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Abstract

Livestock Outlook: Despite rising pay, finding employees to work on farms is more difficult.

Disciplines

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USDA SURVEY: In Iowa and Missouri, the average wage for field and livestock workers was \$13.85 per hour in October, up 30 cents, or 2.2%, from a year earlier.

Farm labor hard to find

Livestock Outlook: Despite rising pay, finding employees to work on farms is more difficult.

Lee Schulz | Dec 18, 2018

Farming is typically more than a one-person job, especially on large-scale farms or operations with multiple enterprises. Many farmers rely on hired agricultural workers. Finding employees is more challenging due to a widespread tight supply of farm labor.

The robust demand for farm labor faces a backdrop of increasingly threatening macroeconomic and demographic trends. Rural population growth is slowing. The rural workforce is aging. Fewer immigrants are flowing into rural labor markets.

The most immediate challenge facing farmers is the strong U.S. labor market. The national unemployment rate fell from 9.6% in 2010 to 3.7% in October 2018, according to the U.S. Bureau of Labor Statistics. This low rate of national unemployment still understates the tight labor supply in most large agricultural production states, where unemployment is near or below 3%. Iowa's unemployment rate was 2.4% in October.

In 2012, U.S. farms spent almost \$27 billion on hired labor, according to the Census of Agriculture. Including contracted and custom labor hiked the labor expense to \$40 billion.

Of all farms in the 2012 Census of Agriculture, 27% reported having hired labor. Average hired labor expense per farm was \$47,640. Greenhouse, nursery and floriculture production had the highest average at \$170,126 per farm, while sheep and goat farming had the lowest at \$7,867 per farm.

Over 44,200 farms reported paying more than \$100,000 for hired labor. The census definition of a farm is any place that produced and sold, or normally would have sold, \$1,000 or more of ag products during the census year.

Worker numbers down, wages up

The November Farm Labor report by USDA's National Ag Statistics Service highlights recent changes in the farm labor force. According to the report, 784,000 hired field, livestock, supervisors and other (e.g., bookkeepers) workers were on the

nation's farms and ranches during the reference week of Oct. 7-13, 2018. That's down 56,000 hired workers or 6.7% from the Oct. 8-14, 2017, reference week.

The NASS Farm Labor report excludes measures of contract, custom (e.g., hay baling, combining, spraying, fertilizing), and service (e.g., veterinarian work, artificial insemination) labor.

Farm operators paid their hired workers an average wage of \$14.47 per hour during the October 2018 reference week, up \$1.05 or 7.8% from the October 2017 reference week. Fieldworkers received an average of \$13.74 per hour, up 91 cents, while livestock workers earned \$13.38 per hour compared to \$12.22 a year earlier. The field and livestock worker combined wage rate, at \$13.64 per hour, was up 98 cents, or 7.7%, from October 2017.

Some workers receive benefits, such as housing and meals. Those values aren't included in the Farm Labor survey reported wage rates. In addition, trade-offs among salary, insurance benefits, working conditions and other provisions exist that are not reflected in this aggregate data.

The number of hours worked averaged 41.5 hours for all hired workers during the October survey week, consistent with the 41.6 hours a year earlier. Of the 784,000 hired workers during the reference week of Oct. 7-13, 2018, 73% are expected to be employed for 150 days or more (an indication of full-time employment), while 27% are expected to be employed for 149 days or less (part-time employment).

The largest percentage decreases in the number of hired farmworkers from October 2017 to October 2018 occurred in the Southeast, Delta and Mountain II regions. These regions accounted for 28,000, or 50%, of the reduction in hired workers between the reference weeks in October 2017 and October 2018. The Corn Belt II (Iowa, Missouri) region had 6,000 or 20.7% fewer hired farmworkers between the two reference periods.

Ample opportunities

Every labor market has competition for workers. The reduction in hired workers, even when comparing a reference week from one year to another, suggests that this competition is making it harder for farmers to hire help.

Farm labor turnover rates have risen, despite higher wage rates, because workers have more options than a year ago. If the unemployment level is low enough, workers feel they can get a new job quickly. The decline can also be related to weather.

Early October continued September's wetter-than-normal weather, especially in Iowa's southern quarter and eastern third. Harvest of most field crops remained behind normal. Therefore, fewer hired workers, especially part-time workers, were needed, which likely contributed to the drop in hired worker numbers in the Corn Belt II region.

For the October reference week, only the Lake region saw a large rise in number of hired workers from the October 2017 reference week, with 11,000, or 20%, more workers on the region's farms.

Why this region saw a surge in number of hired workers is hard to say, especially when most regions saw declines. A few other regions saw an increase in number of hired workers, but the gains were small in number and percentage. One factor that could have led to the stronger demand for hired workers is the need to replace the ones that were lost. Between Oct. 9-15, 2016, and Oct. 8-14, 2017, the Lake region lost 4,000, or 6.8%, of its hired farm workers.

October hired worker wage rates were above a year ago in almost all regions and for almost all types of workers. An increasingly competitive economic environment, coupled with a need to attract new employees and retain existing workers, continued to push hired farm wage rates higher.

The largest percentage hikes in average wage rates for all hired workers occurred in the Mountain I, Mountain II and Mountain III regions. Wage rates in these regions were up 16.3%, 23.3% and 14.2%, respectively.

For the Corn Belt II region, the average wage rate for all hired workers was \$14.53 per hour during the October reference week, up 49 cents, or 3.5%, from a year earlier. Fieldworkers received an average of \$13.94 per hour, up 11 cents from last October. Livestock worker pay advanced 70 cents to \$13.65 per hour. The field and livestock worker combined wage rate, at \$13.85 per hour, was up 30 cents or 2.2%. Nominal wages for the Corn Belt II's hired farmworkers have risen by just under 4% per year since 1990. Real (inflation-adjusted) wages have risen by about 1.5% per year since 1990.

As always, I remind folks that these numbers are useful as a ballpark. NASS only reports farmworkers in general categories, so the averages reported may not fit specialized categories of workers. Furthermore, NASS doesn't provide farmworker wage summaries for most individual states or by counties. As with all statistics, just knowing the average is only part of the story, but at least it offers a reference point to provide a benchmark and analyze trends over time.

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