ASSESSING THE H2A LABOR PROGRAM IMPLICATIONS FOR SOUTHERN FARMERS

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**Georgia crop production**

$9.2 billion

**Seasonal labor**

75,000 jobs

**IMMIGRANTS**

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

Law enforcement

- 70% US crop workers: Outside US
  - 55% were undocumented!
- 40% Farm expenses: Labor

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].

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

Non-popular

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

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

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

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

University of Georgia

Results are stored

Profitable

Application process

Potential output

H2A application

Not profitable

Firm’s output

FEEDBACK
• The project’s inherent merits have already started to generate interest from different corporations and institutions

☑ Target audience: Georgia small farmers
DATA COLLECTION

RESEARCH & SOFTWARE

EXTENSION & WORKSHOP

WORKSHOP FOR FARMERS

FOLLOW-UP & EVALUATION

CALIBRATION STEP

CALIBRATION STEP 2

INSTRUCTION STEP

INSTRUCTION STEP 2

capacitate with the final version of the model
Data Collection

• Conducted to understand farmers’ perception of the H2A program

<table>
<thead>
<tr>
<th>Activity</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>i. Data collection and calibration</td>
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<tr>
<td>Survey and data tabulation</td>
<td></td>
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<tr>
<td>Collection of cash flows for each farm group type (corn, cotton, livestock, peanut, soy, wheat)</td>
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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

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
• Using the collected information, we developed our software

- **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)**
## RESEARCH & SOFTWARE DEVELOPMENT

<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>1</td>
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<tr>
<td>ii. Research analysis and software development</td>
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<tr>
<td>Summary statistics of the survey</td>
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<tr>
<td>Farms' cash flow and analysis</td>
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<tr>
<td>Research analysis and elaboration of the optimization programming model</td>
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<td>Software platform design</td>
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<td>Software documentation and verification of use</td>
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### 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

H2A Labor = 0

Software provides output analysis for the enterprise

H2A Labor > 0

To help to fill the application process to request H2A labor

Gives the option
## EXTENSION PROGRAM

### iii. Design of extension documentation (and Calibration of the software)

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<tr>
<th>Activity</th>
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<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Extension documentation</td>
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<tr>
<td>Meeting with partners (agricultural associations and DOL agents)</td>
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<tr>
<td>Revision of the documents and calibration of the software</td>
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</table>

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

**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

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<tr>
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<tr>
<td>iv. Workshop to farmers</td>
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<tr>
<td>Workshops with our initial focus group</td>
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<tr>
<td>Feedback revision of the software</td>
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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.

- 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
- Surveys to farmers
- Recommendations
  - Crop prices
  - Labor productivity

SOFTWARE PERFORMANCE

EXPERIENCE WITH THE SOFTWARE

ANNUAL MEETINGS

- Share the results of
  - Implementation
  - Performance

FURTHER STEPS

- Together with agricultural associations:
  - 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 visa types counts towards the max 3 year rule.