



THE OHIO STATE UNIVERSITY

Labor Market Outlook

2022 Ag Policy & Outlook Conference

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Outline

- What has changed since the pandemic?
 - General trends
 - Outlook for agricultural employment
 - Growth in visa workers
 - Outlook for agricultural wages
- Quick updates on U.S. agricultural labor policy

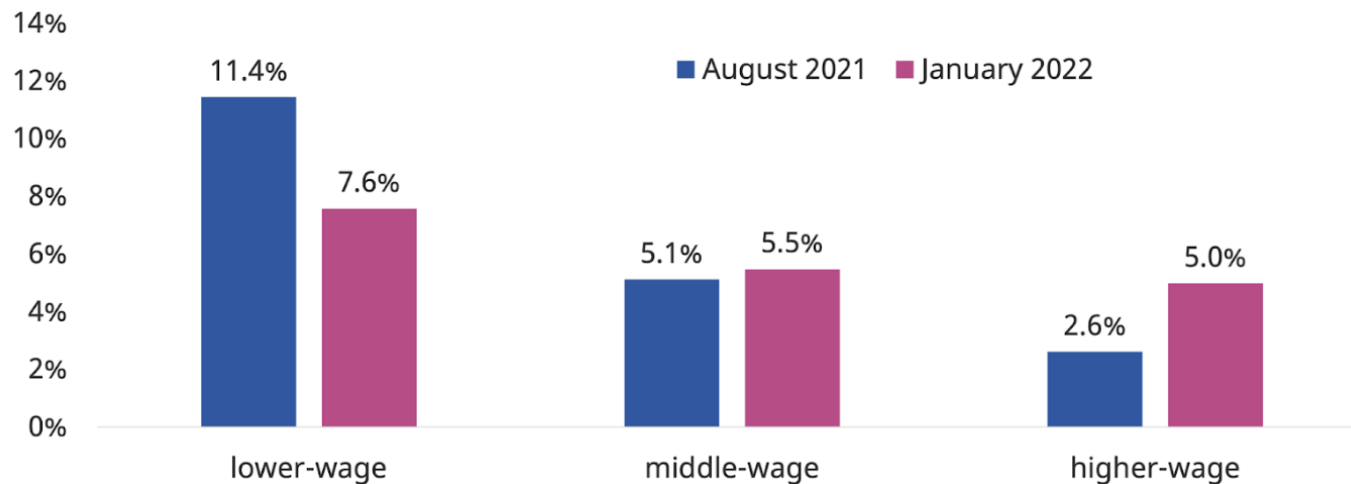


General labor market trends



General employment update: introduction

- No longer in the period of intense labor demand that characterized 2021
- Major concerns about inflation eroding wage growth, which has been unequally distributed:



Source: Calculations from BLS by Indeed

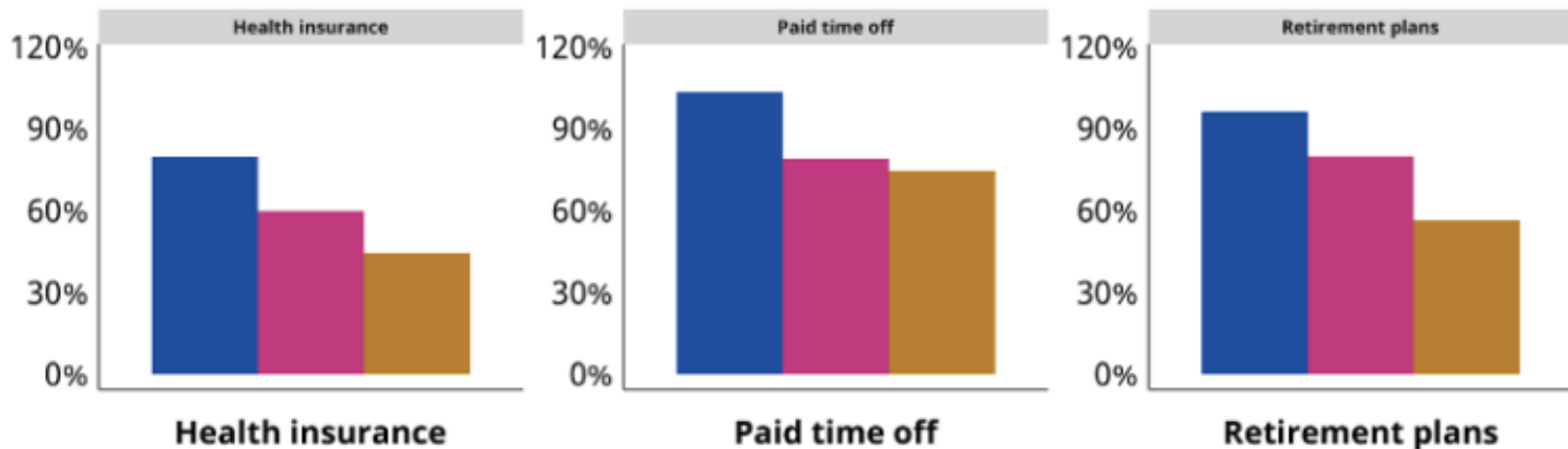


Changes in employer behavior

- Growth in importance of non-wage amenities:

**Growth in % of job postings advertising benefit by wage tier
Aug 2019 to Aug 2022**

■ low wage (<\$15) ■ middle wage (\$15-\$20.38) ■ high wage (\$20.39+)



Source: Calculations from Indeed Job Search Survey

- Industries leading this change include childcare, construction, and dentistry

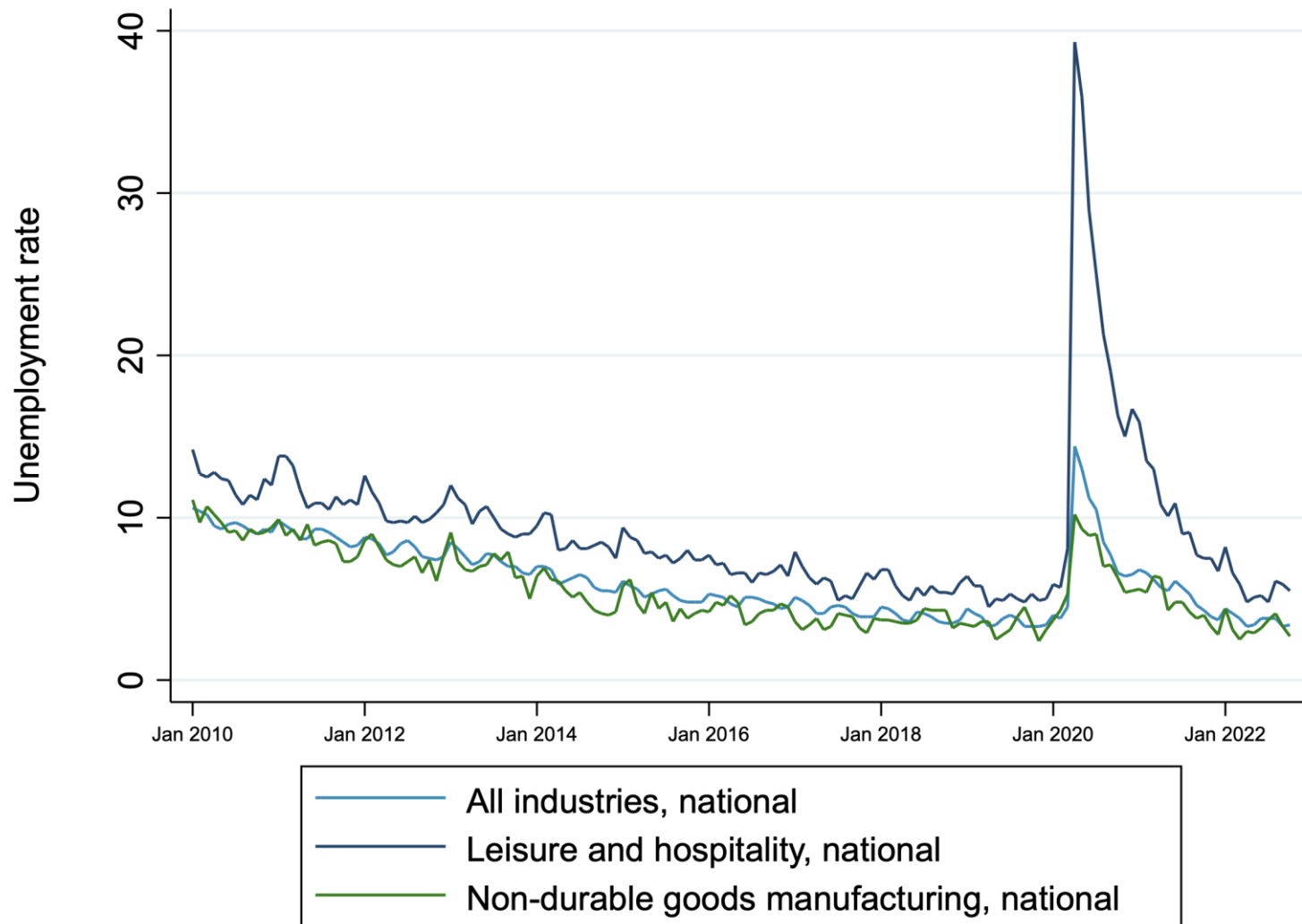


Other trends on the horizon:

- Job growth is slowing but remains strong and unemployment is at pre-pandemic levels
- Area for concern: drop-off in the ratio of prime age employment to population
 - Implications for who is (and isn't) returning to the job market post-pandemic
- Interest in part-time seasonal work for winter higher than in 2021, with employer demand lower
 - Potential for reduced bargaining power for these workers

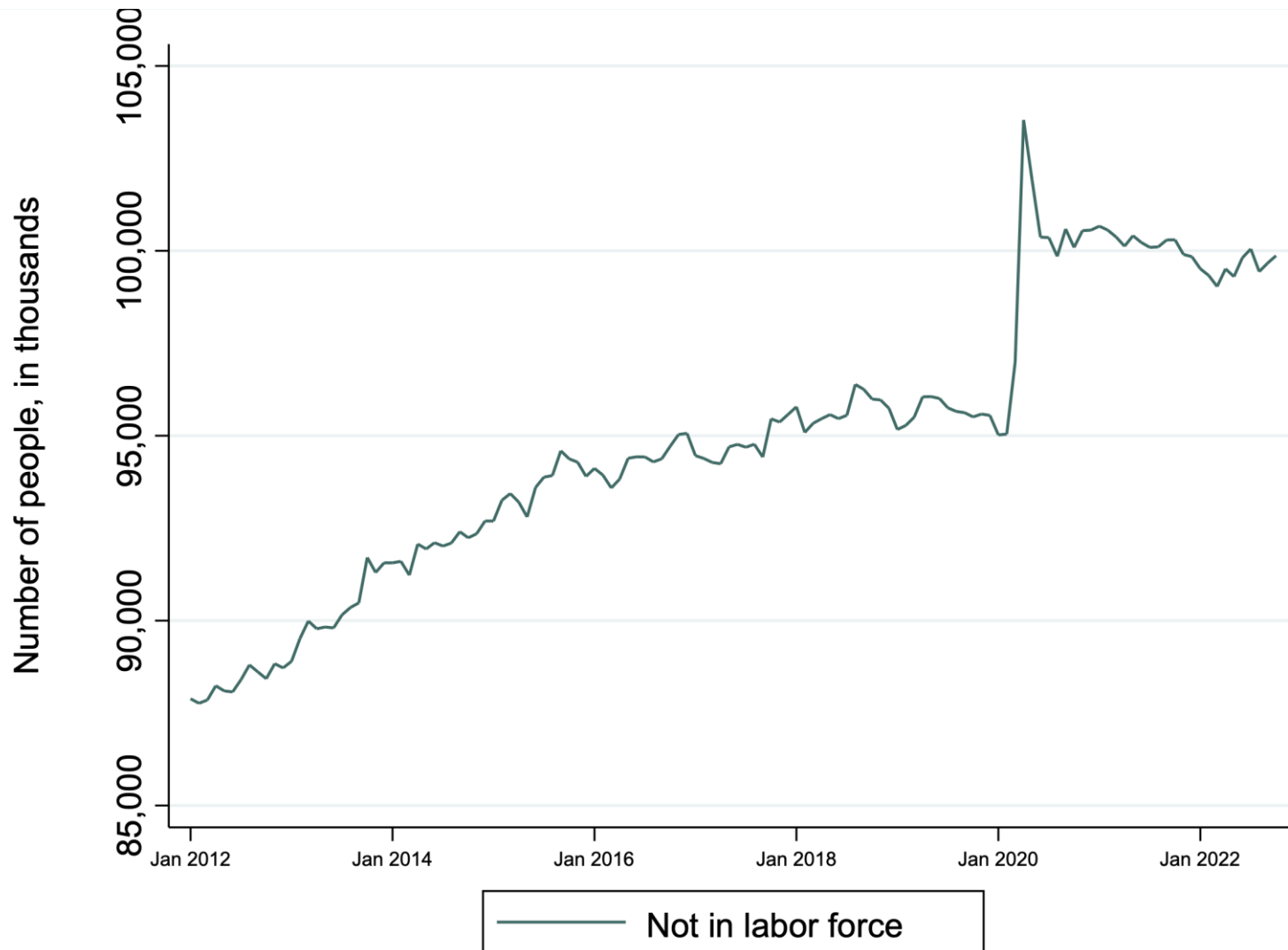


Unemployment, by industry



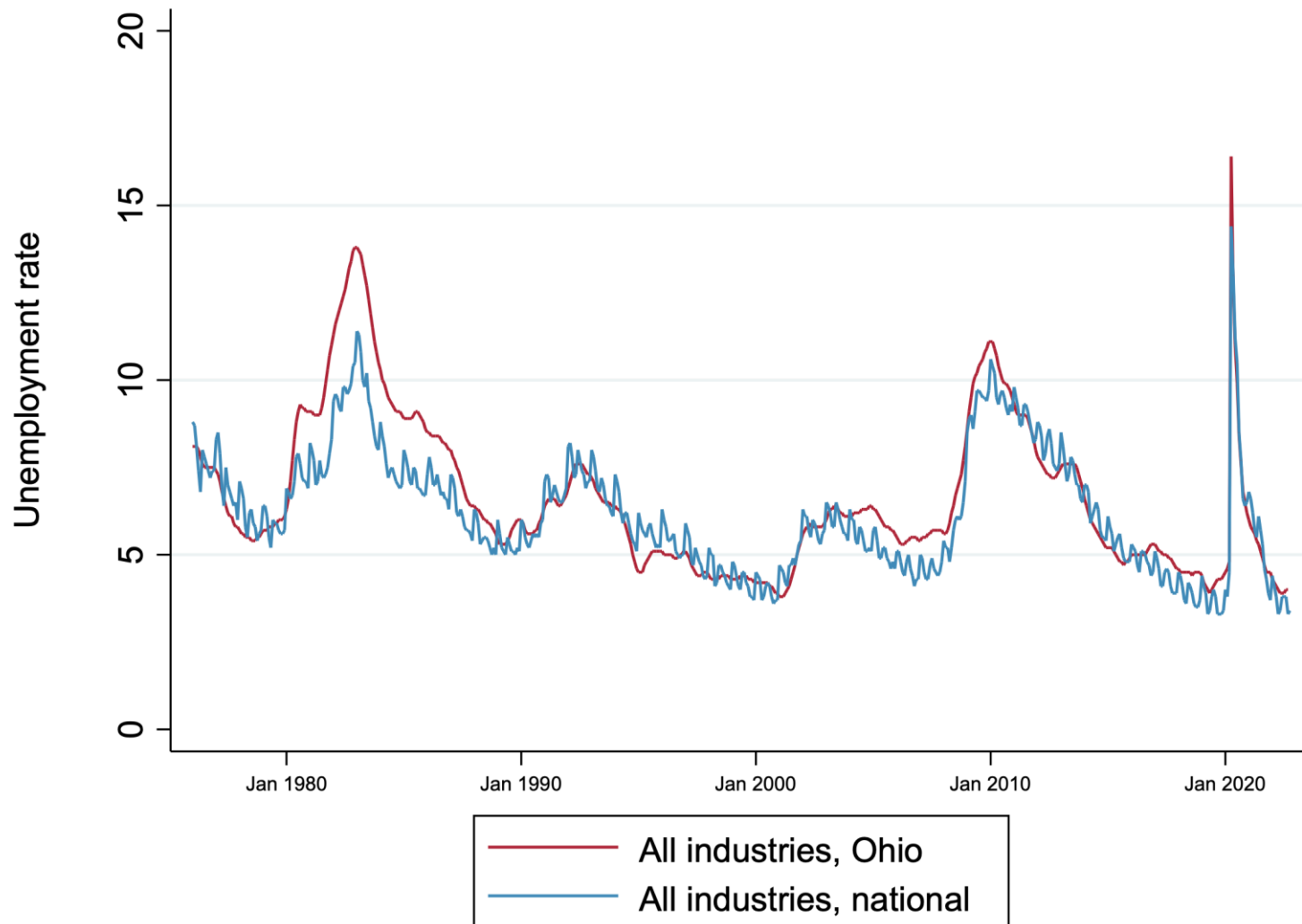


Labor market exits





Unemployment in Ohio

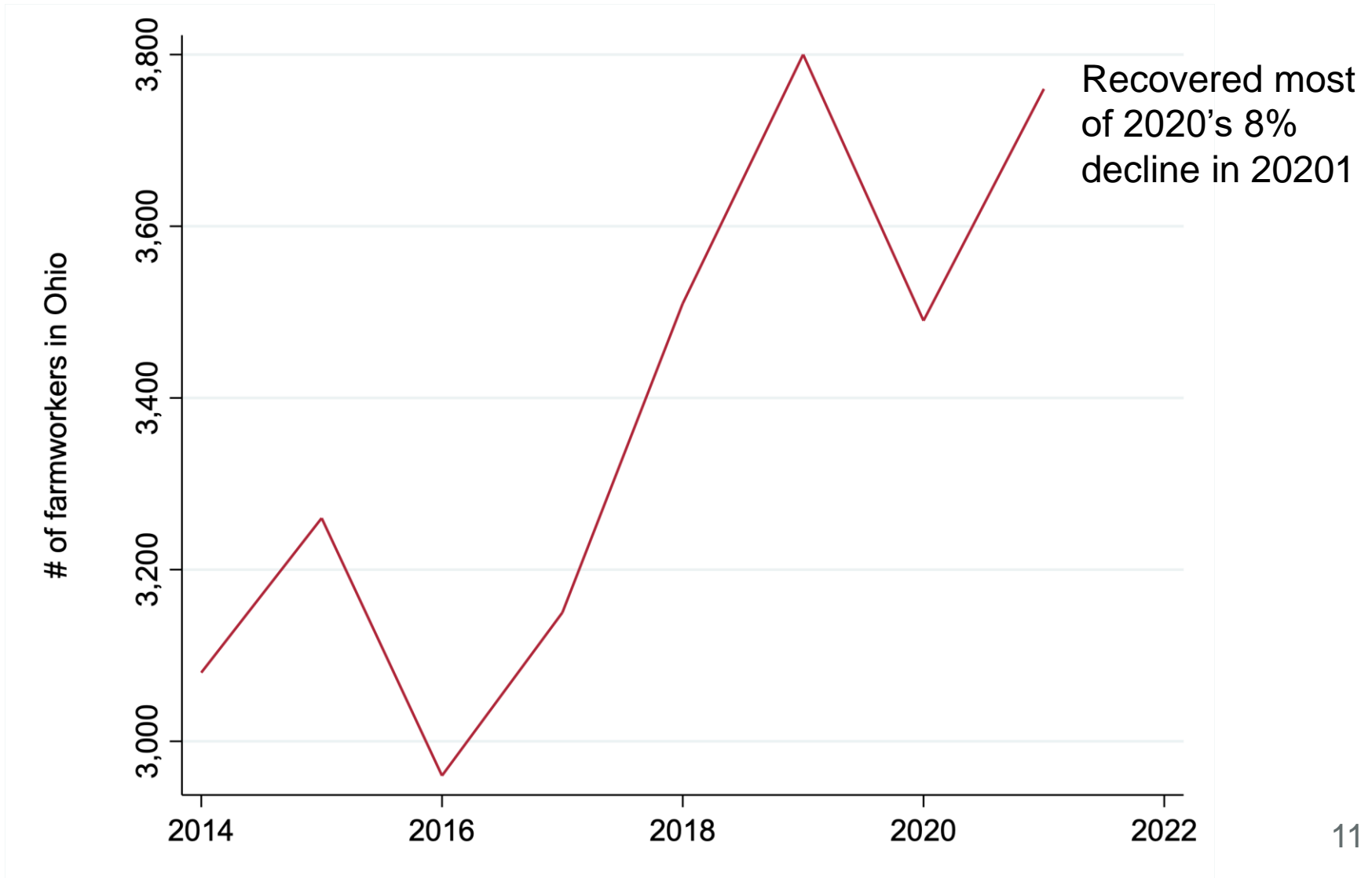




Agricultural employment update

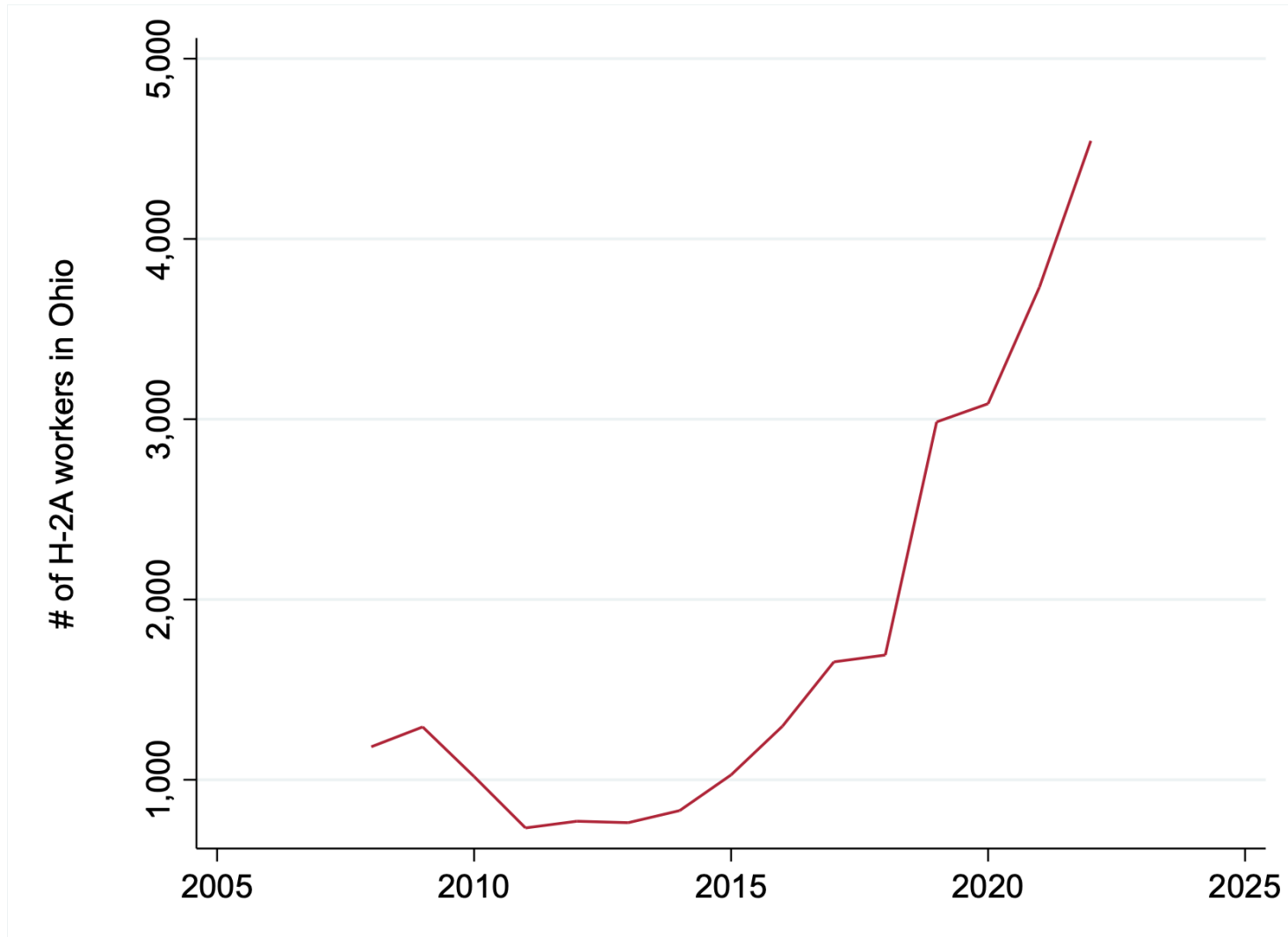


Employment trends: Farm workers



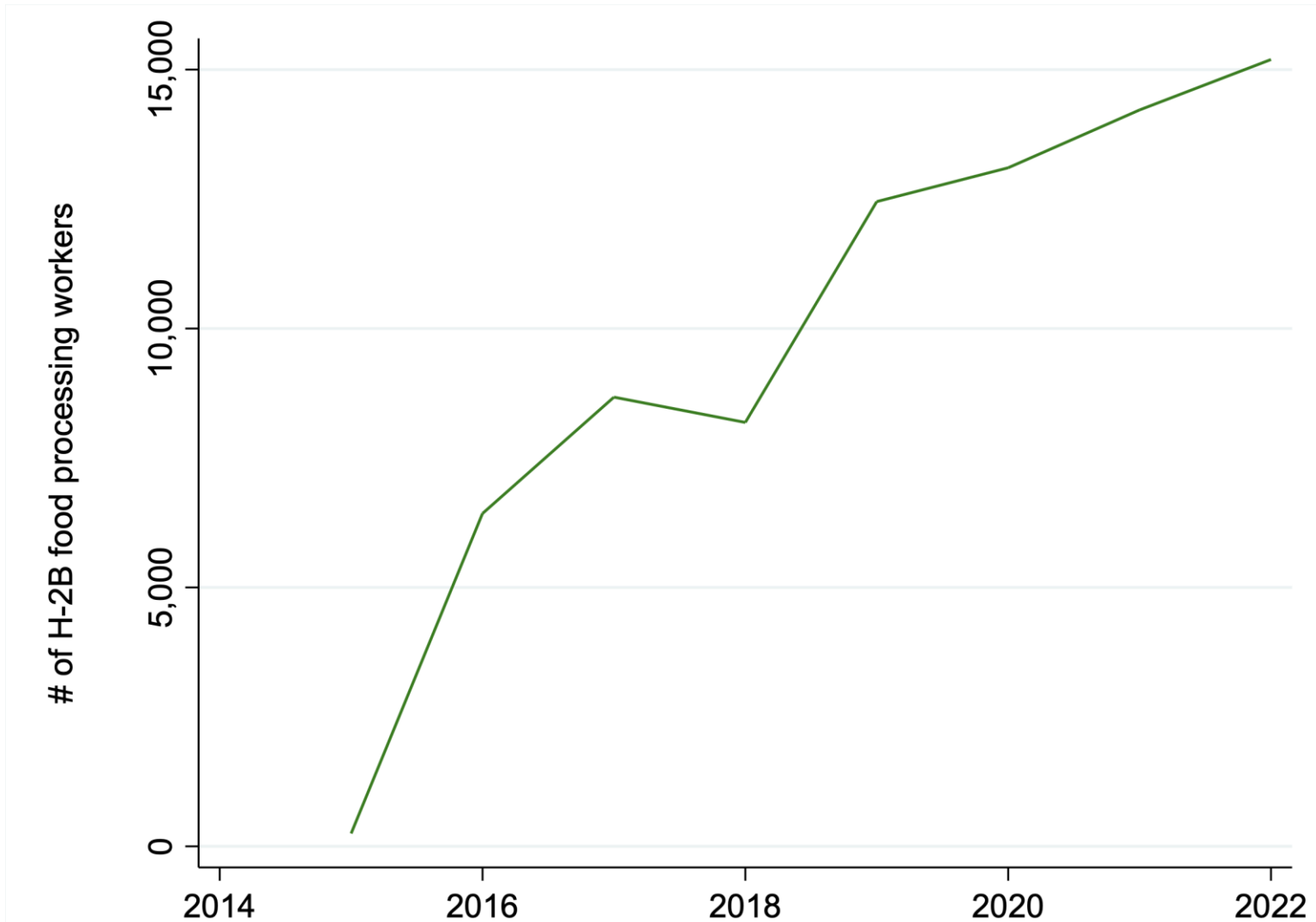


Worker shortages likely driving growth in visa workers



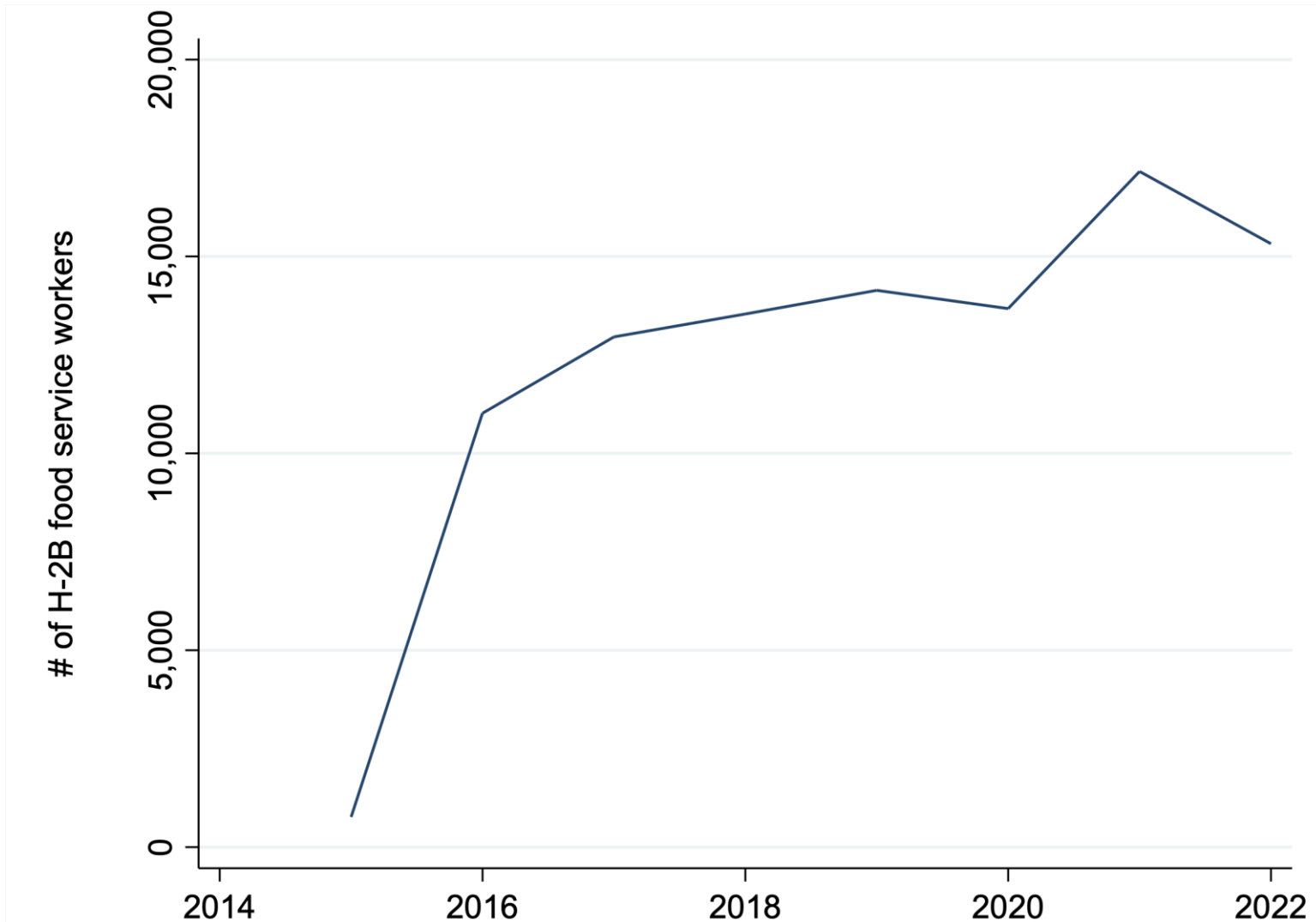


Sign of recovery: visa workers in the supply chain





Sign of recovery: visa workers in the supply chain





How long can we rely on immigrant labor?

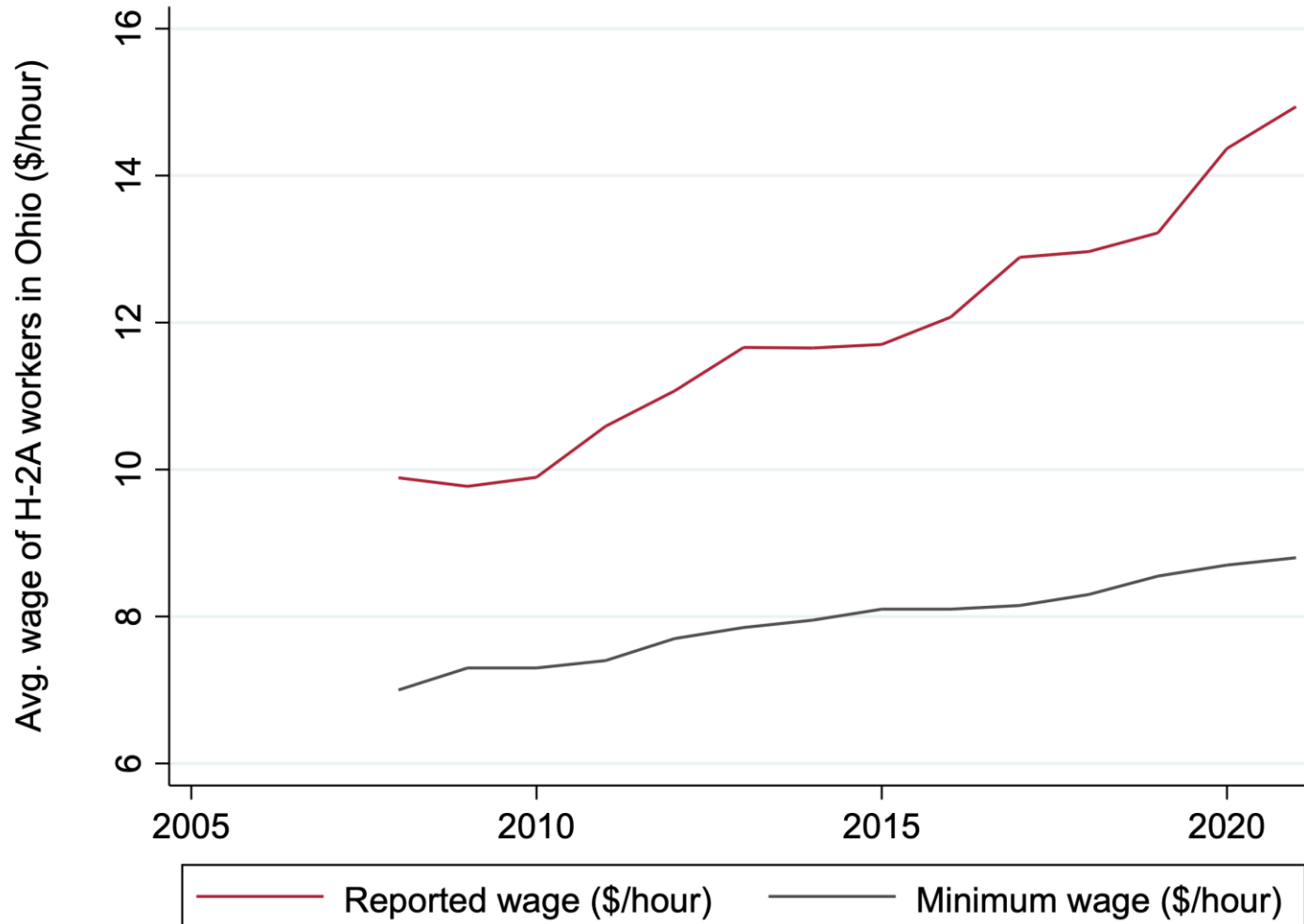
- Composition of undocumented immigrants has changed dramatically
 - Fewer from Mexico, more from “non-traditional” nations of origin
 - Fewer family units
- Composition of farmworkers changing
 - Fewer families, more “temporary” mindset
 - Older
- Will immigrants continue to be attracted to agriculture?



Agricultural wage update

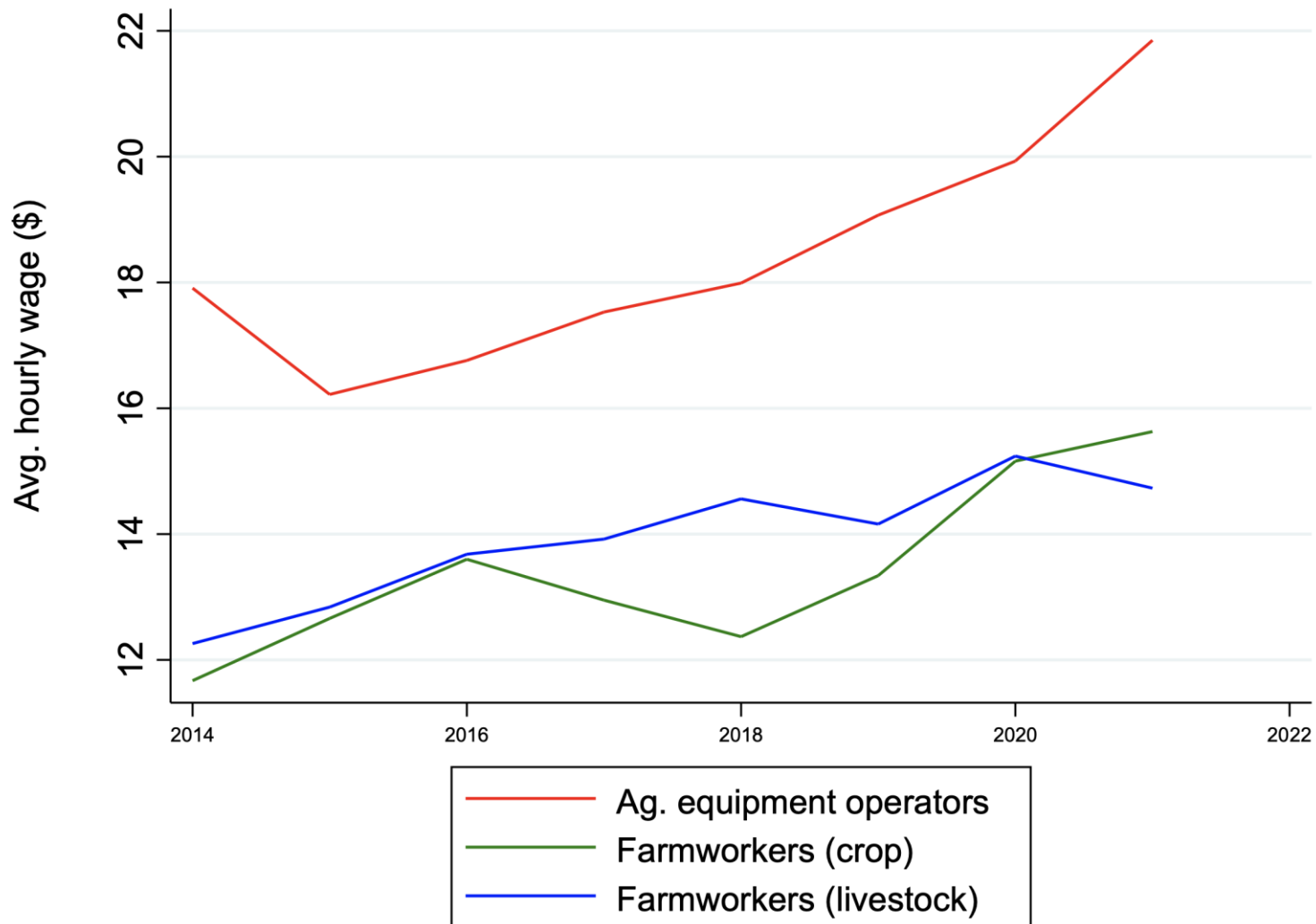


H-2A workers relative to minimum wage:



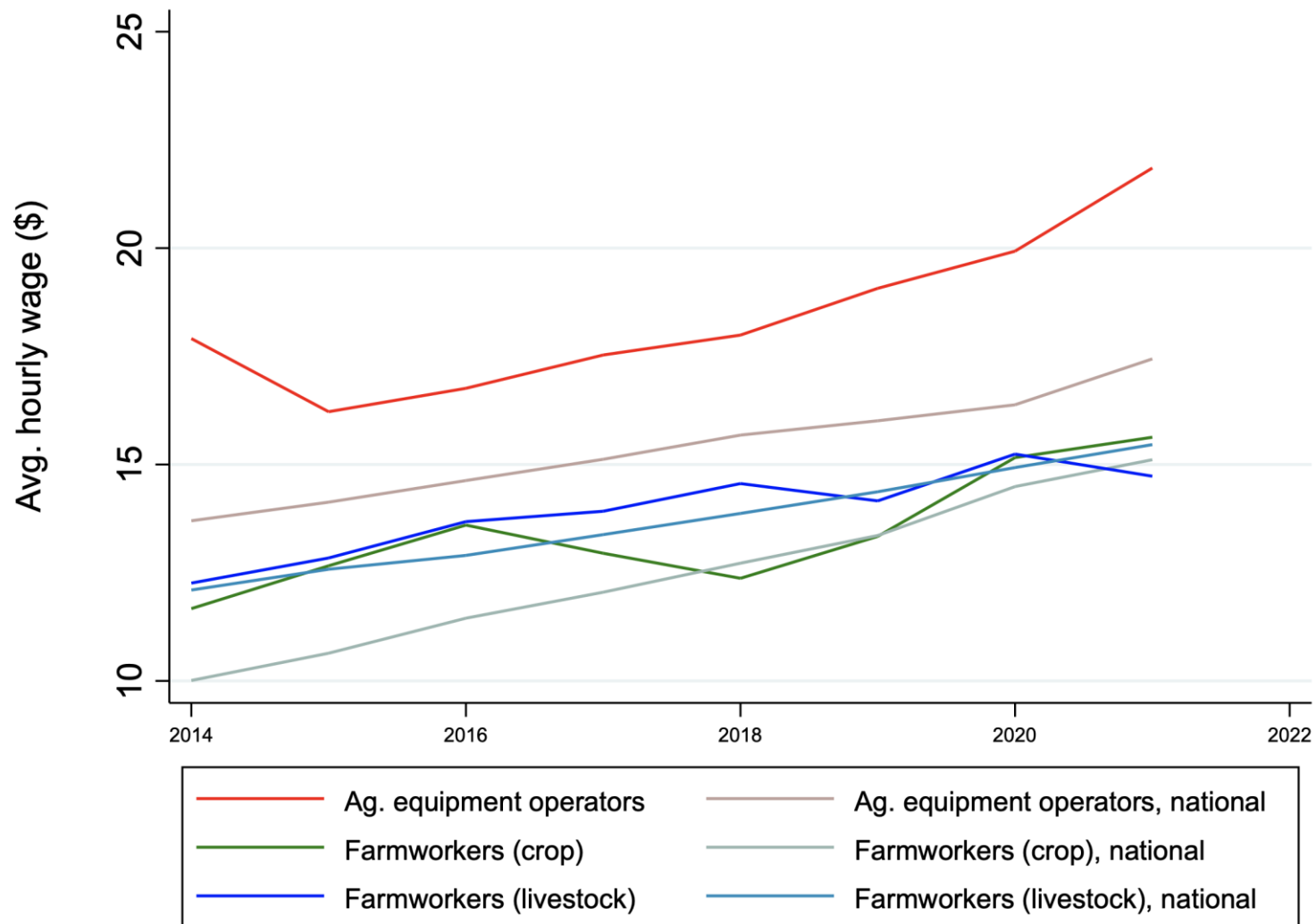


Farm wages by job type, Ohio





Farm wages by job type, Ohio vs. national





Conclusions:

- Labor remains a pressure point
- Fueling interest in both visa workers and also labor-saving technology
- Agriculture is keeping pace with the general economy in terms of wages but is likely falling behind in terms of benefits



Agricultural (labor) policy update



Policy update: FWMA

- Inflation & labor shortages renewed interest in the Farm Workforce Modernization Act
 - Interest peaked during the early summer and fell off ahead of elections
- Support from leadership in Senate; already passed House (March 2021)
 - Senate version to be expected “soon”
 - Time pressure in the lame duck session: must be voted on before the new session starts or the process starts over
- Outstanding question: will the bill be coupled with border security measures?



Looking ahead to the Farm Bill

- Labor situation one challenge amongst many that will dictate conversation around 2023 Farm Bill
- Farm Bill may get more attention than usual this year
 - Global security context
 - High grocery store prices



Lots to talk
about in 2023!



Thank you!

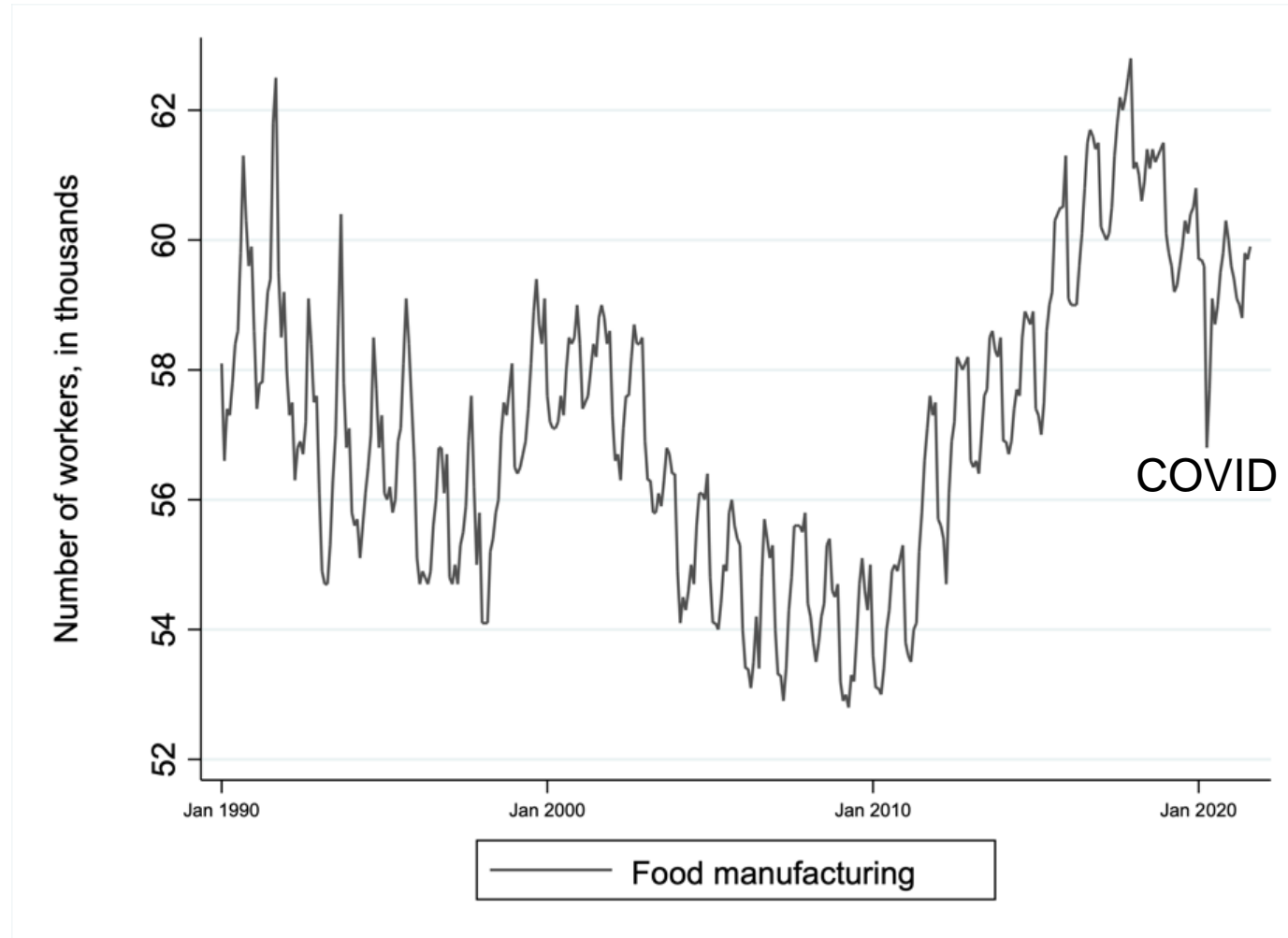
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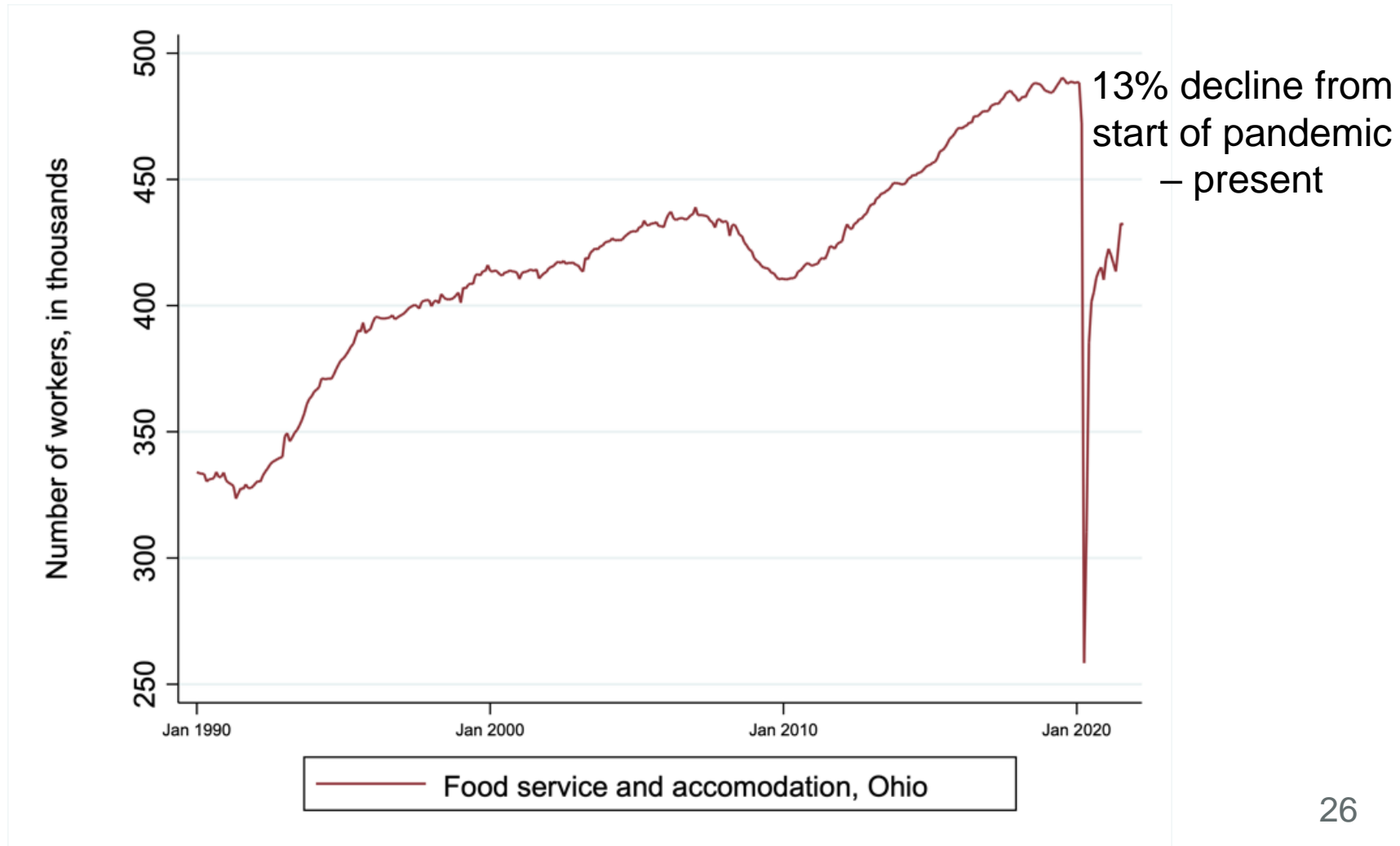


Employment trends: Food processing



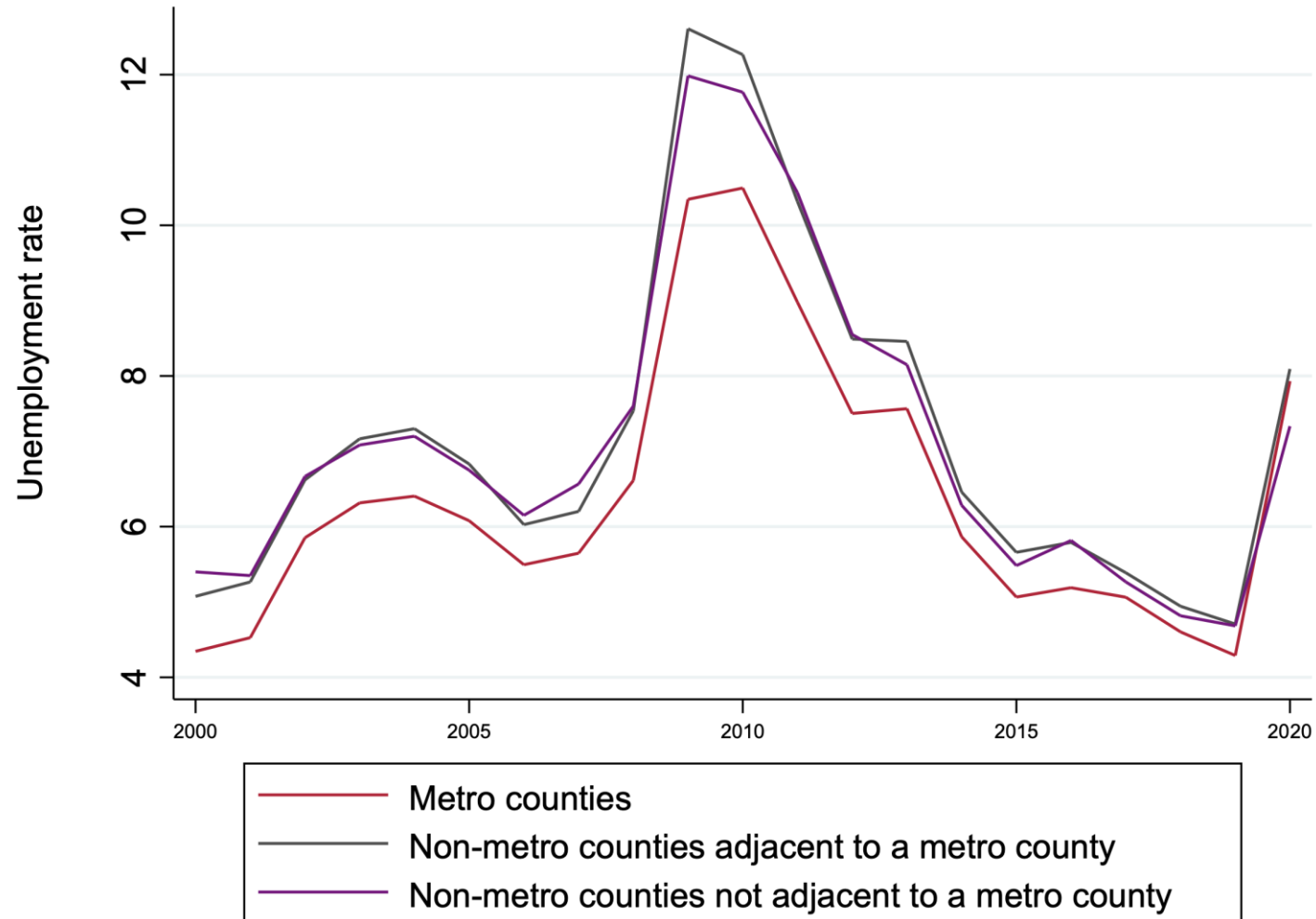


Employment trends: Food service



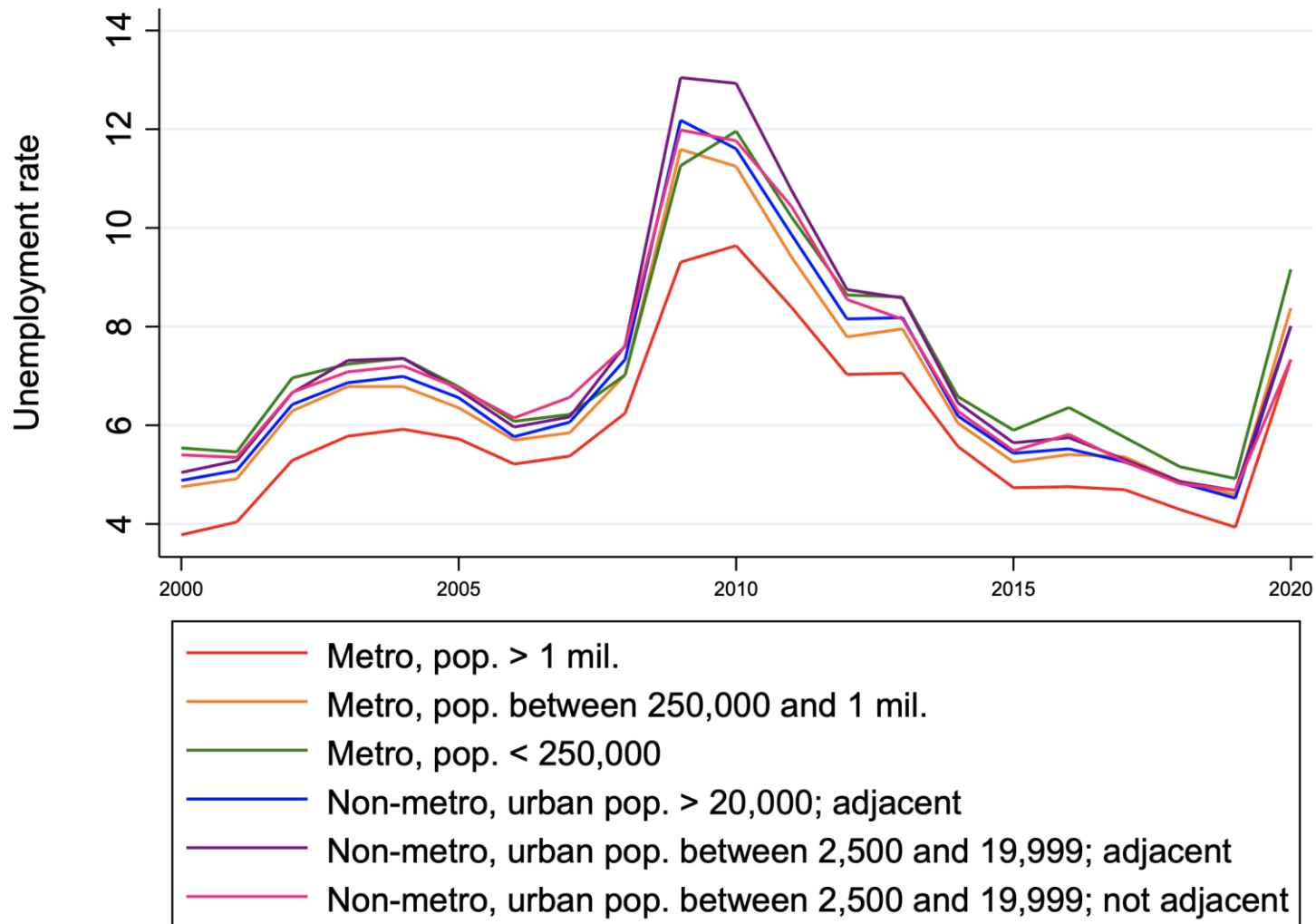


Unemployment in Ohio, by metro adjacency



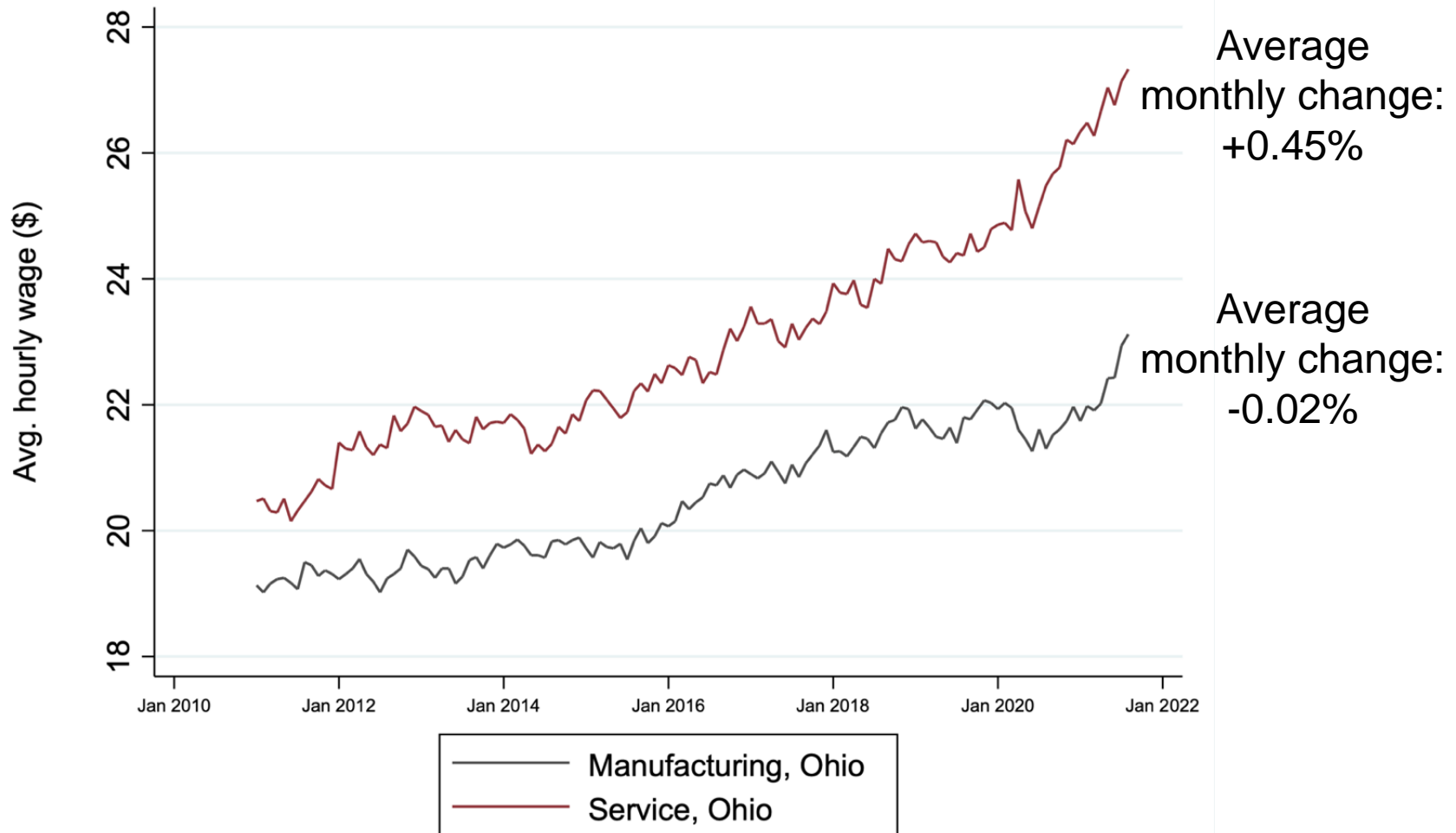


Unemployment in Ohio, by county rurality



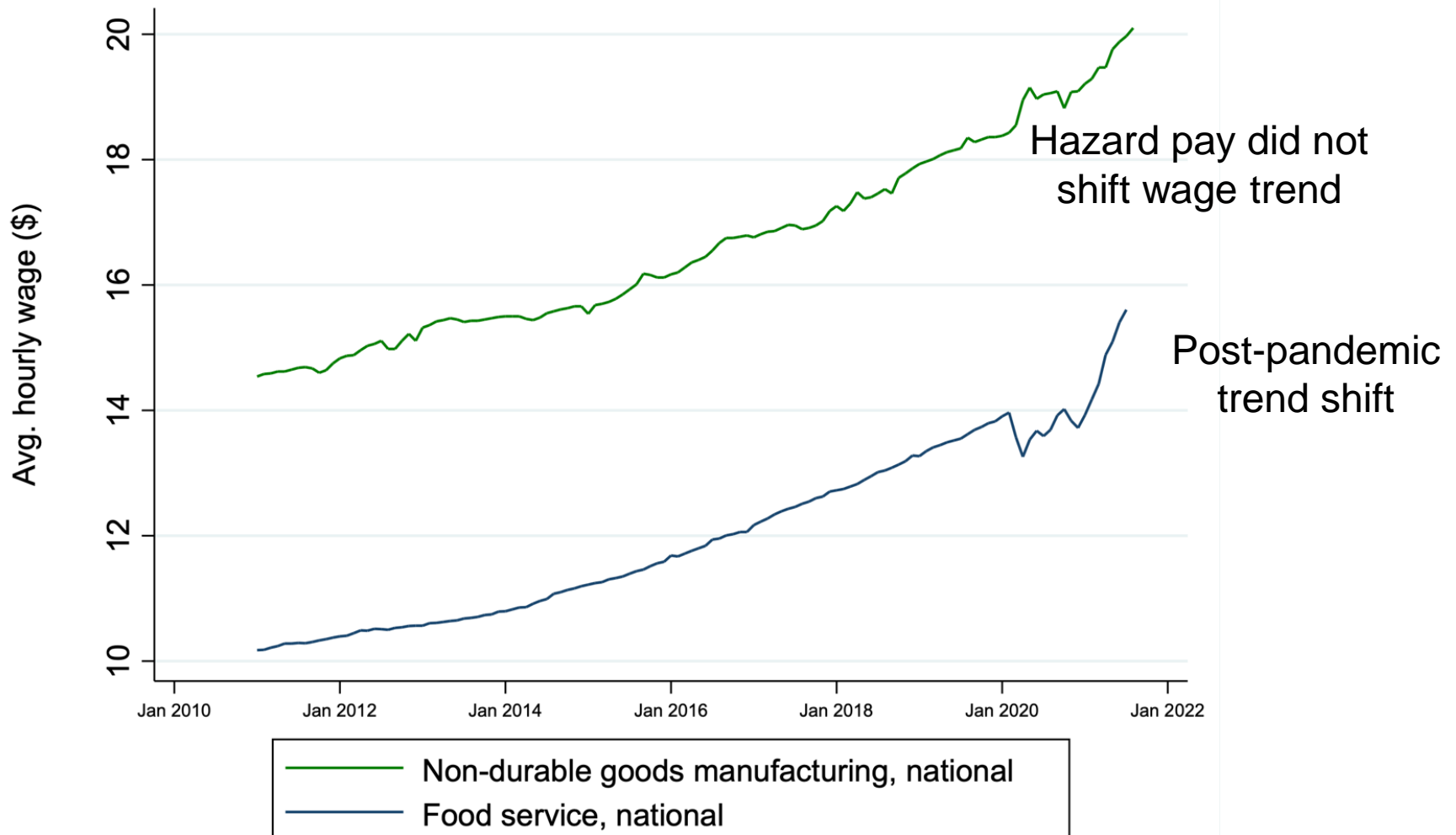


Pull factors: sector-level wages in Ohio





Pull factors: sector-level wages nationally





Farm Workforce Modernization Act, 2021

- Passed in the House in March 2021, currently being read in committee in the Senate
- Two major components:
 - Creation of special immigrant status for certified agricultural workers (CAW)
 - Changes to H-2A program
- Definite compromise: is anyone happy?



Farm Workforce Modernization Act, 2021

Certified worker status:

- Worker must meet 3 qualifying requirements
 - 1,035 hours of ag labor in two years prior to March 8, 2021
 - No legal status on that date
 - Has not left the U.S. between that date and receiving status
- Benefits
 - Valid for 5.5 years
 - Spouse and children may receive dependent status
 - **CAWs can apply for legal permanent residency after meeting ag. work requirements**



Farm Workforce Modernization Act, 2021

H-2A changes:

- Easier for operators:
 - Changes to how to satisfy requirement to recruit domestic workers
 - **Changing program availability to include ag work that is not temporary or seasonal**
 - Electronic platform for ease of facilitation
- Possible increased burden for operators?
 - **New method for calculating the H-2A minimum wage**
 - Guaranteed minimum work hours
 - Electronic system (similar to E-Verify) for employment authorization



Farm Workforce Modernization Act, 2021

Other changes:

- Some workers may get “portable” status, meaning they can move from one H-2A job to another without leaving U.S.
- Visa allocation for dairy industry specifically
- Establishment of Housing Preservation and Revitalization Program
 - Grants for new farm worker housing
 - Financial assistance for improving rural rental housing
 - Rental assistance for qualified tenants



Farm Workforce Modernization Act, 2021

Impacts

- Open path to legal status for hundreds of thousands of farm workers
- Represents significant bi-partisan effort in this area
- Establishment of Housing Preservation and Revitalization Program
 - Grants for new farm worker housing
 - Financial assistance for improving rural rental housing
 - Rental assistance for qualified tenants