PURDUE AGRICULTURE | AGRICULTURAL ECONOMICS

ASSESSING THE H2A LABOR PROGRAM IMPLICATIONS FOR SOUTHERN FARMERS

LUIS PEÑA-LÉVANO

Advisor

Dr. Cesar Escalante

SOUTHERN USA – LABOR SITUATION

Georgia crop production

$9.2 billion

generated

75,000 jobs

fraction is

Seasonal labor

70% US crop workers: Outside US
55% were undocumented!

40% Farm expenses: Labor

IMMIGRANTS

Law enforcement

- Ω **Exodus of illegal immigrants: Partial remedy for unemployment (?)**
- Ω **USDA Studies showed lower foreign labor supply can decrease in GDP**
- Ω **Farm unemployment did not improve: Lack of willing and unmotivated local workers**
  - ➢ **Demanding-strenuous farm work: unreliable local workers**
  - ➢ **Low farm wages and benefits**

as a response

H2A Program

H2A AGRICULTURAL WORKER PROGRAM

The program allows US farmers to temporarily hire non-immigrant workers to perform full-time temporary or seasonal farm work when domestic workers are unavailable [GAO 1997].

Non-popular

55,000 approved H2A positions
(7% of US hired farm workers)

1. **Bureaucratic processing**
2. **Timing issues**
3. **Cumbersome requirements**

- Ω **Minimum wage**
- Ω **Housing, transportation and meals**
- Ω **Workers' compensation rules**

OBJECTIVE

To provide an analysis of the H2A program in southern states and facilitate the application process

H2A-FARM

H2A-FARM

Statistical software that will help farmers in deciding to implement the H2A labor program and file the application process

This software is based on the research conducted by Hofner Russiana that focused on the small farmers' situation in Georgia.

CONTRIBUTIONS

It settles the issue on the real economic impact of the H2A program on farmers which can benefit on their decision making

SOFTWARE OPERATION

University of Georgia

Survey

Farmers' satisfaction

Information collected by farmer

Internal procedure

Labor Optimization

Results are stored

Profitable

Application process

Potential output H2A application

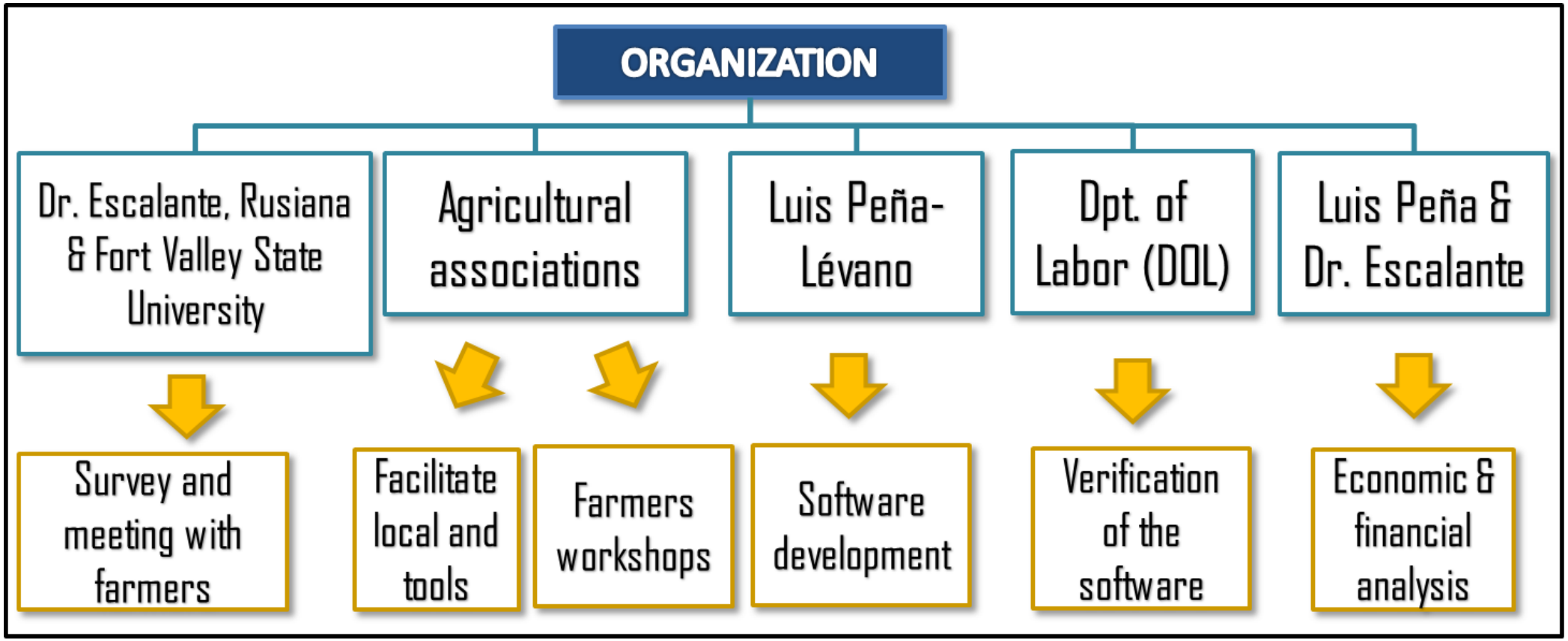
Not profitable

Firm's output

FEEDBACK

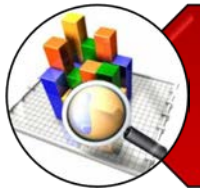
ORGANIZATIONS STRUCTURE OF THE TEAM

- The project's inherent merits have already started to generate interest from different corporations and institutions



✓**Target audience: Georgia small farmers**

RESEARCH & EXTENSION ACTIVITIES



DATA COLLECTION

CALIBRATION STEP

RESEARCH & SOFTWARE

CALIBRATION STEP 2

EXTENSION & WORKSHOP

INSTRUCTION STEP

WORKSHOP FOR FARMERS

INSTRUCTION STEP 2

capacitate with the final version of the model

FOLLOW-UP & EVALUATION

DATA COLLECTION

- Conducted to understand farmers' perception of the H2A program

Activity	2015		2016			
	1	2	3	4	5	6
i. Data collection and calibration						
Survey and data tabulation						
Collection of cash flows for each farm group type (corn, cotton, livestock, peanut, soy, wheat)						

SURVEY

✓**Funded by SARE grant**

(Southern Sustainable Agricultural and Research Education)

✓**Farms: Georgia and North Carolina**

(2015: Through mailing)

956 farmers

- Hiring process
- Financial structure
- Quality/type of work

Fort Valley State University

RESULTS

✓**Require labor in harvest period**

✓**Timing issues**

(Foreign labor arrives 60-90 after visa approval)

✓**Assistance needed**

(About 90% at additional cost for farmers)

Economic benefits using H2A program despite potential delays

RESEARCH & SOFTWARE DEVELOPMENT

- Using the collected information, we developed our software

PROJECT INCLUDES

- ✓**Summary statistics of the survey**
- ✓**Cash flow information**
  (With and without the H2A program)
- ✓**Optimization modeling: net revenue**
  (Using linear programming in Excel)
- ✓**Free software development**

Validated by Rusiana et al. (2017)


Tomato


Cotton


Peanut


Livestock

RESEARCH & SOFTWARE DEVELOPMENT

Activity	2015		2016				2017			
	1	2	3	4	5	6	7	8	9	10
ii. Research analysis and software development										
Summary statistics of the survey										
Farms' cash flow and analysis										
Research analysis and elaboration of the optimization programming model										
Software platform design										
Software documentation and verification of use										

OPTIMIZATION

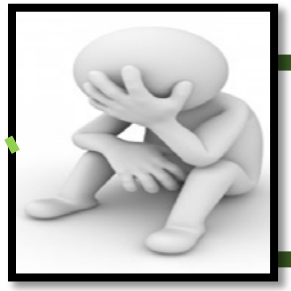
We use financial analysis we calculate the net present value equivalent (NPVE) per year for each enterprise

Using linear programming principles, model chooses the optimal H2A-LABOR needed depending on NPVE & enterprise

- The model also contemplates: **Changes in wages,** and **sensitivity (risk) analysis with respect to prices and outputs**

SOFTWARE CHARACTERISTICS

OPTIMIZATION



H2A Labor = 0

Software provides output analysis for the enterprise

H2A Labor > 0

Gives the option

To help to fill the application process to request H2A labor

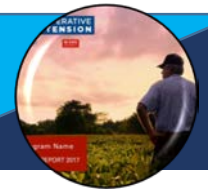
EXTENSION PROGRAM

Activity	2017				2018			
	7	8	9	10	11	12	13	14
iii. Design of extension documentation (and Calibration of the software)								
Extension documentation								
Meeting with partners (agricultural associations and DOL agents)								
Revision of the documents and calibration of the software								

- In this step we prepare the documentation and meet with our partners for revisions

GEORGIA COTTON COMMISSION

OUTPUTS FOR EXTENSION



- In this step we will capacitate our collaborators with the final version of the model. We will provide the following outputs:

Instructions of how to open/install the program

1. Inputs required by the model
2. Set of examples

1. Interpretation of the results/indicators
2. Recommendations of the quantity of H2A labor needed
3. Procedure on how to fill the applications with the software

- In addition, we show how the software enhances the application database with farm-level data that can help DOL in processing applications and analyzing impacts

WORKSHOPS FOR FARMERS

Activity	2017				2018			
	7	8	9	10	11	12	13	14
iv. Workshop to farmers								
Workshops with our initial focus group								
Feedback revision of the software								

INITIAL TARGET

- ✓ **Surveyed GA farmers**
  (48 were invited in participate: 12 from each farm type)
- ✓ **Includes cash flow information**
  (With and without the H2A program)

Validated by Rusiana et al. (2017)

WORKSHOP INCLUDES

- ✓ **Summary statistics of the survey**
- ✓ **Impact of H2A Program on profits**
- ✓ **Cost structure**
  (Based on surveys)
- ✓ **Free software**

WORKSHOPS FOR FARMERS

- We will follow a similar procedure as step 3. However we need to be more specific with certain details and we will require our partners to help into the explanation.
- The meeting for the capacitation should be done before the start of the growing period of crops and the livestock annual cycle.

Instructions of how to open/install the program

1. Presentation of how to open the model
2. Inputs required by the model
3. Set of examples step by step with interpretation of results

1. Set of examples step by step
2. Interpretation of the results and indicators
3. Filling of H2A applications

WORKSHOPS FOR FARMERS

- Once we have taught them how to use the software, considering that the software is locally adjusted (for each type of enterprise), we proceed to run the case for each individual farmer in the workshop

Optimal labor and cost structure

- **The farmer will receive the financial analysis output from the software**
- **If there is optimal H2A labor, then it also suggests to fulfill H2A application**
- **Software suggests optimal H2A labor but farmer can request a different number**

FOLLOW UP AND REVISION

MONITORING

❑ Quarterly follow-ups & meetings

- *Application process*
- *Financial status*
- *Crop prices*
- Labor productivity

Software performance

SURVEYS TO FARMERS ⟷ **RECOMMENDATIONS**

Experience with the software

ANNUAL MEETINGS

❑ Share the results of

- *Implementation*
- *Performance*

FURTHER STEPS

❑ Together with agricultural associations:

- *Monitor*
- *Suggestions*

❑ Implement the program in Florida (Strawberry association)

THANK YOU FOR YOUR ATTENTION!

Additional comments

- The minimum wage guise is adverse effect wage rate from the department of labor.
- The USCIS website says H2A workers can stay up to 3 years, This is maximum cumulative continuous hired stay, meaning they are hired for about a year to do particular farm tasks, then farmer can request extensions of up to 1 year per request until 3 years max is reach. Then worker must depart and stay outside for 3 months before seeking readmission as H2A worker again.
- Also previous time spent by worker as H or L vista types counts towards the max 3 year rule.