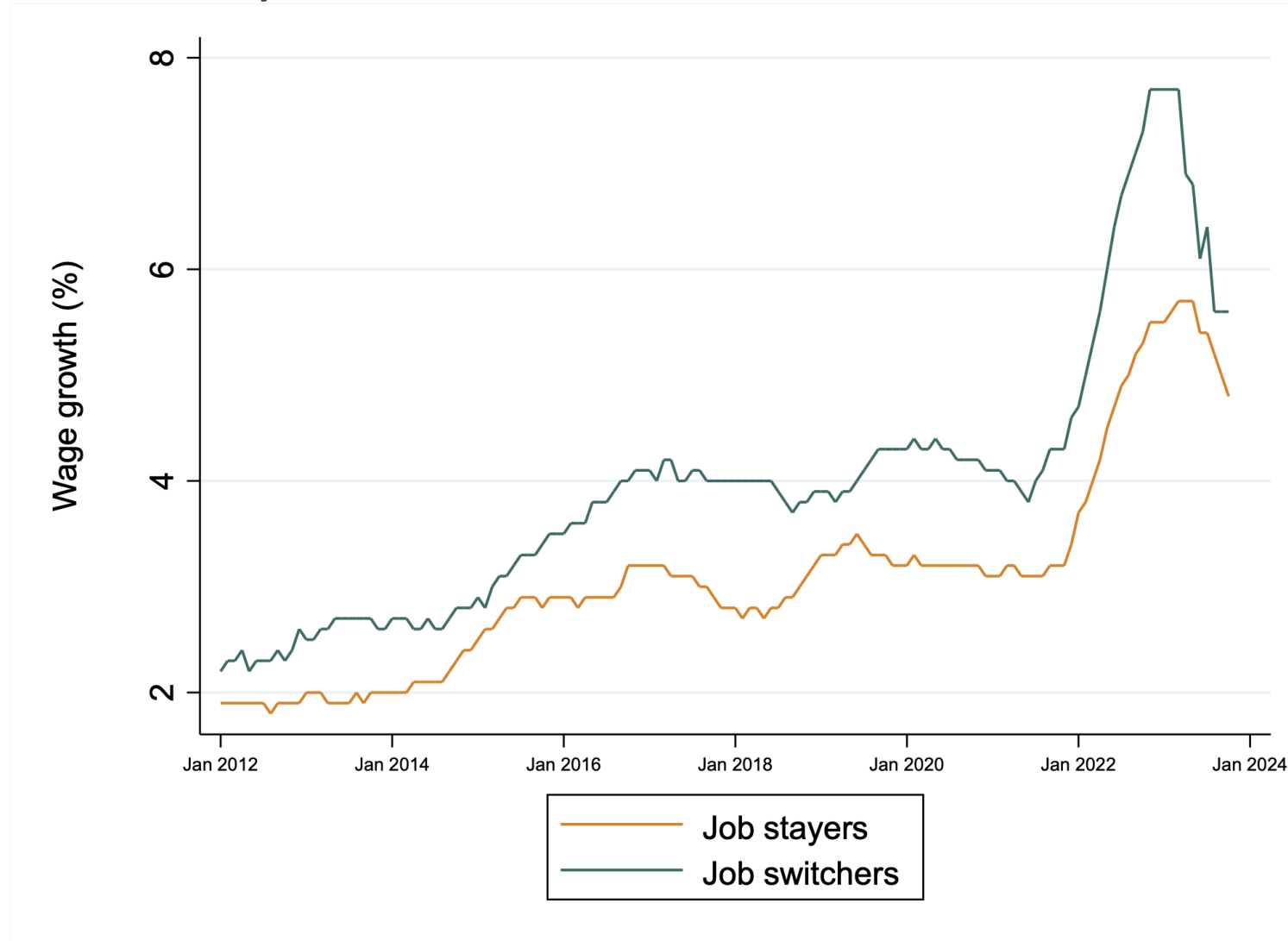
Source: Calculations from BLS by Indeed

Wage growth tempering job growth:



Source: Calculations from BLS by Indeed

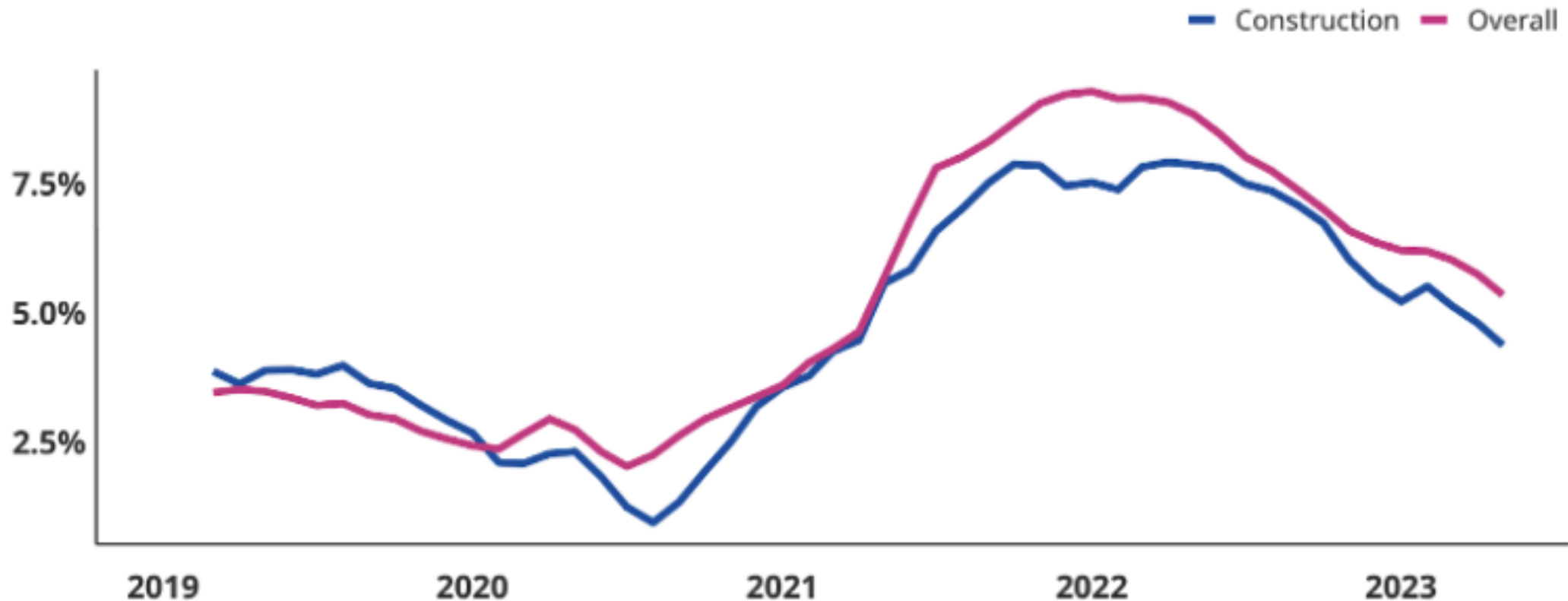
Wage growth: Job stayers vs. switchers



Have higher interest rates affected construction wage growth?

Nationally:

Year-over-year growth in posted wages, 3 month avg, Mar 2019 - May 2023

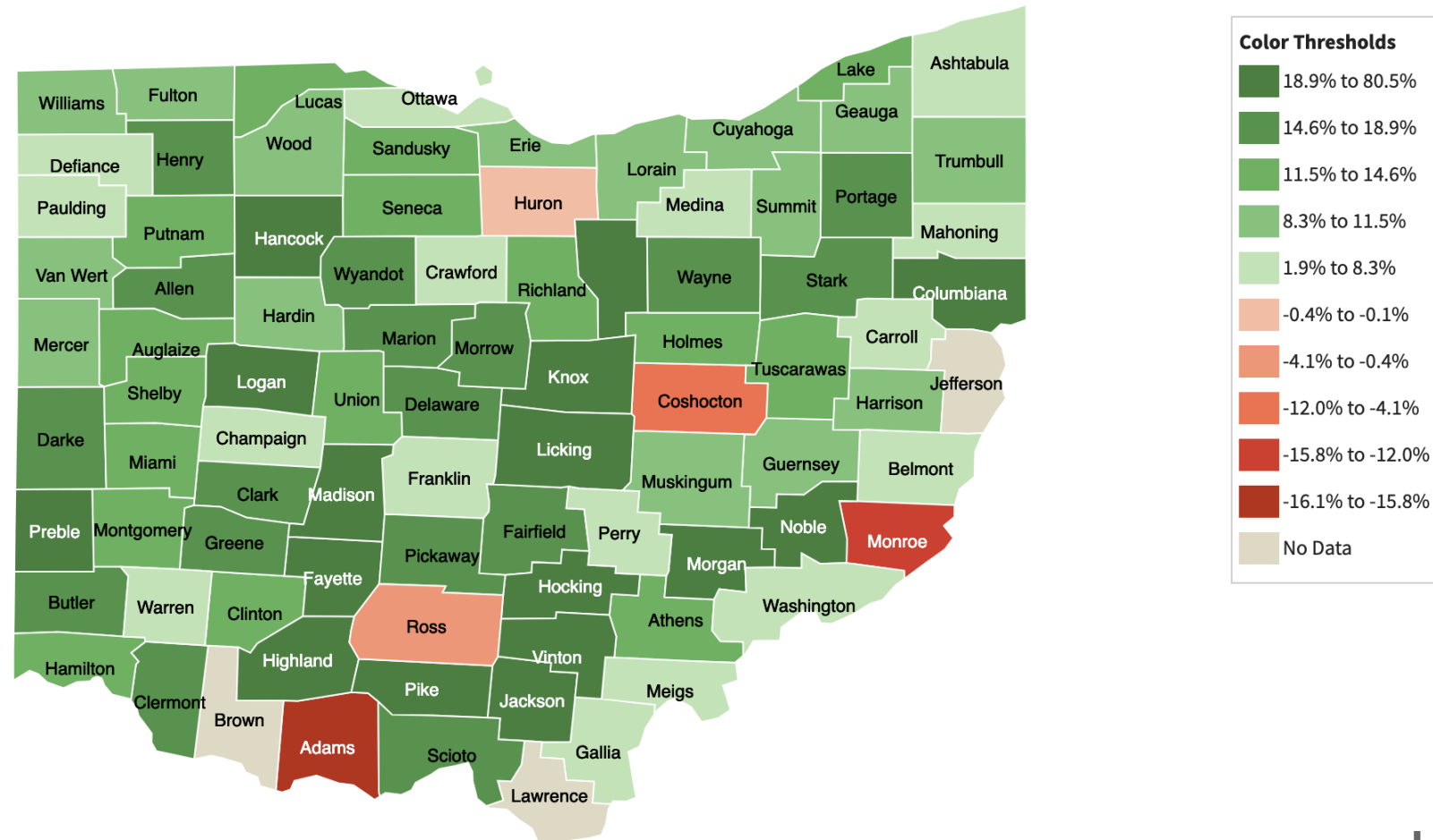


Source: Calculations from BLS by Indeed

Have higher interest rates affected construction wage growth?

In Ohio:

12 month percent change in average weekly wage, Construction Private Mar 2022-Mar 2023 (p)

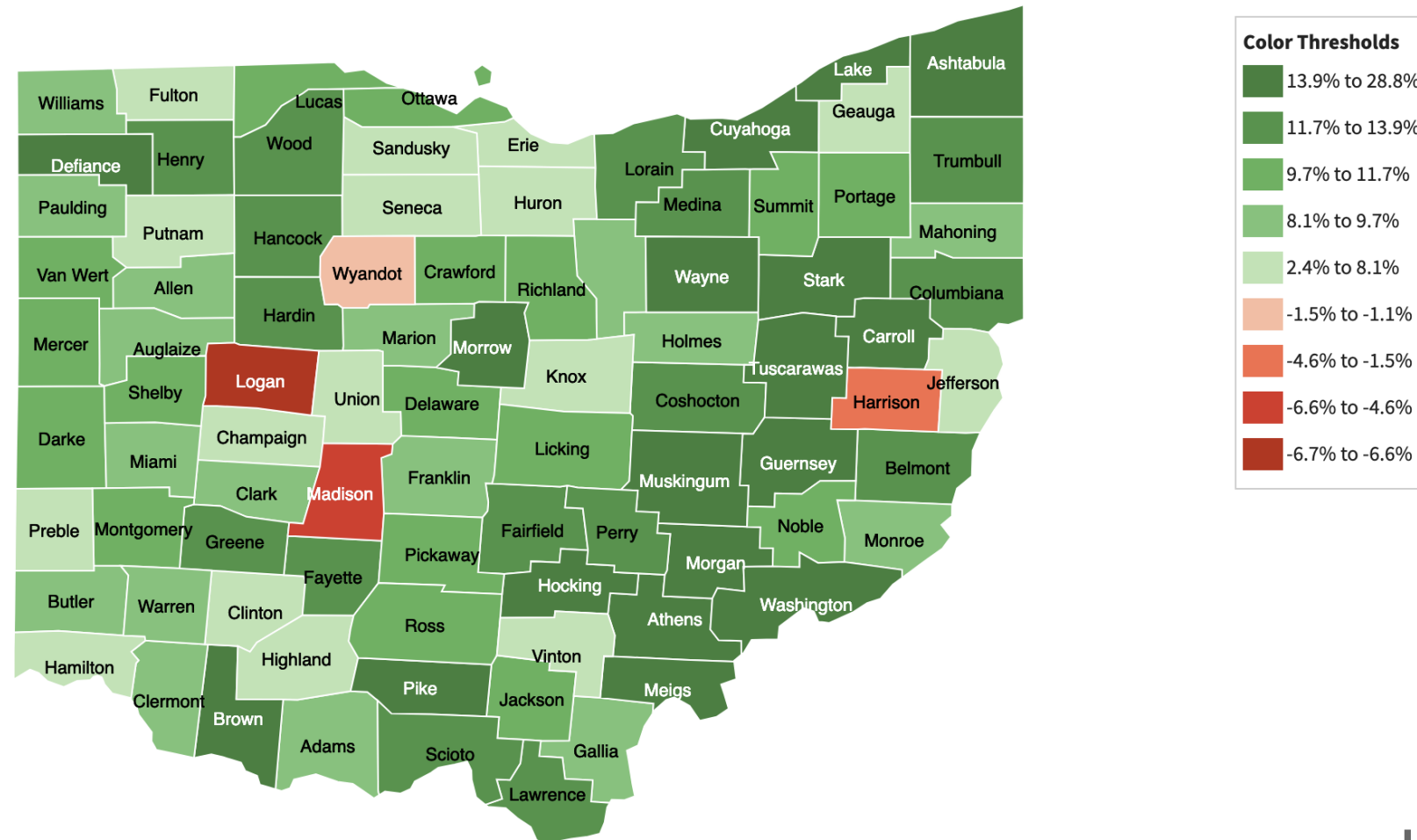


Source: U.S. Bureau of Labor Statistics (www.bls.gov)

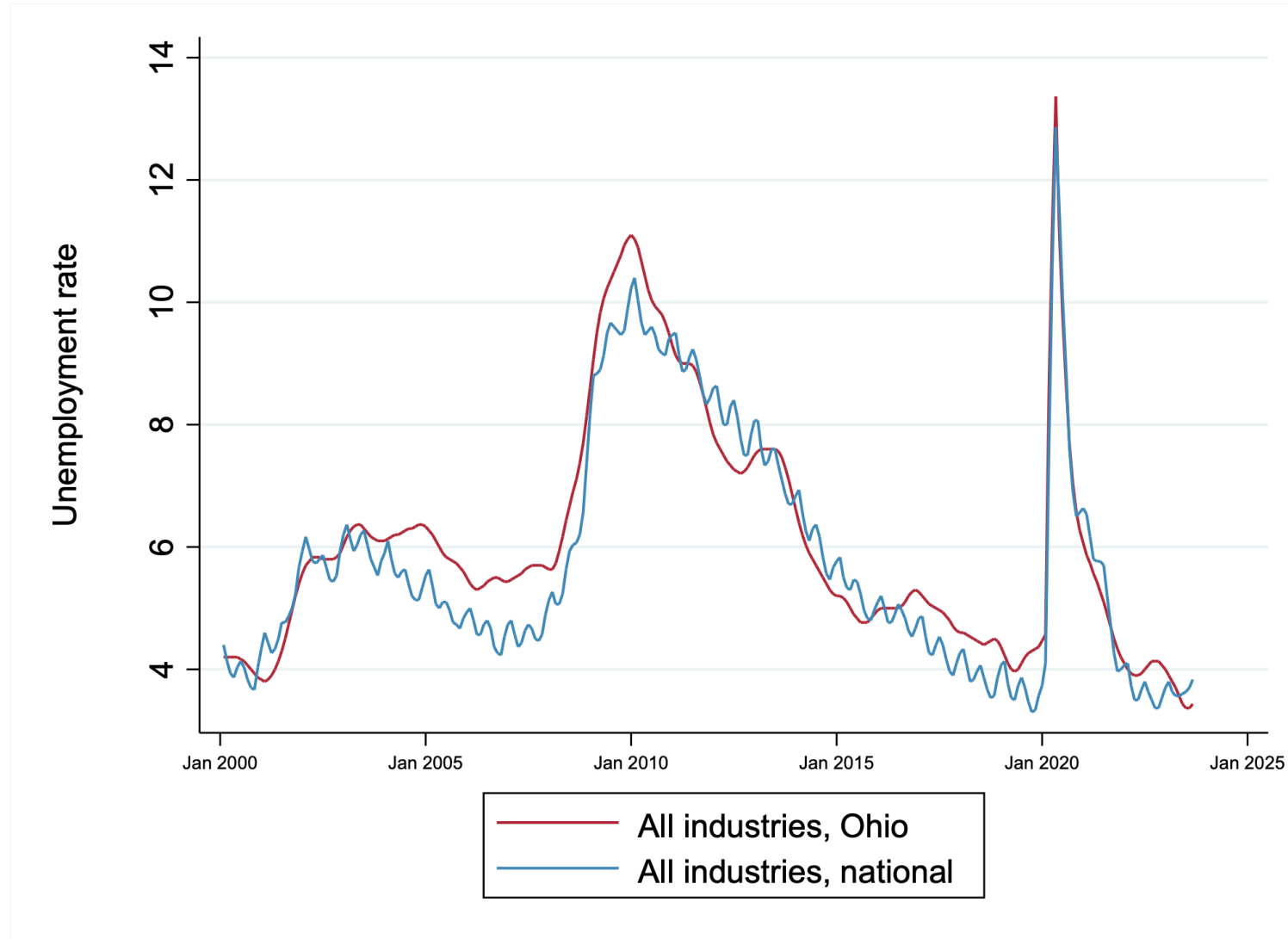


Still seeing strong wage growth in sector with lowest wages:

12 month percent change in average weekly wage, Leisure and Hospitality Private Mar 2022-Mar 2023 (p)

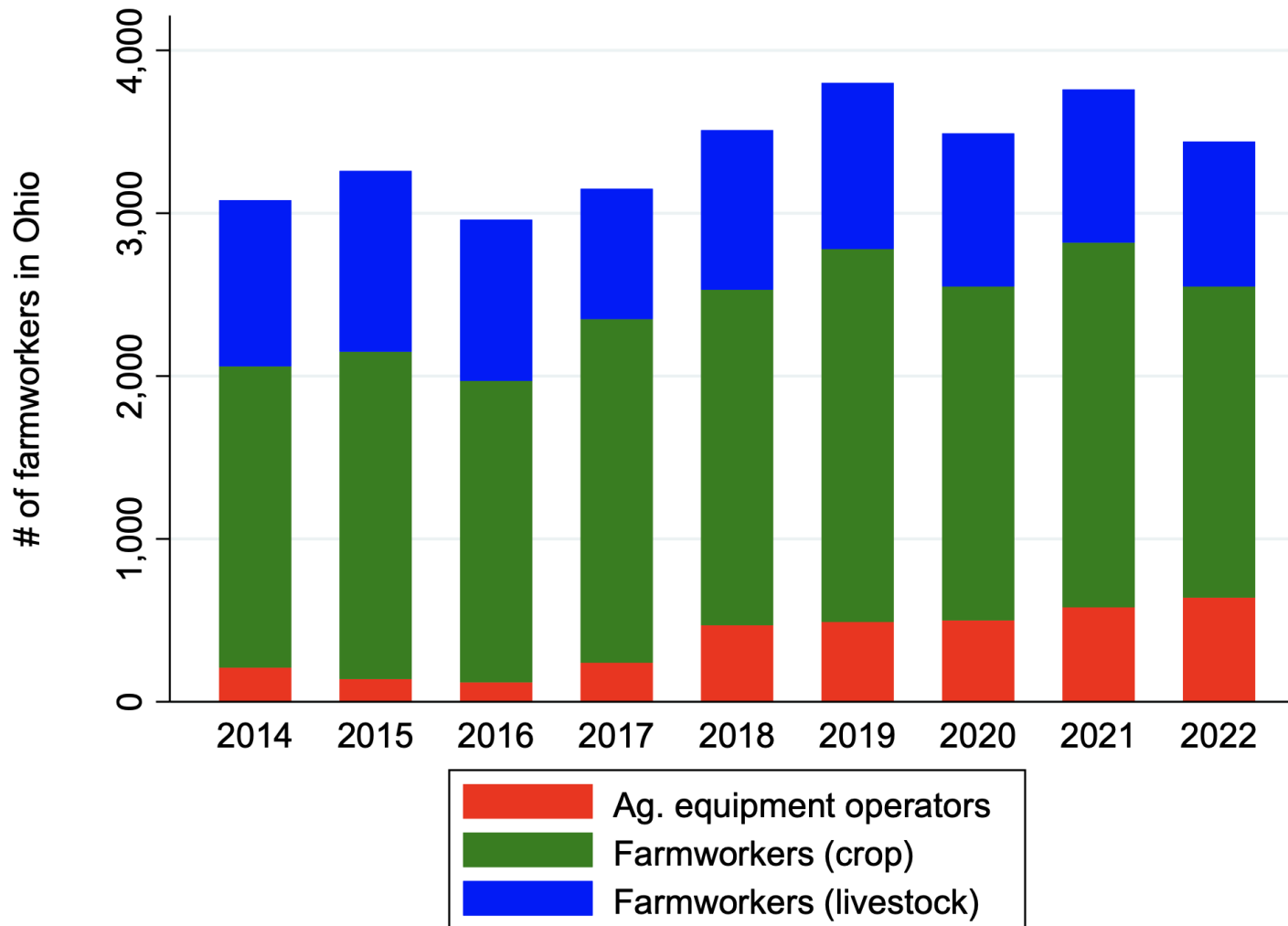


Unemployment in Ohio:



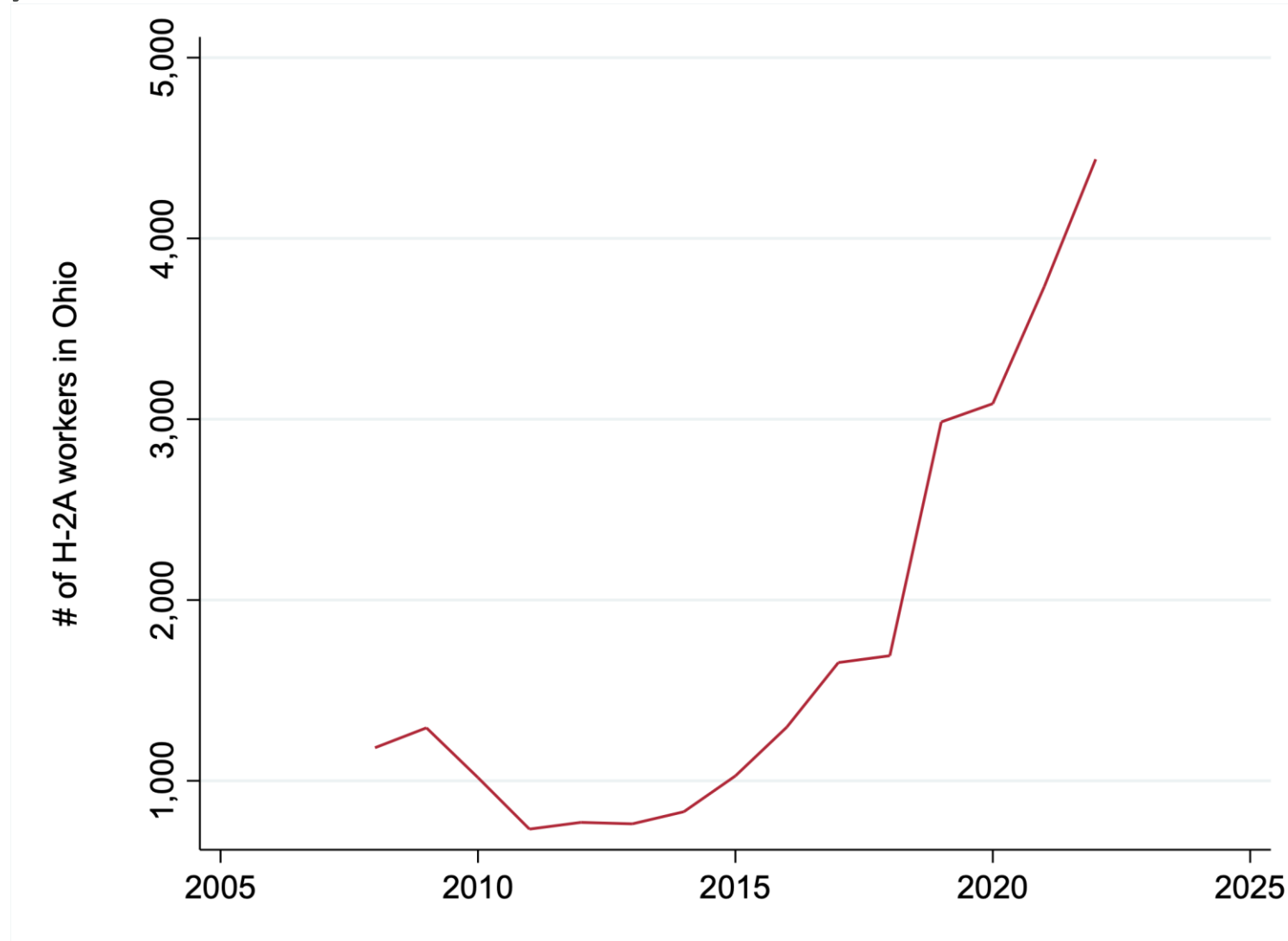
Agricultural employment update

Agricultural workers, by type:

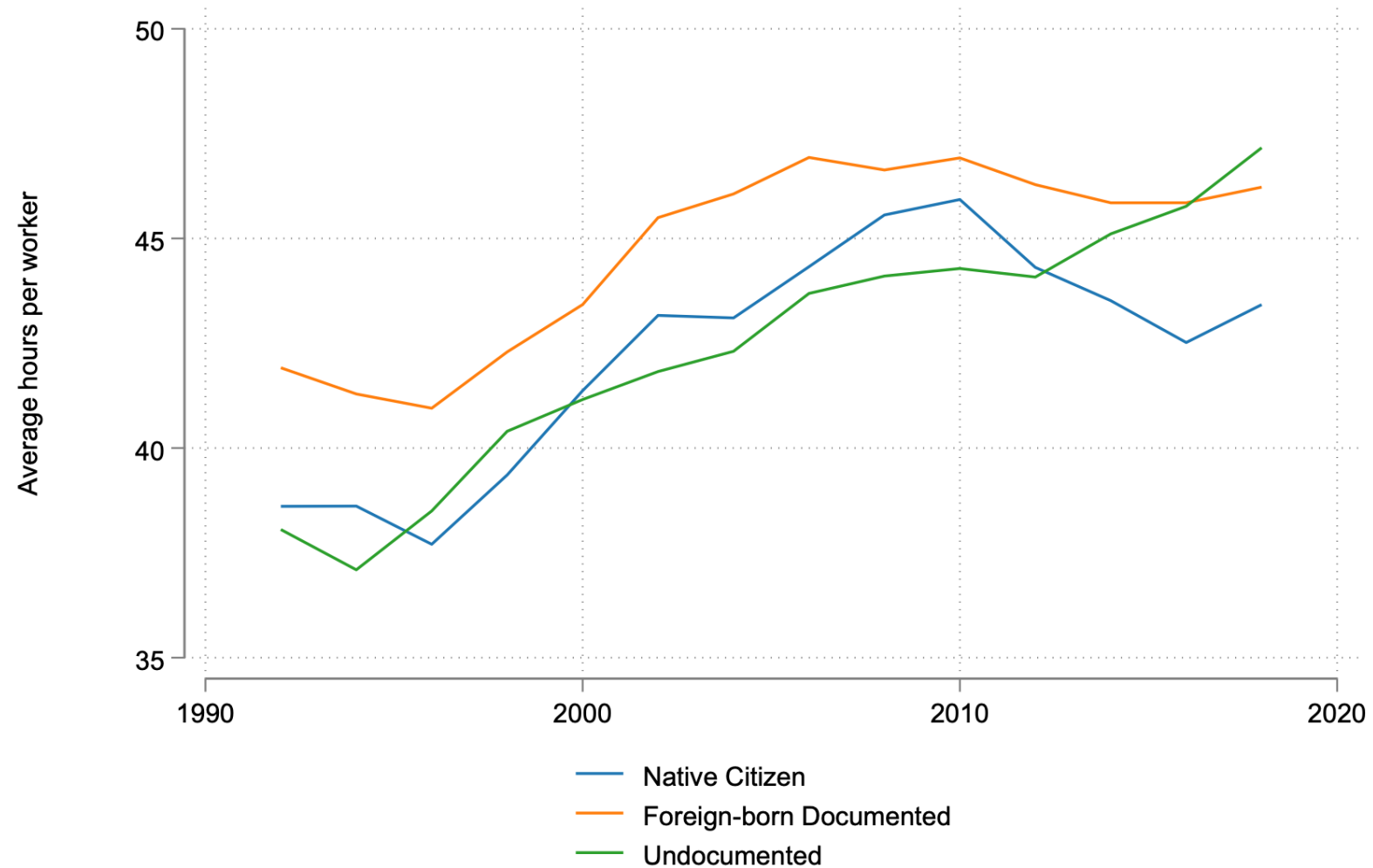


Overall trend

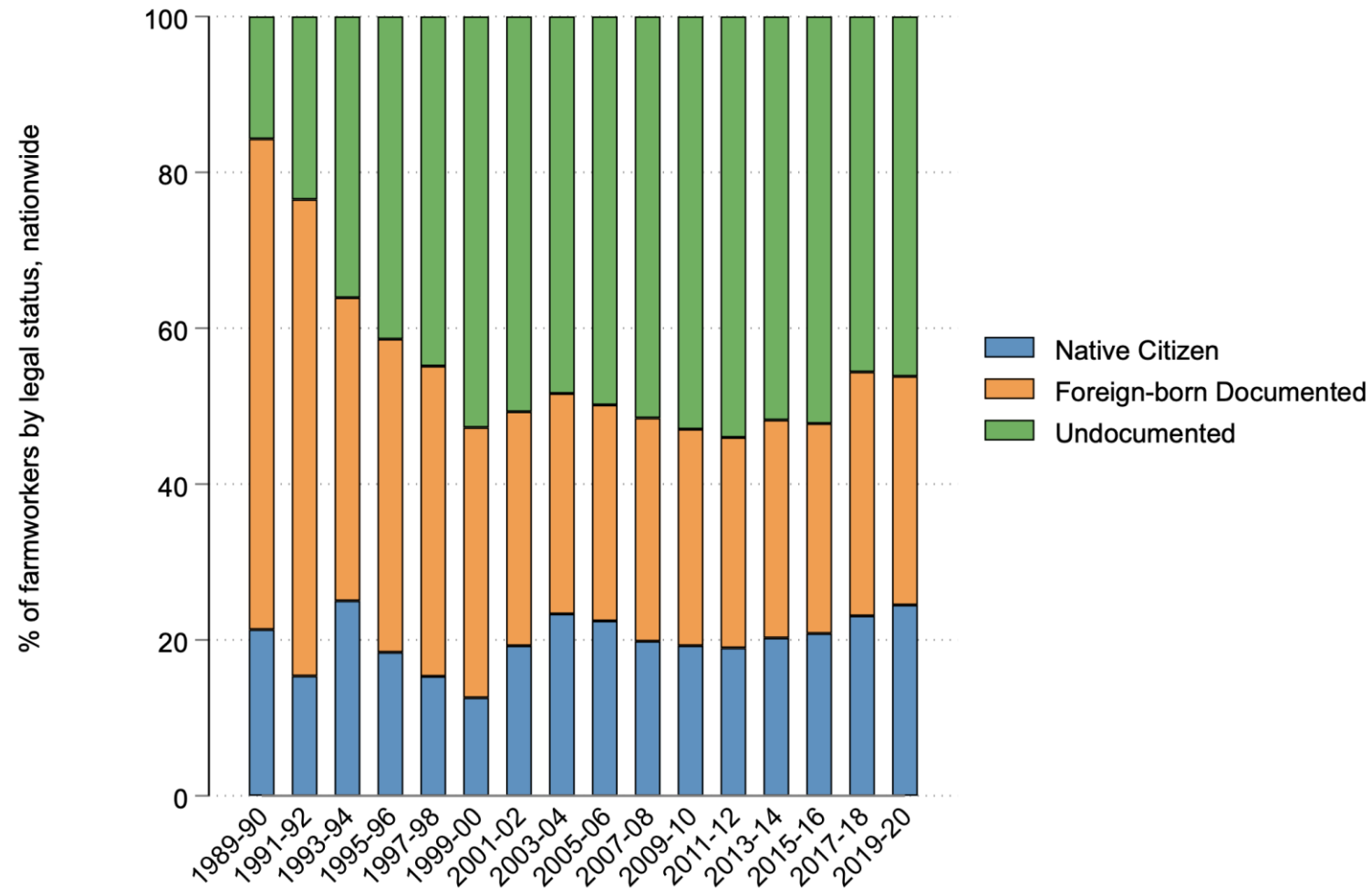
H-2A employment trends



Average hours per worker, by legal status:



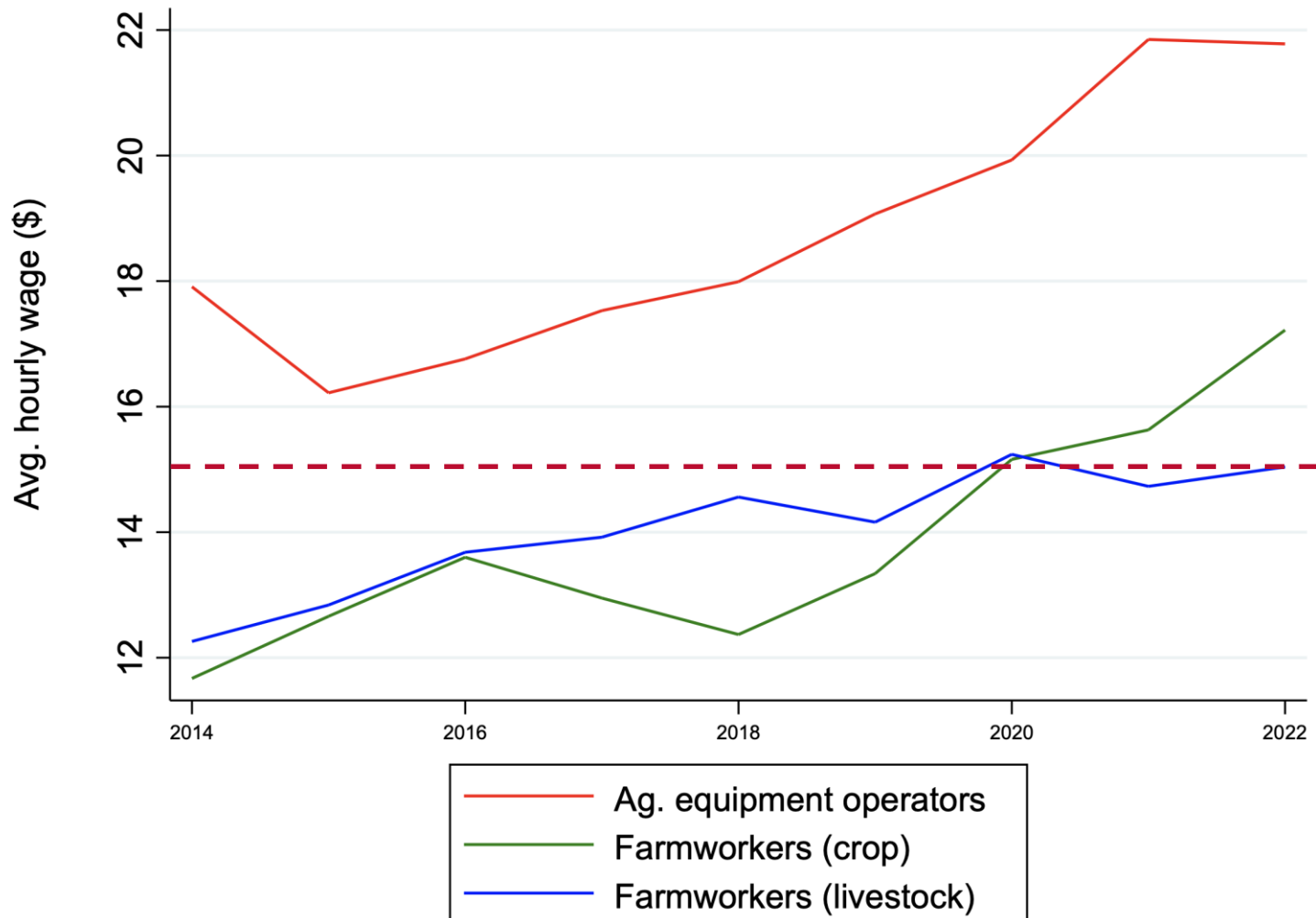
Proportion of workers by legal status, nationwide:



Agricultural wage update

Farm wages by job type, Ohio

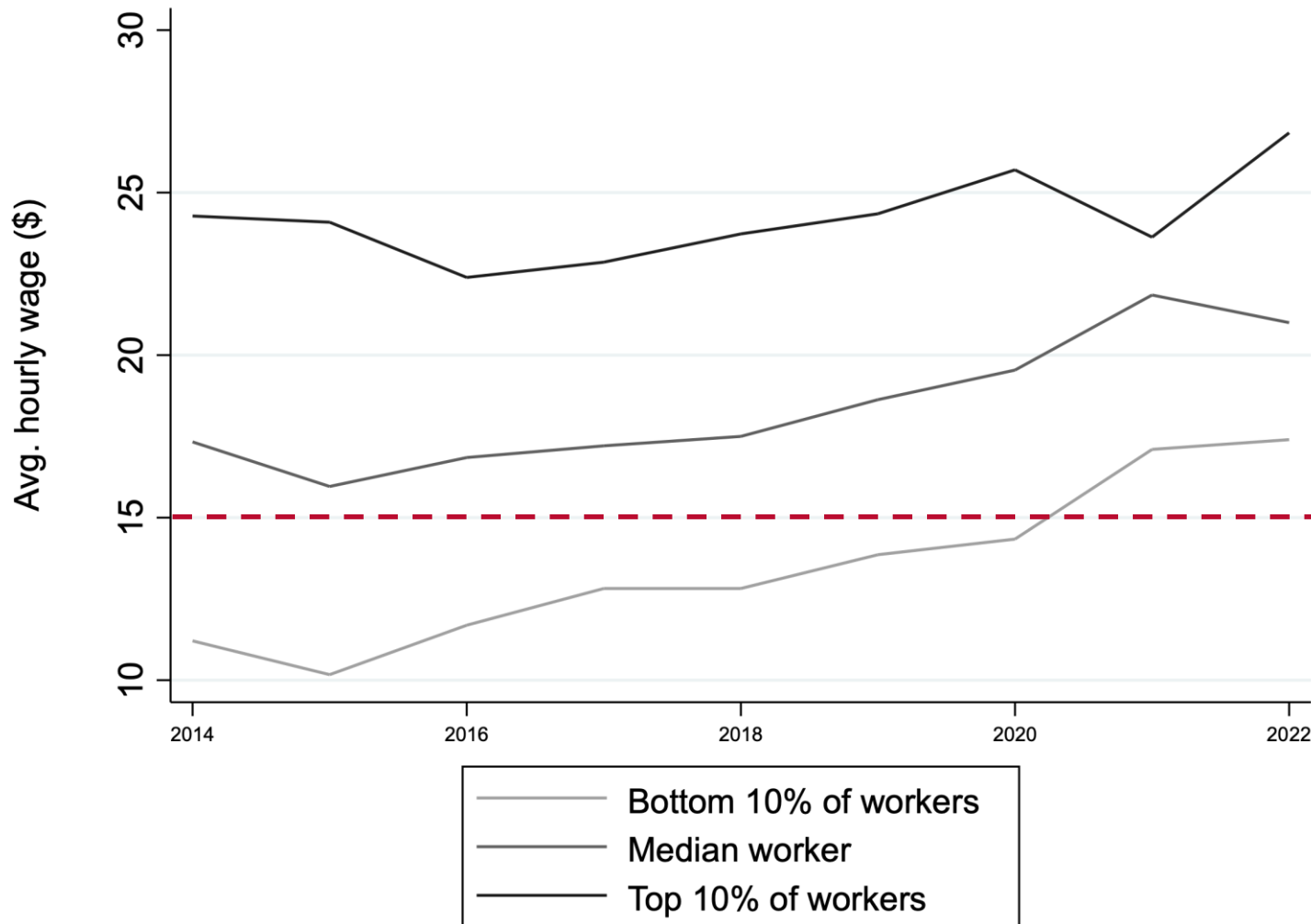
New “reference point”
wage: \$15.00/hour



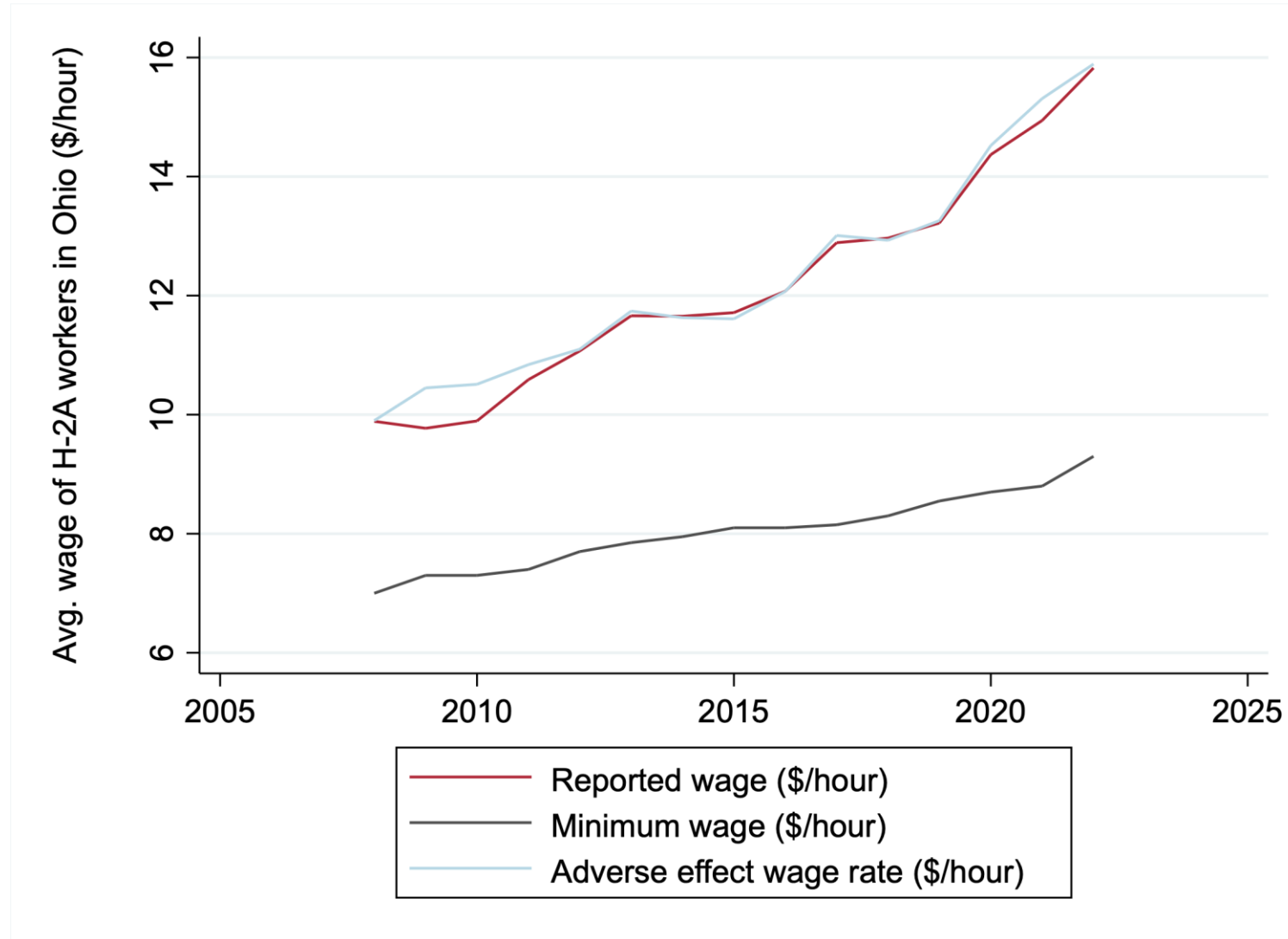
“skilled” worker
wage growth

Changes by “quality” of agricultural worker:

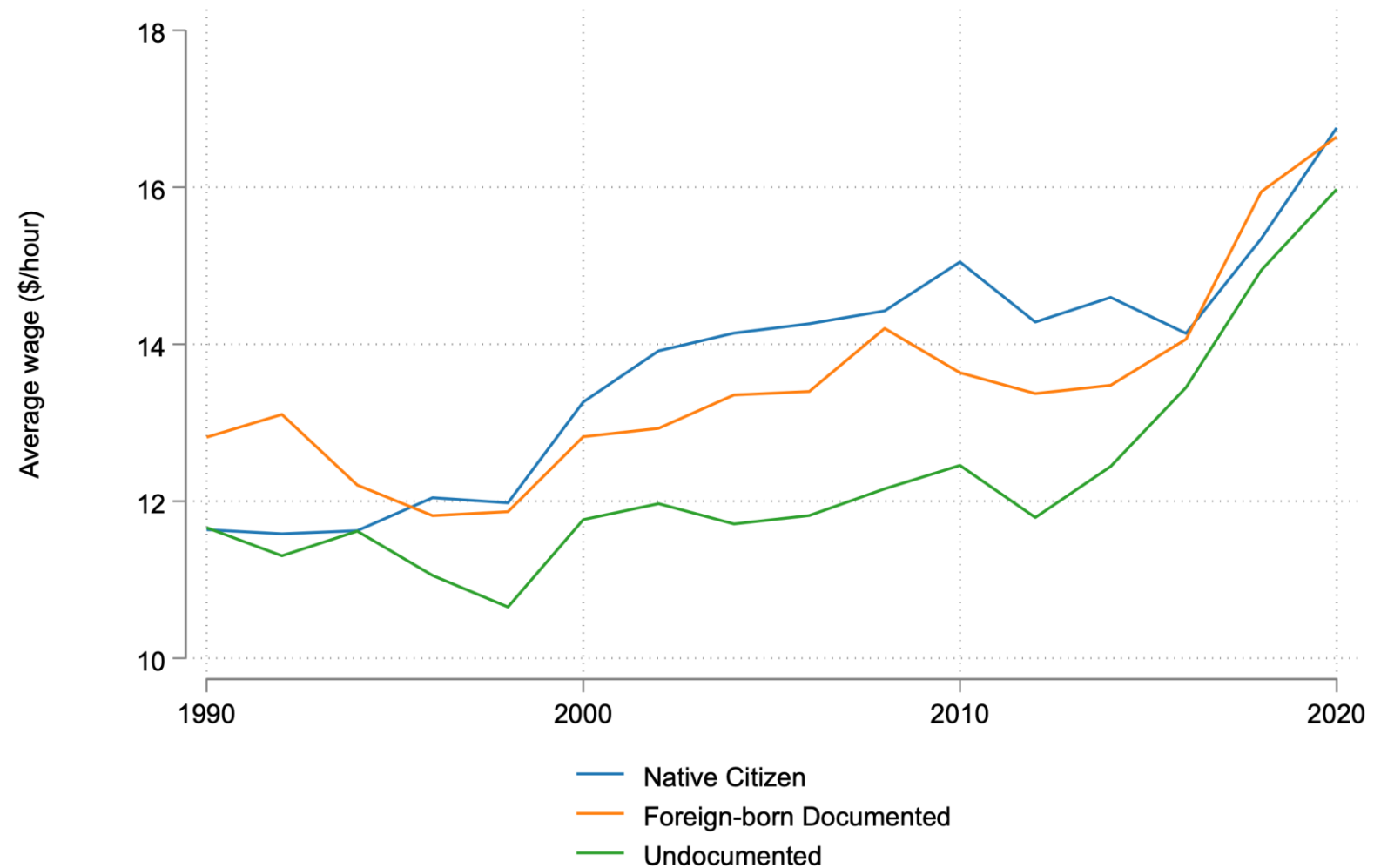
New “reference point”
wage: \$15.00/hour



H-2A wage trends



National wage trends, by legal status:



Agricultural labor policy

Agricultural labor policy feels like a non-starter

- Farm Bill discussions getting a lot of attention; labor issues not main factor there
- Higher wage bills contributing to overall uncertainty / production pressure in farm economy, which informs Farm Bill discussions
- Requires bipartisanship, which becomes less likely as the election gets closer

New proposed rule from DoL: Changes to H-2A program

Improving Protections for Workers in Temporary Agricultural Employment in the United States

- Proposed Sept. 12, comment period ends tomorrow (Nov 14)
- Protects workers from retaliation if complaints (about working conditions, etc.) are filed
- Other basic safety protections, like ensuring seatbelts are present/functional in every vehicle
- Operators cannot disrupt workers' involvement with labor unions and other orgs

Thank you!

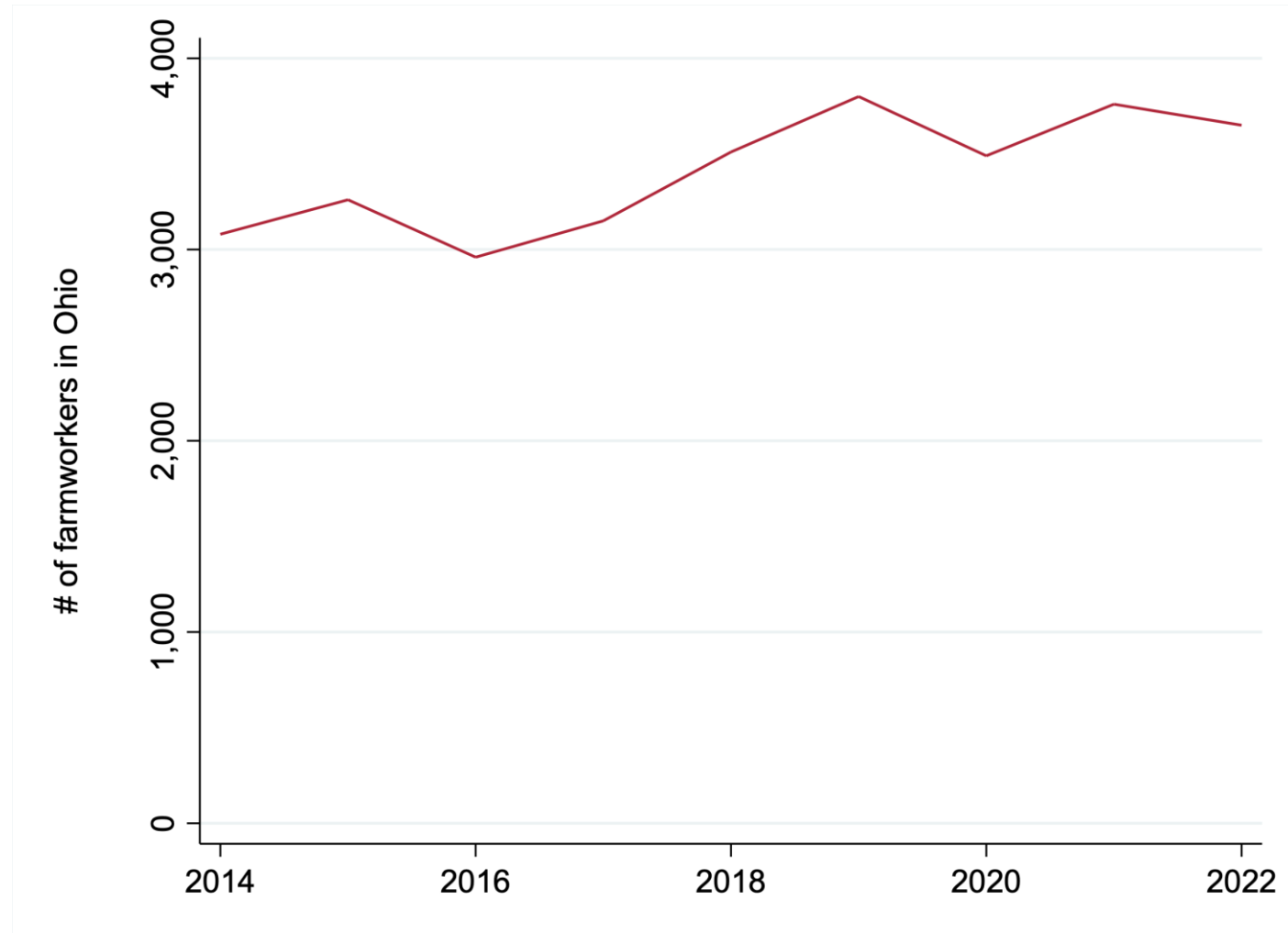
Any questions?

Dr. Margaret Jodlowski

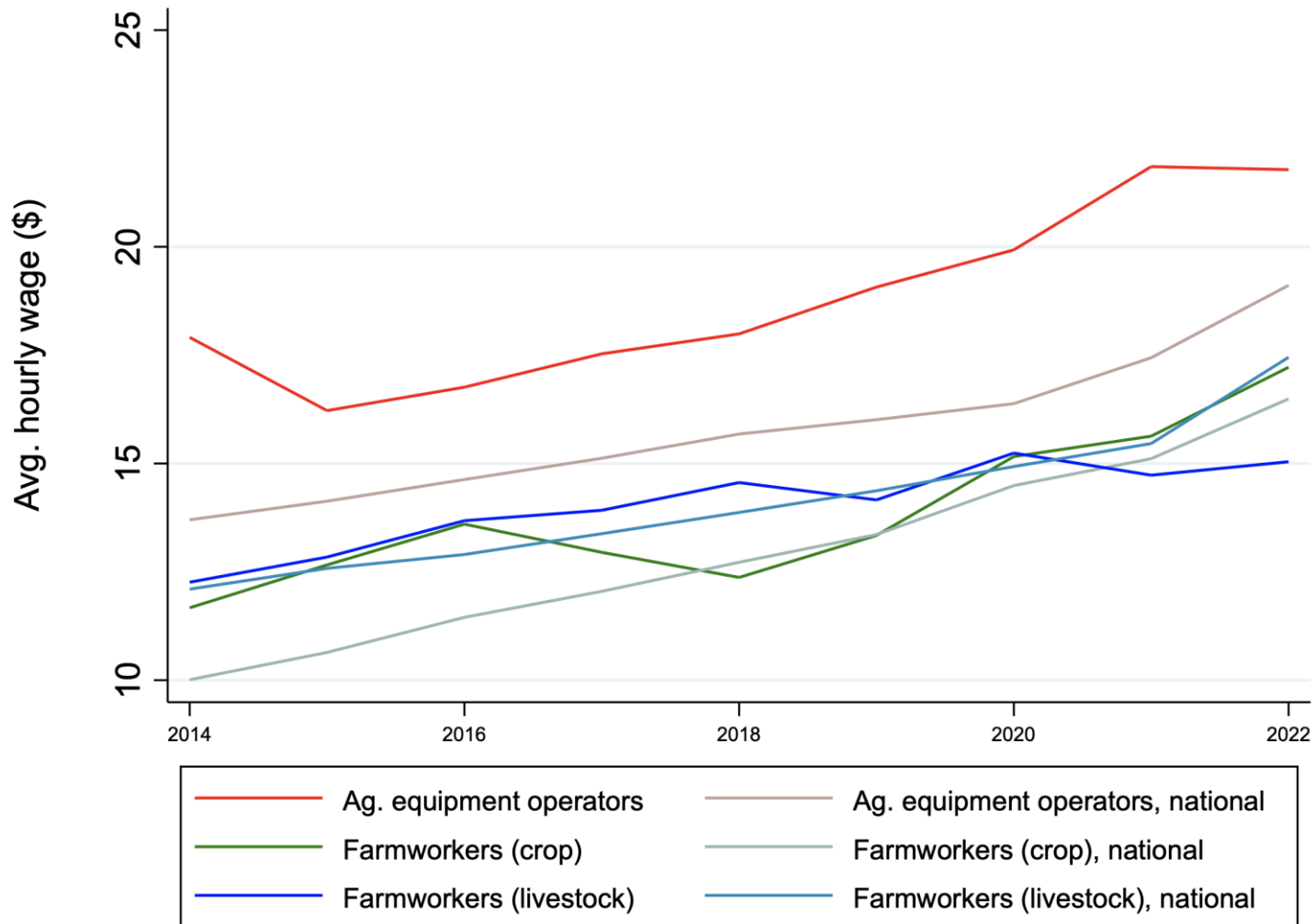
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(614) 688 - 2938

Very few agricultural workers:



Farm wages by job type, Ohio vs. national



Research question

Do workers with different legal statuses respond differently to changes in labor market conditions?

Is one legal status more responsive to changes in wages than another?

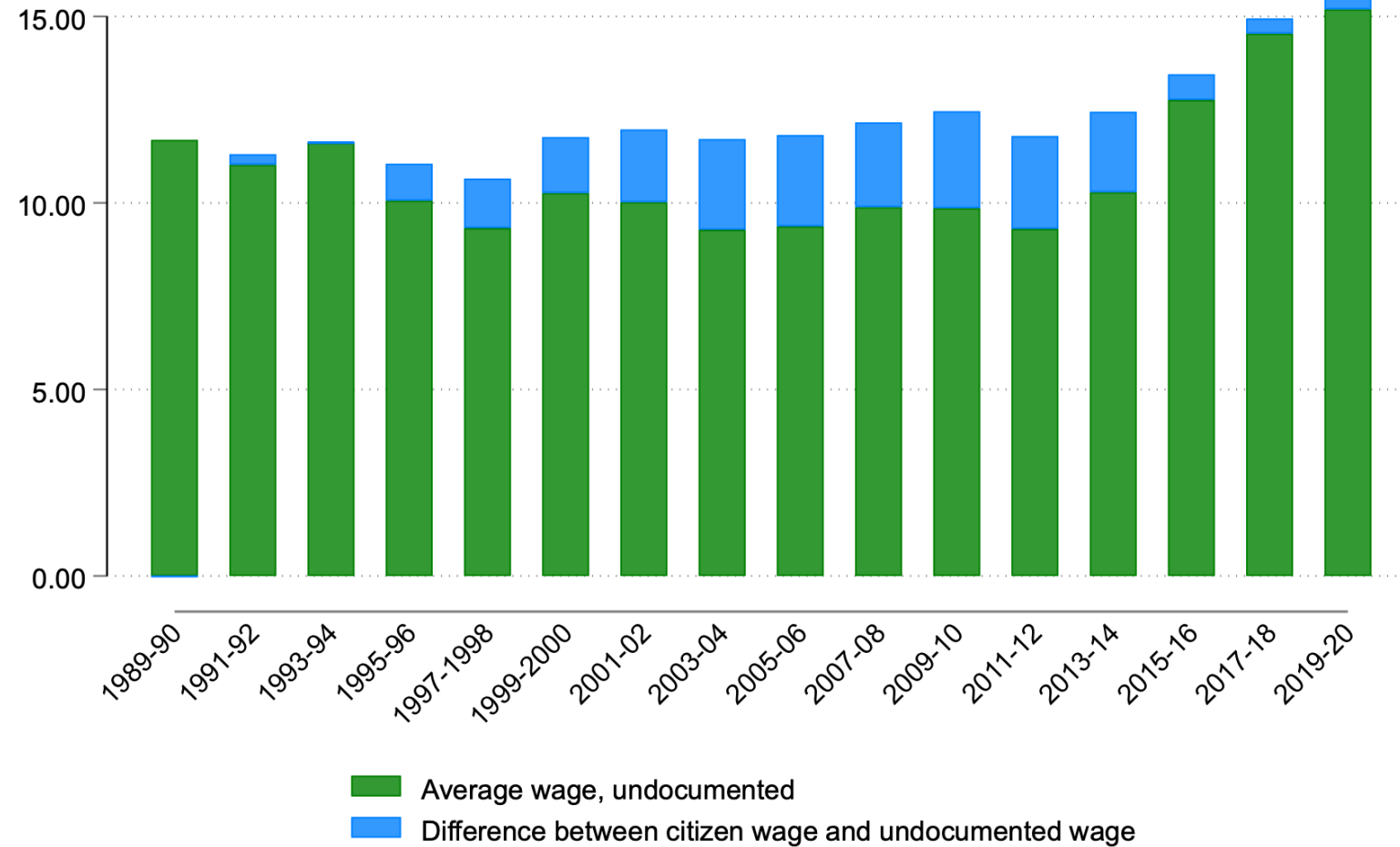
Ultimately:

Do workers change their labor market behavior when their legal status changes?

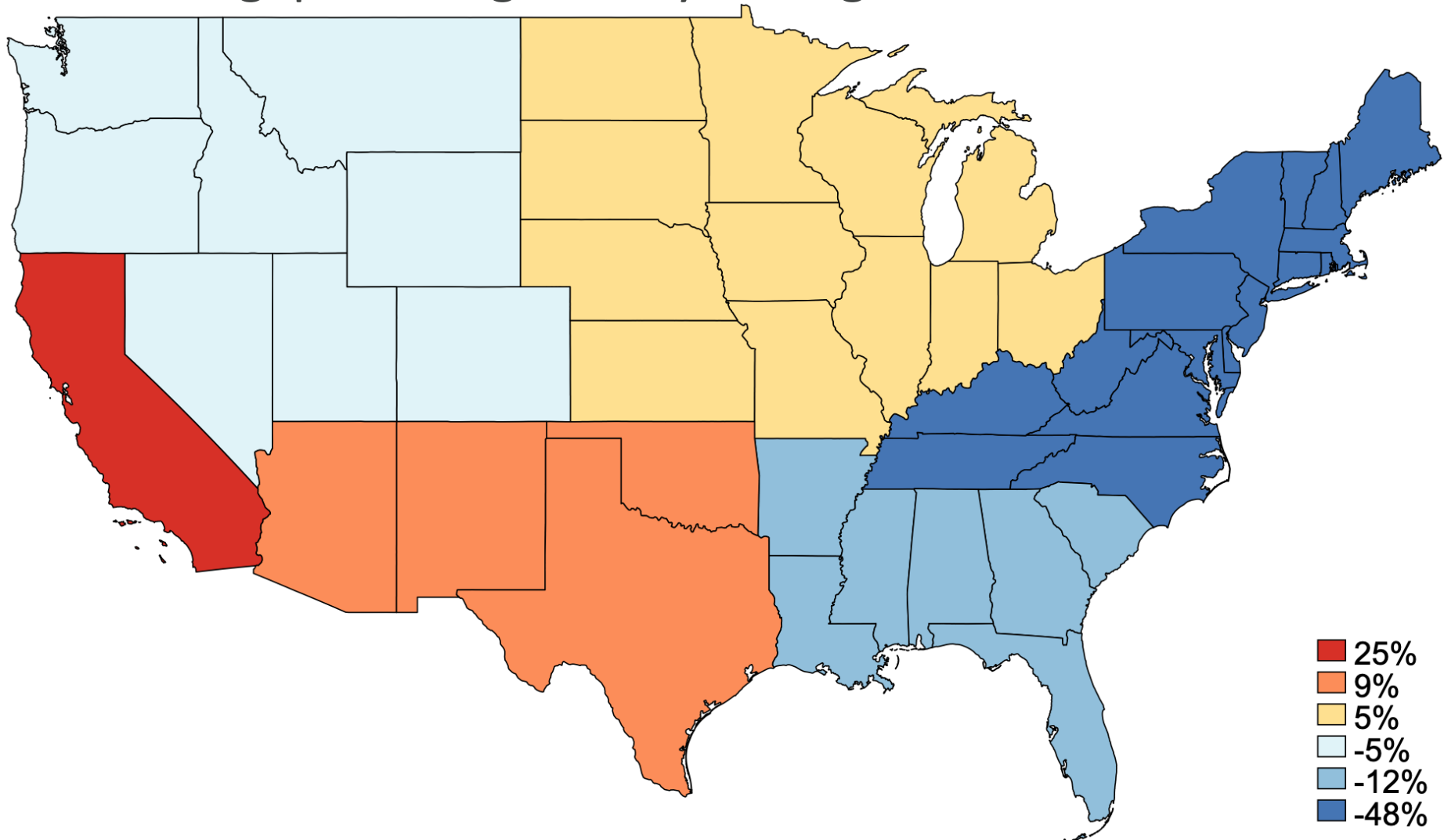
About the data:

- Data are from the National Agricultural Worker Survey
 - Random sample of farmworkers
 - Interviewed at workplace and not at home
- Who is surveyed?
 - Crop workers
 - Currently employed
 - Survey timing designed to capture migrant/seasonal workers
- Who is not surveyed?
 - H-2A visa workers
 - Workers not currently working in agriculture

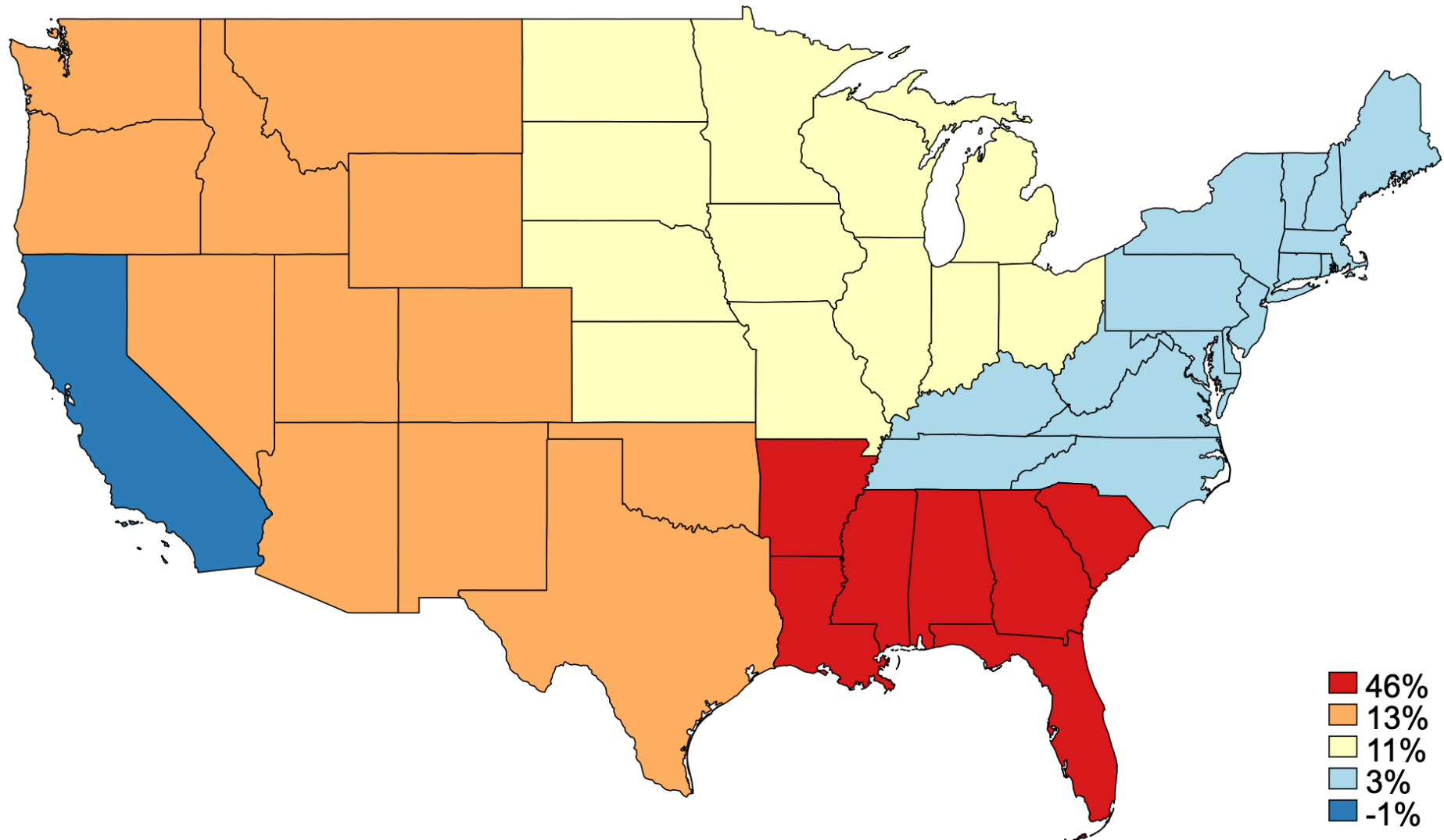
How large is the gap in wages between citizen and undocumented workers?



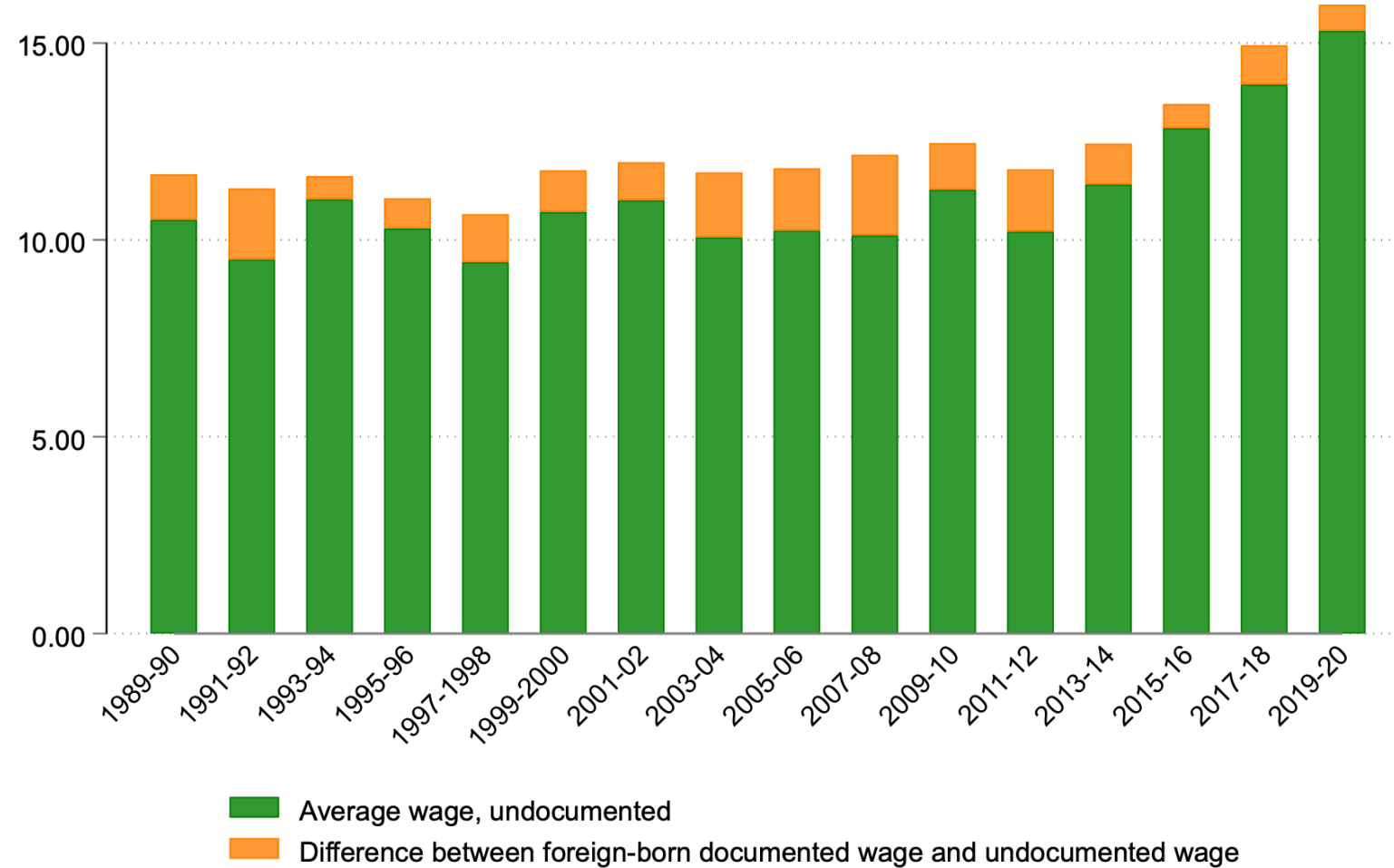
Where was this gap the largest 30 years ago?



And more recently:



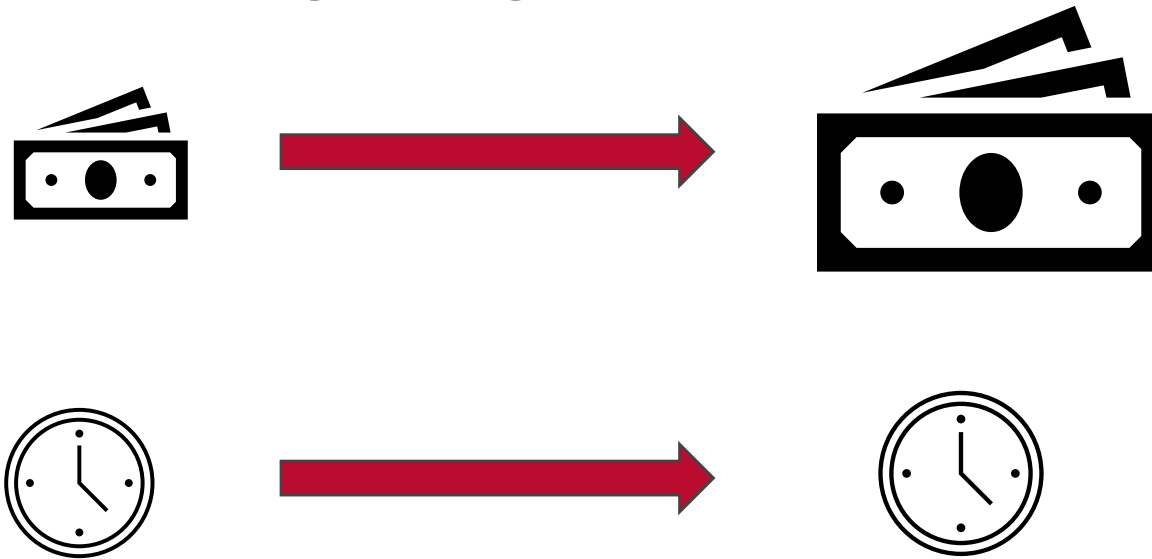
What about between foreign-born documented versus undocumented workers?



How do we measure how responsive workers are to changes in wages?

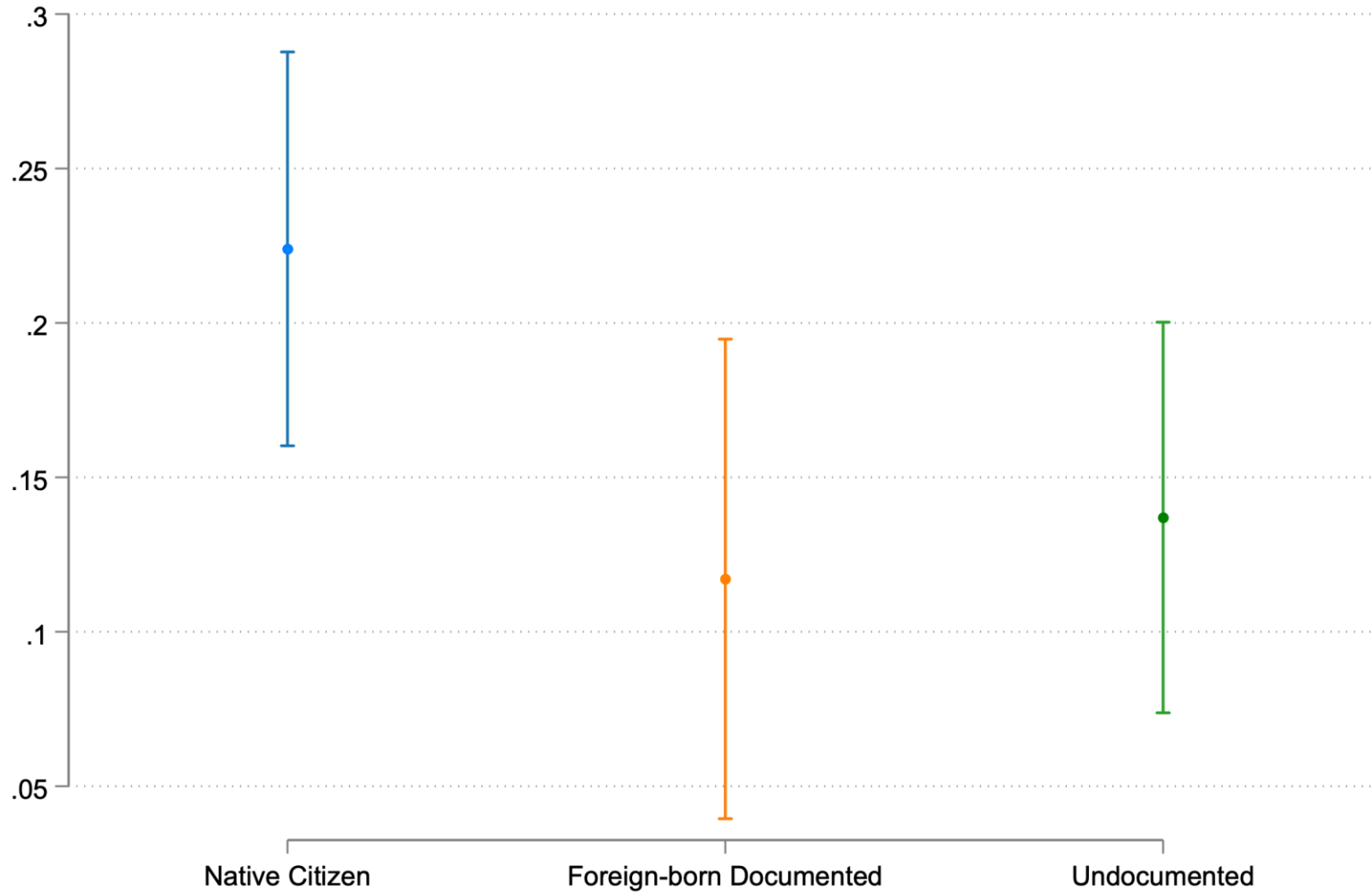
- Use elasticities to measure responsiveness
- Labor supply elasticity measures how the number of hours workers “supply” to the market changes when the wage changes:

Example:

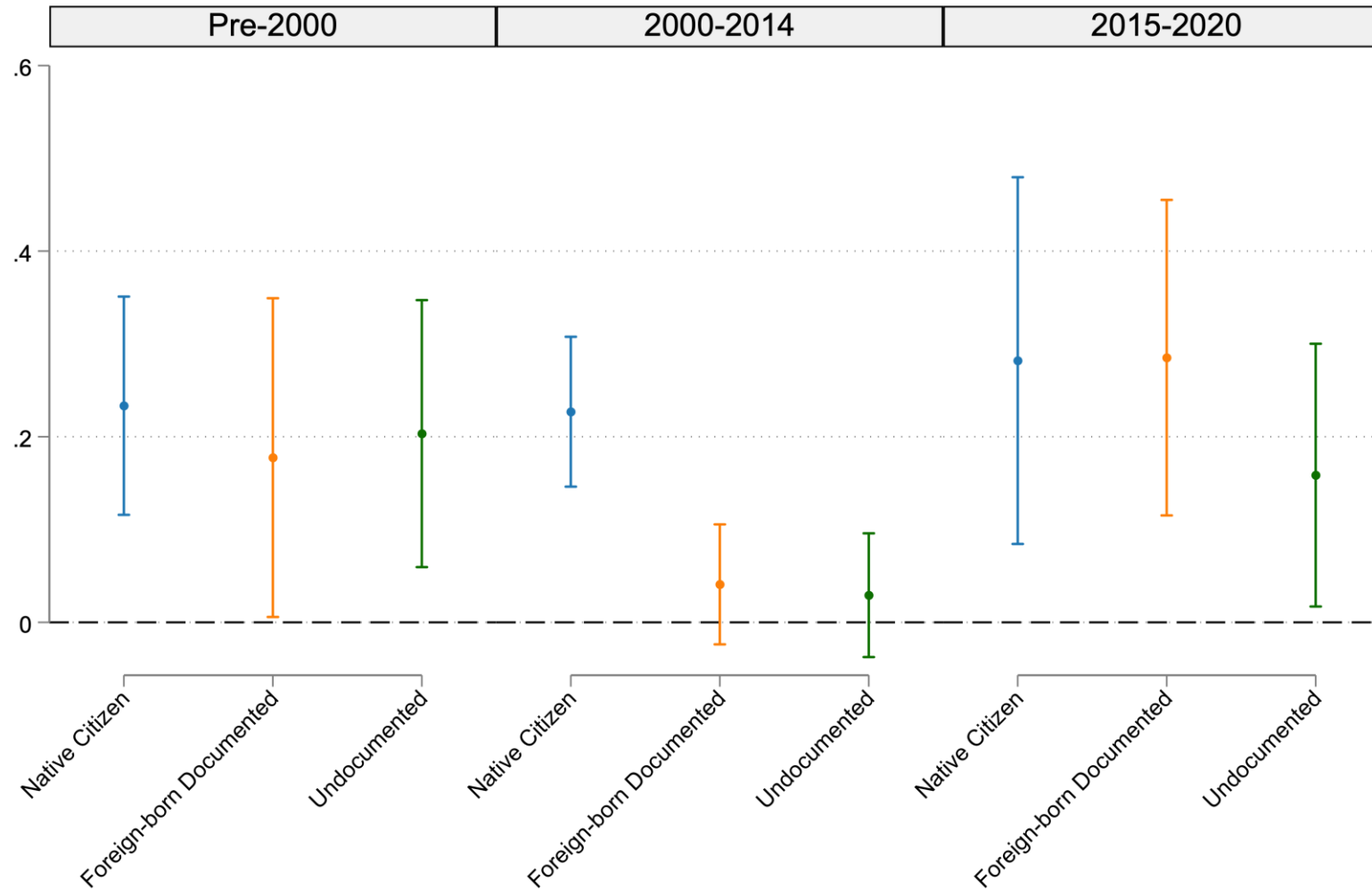


- Hold other worker characteristics constant (task, demographics, etc.)

How does this responsiveness differ by worker legal status?



How have these different levels of responsiveness changed over time?



Policy Implications:

- Evidence that policies designed to provide a path to legalization effectively move would increase workers' responsiveness to wages
- Such a policy would have limited labor supply impacts in the middle period of our sample
 - Low labor supply response from immigrant workers in this period
 - Marked by the largest gaps between citizen and undocumented wages
- Given the relative wage levels, possible that such a policy would increase wage bill but may help to attract and retain workers

Color Thresholds

Color	Farms	% Land in Farms
Dark Blue	\$1,200 to \$1,900	\$37.50 to \$62.50
Medium Blue	\$1,000 to \$1,200	\$32.50 to \$37.50
Light Blue	\$800 to \$1,000	\$30 to \$32.50
Very Light Blue	\$600 to \$800	\$27.50 to \$30
Lightest Blue	\$400 to \$600	\$19.25 to \$27.50
Tan	No Data	

