



Immigration Policy & Agricultural Labor Supply

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Introduction

The Context:

- Comprehensive reform appears to have stalled, but legalization / regularization of unauthorized immigrants is a possibility in future.
- The 2013 Senate Bill (S. 744) would grant Registered Provisional Immigrant (RPI) status to those who have been in US since 2012.
- The President's executive actions ("DAPA/DACA") are held up in court, but, if implemented, would grant relief from deportation, and work authorization, to an estimated ½ of the unauthorized currently employed in agriculture. [Werner-Kohnstamm Family Fund, 2014]

The Question:

- What does the available research tell us about the effects of legalization / regularization on the supply of labor to agriculture, and hence on farmworker earnings and growers' labor costs?

Outline

Lessons from the IRCA-era research about effects of legalization

- *“In the late 1980’s and 1990’s, the workers legalized under IRCA moved into a more diverse array of economic activities. Yet, it cannot be conclusively said whether or not legalization accelerated this process.” [Papademetriou et al 2004]*
- I will present some estimates of this “legalization effect” on farm labor supply which suggest it was modest in size, but not trivial.

Current farm wage trends do suggest some tightening of labor market

- But note the data problems discussed by Phil Martin.

What can we learn from current wage differentials between legal and unauthorized workers?

- My estimates suggest a modest impact of legalization on farm wages.



Lessons Learned from Research on Immigration Reform and Control Act (1986)

- 2.7m granted legal resident status, including 1.1m Special Agricultural Workers (SAWs)
- 33% of the 2.7m had naturalized by 2001, but only 23% of the SAWs had naturalized
- Methods of enforcement at border and workplace did not prevent continued unauthorized inflows
- No net reduction in agricultural labor supply, no increase in farm wages
- Difficult to estimate extent to which legalization accelerated exit from farm work



Post-IRCA Case Studies from Report of Commission on Agricultural Workers [CAW 1993]

- Some case studies report rapid turnover of SAWs
- Others emphasize on-going barriers to nonfarm employment: language, education, work experience
- Immigration networks tightly linked to farm employment (but surely less true today)
- Large majorities reported planning to continue to work in agriculture “as long as I am able”
- On balance, as of 1993, no wholesale exodus of SAWs from agriculture



Post-IRCA Analysis of Occupation at Time of Naturalization (as of 2001) [Rytina 2002]

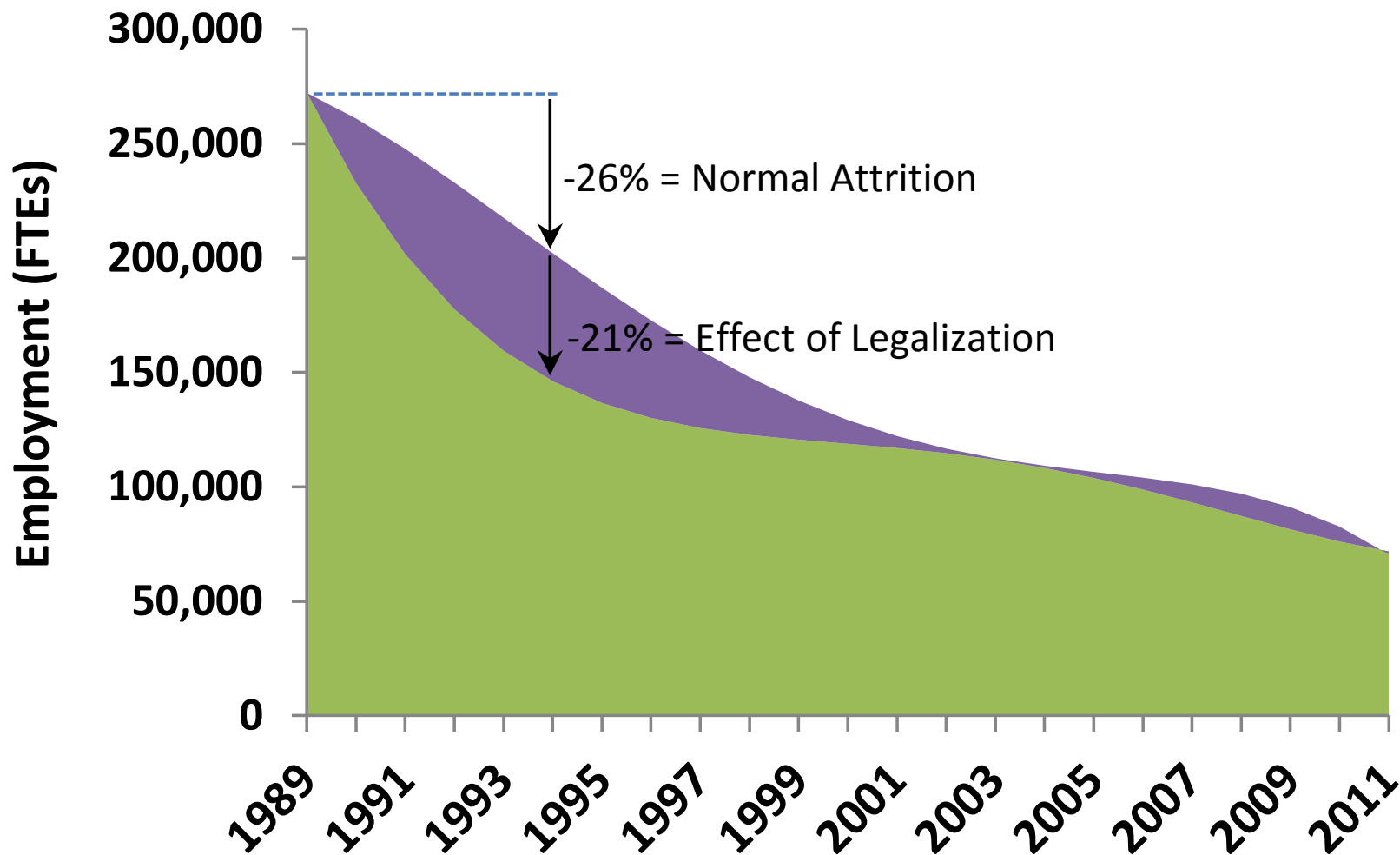
- Of the small number of generally older, more experienced farm workers who were legalized via the pre-1982 program, only 16% were still in agriculture at time of naturalization (21% occupation unknown)
- Of the larger number of generally younger, less experienced farm workers who were legalized as SAWs and employed in agriculture at that time, 23% had naturalized by 2001, and of these just 3% were still in agriculture (23% occupation unknown)
- Suggests very rapid rate of attrition for SAWs
- But no panel data are available for the 77% of SAWs who had not naturalized by 2001...



An Age-Cohort Analysis of the Number of IRCA-Authorized Farmworkers Found in NAWs [Hertz 2015]

- Rapid decline in number of IRCA-authorized farmworkers in NAWs: By 1994, their numbers had declined by 47%.
- But how much is due to normal attrition of a fixed cohort as it ages, and how much was due to their being granted legal immigration status?
- To answer this, I compare their employment trends to those of still-unauthorized workers from similar birth and year-of-entry cohorts.
- I estimate that normal attrition led to a 26% decline in employment, and an additional 21% was due to legalization.
- After 10-12 years, effects of legalization had fallen to zero.

Estimated Effect of IRCA Legalizations on their Employment in Agriculture [Hertz 2015]





Estimated effect of proposed extension of DAPA/DACA

- Recent executive actions (DAPA/DACA) could grant administrative relief from deportation, and work permits, to about half of all currently unauthorized crop farm workers, who in turn make up about half of the hired crop farm work force.
- According to the estimates above, if one-half of the current workforce is unauthorized, and if one-half of these are granted legal status, this might cause farm labor supply to decline by $0.5 * 0.5 * 0.21 = 5\%$ over 5 years.
- This is in addition to the natural attrition due to an aging workforce.
- Crops and regions with higher unauthorized shares might see proportionately larger effects.
- Actual outcomes (costs to farmers, benefits to farm workers) will depend on the future strength of nonfarm economy.

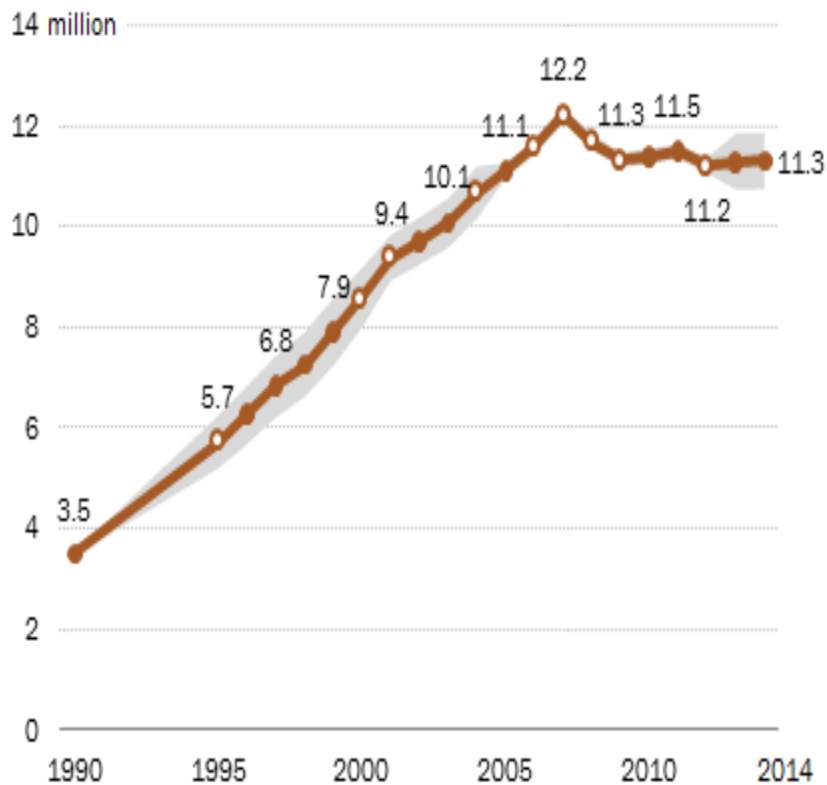


Current Environment

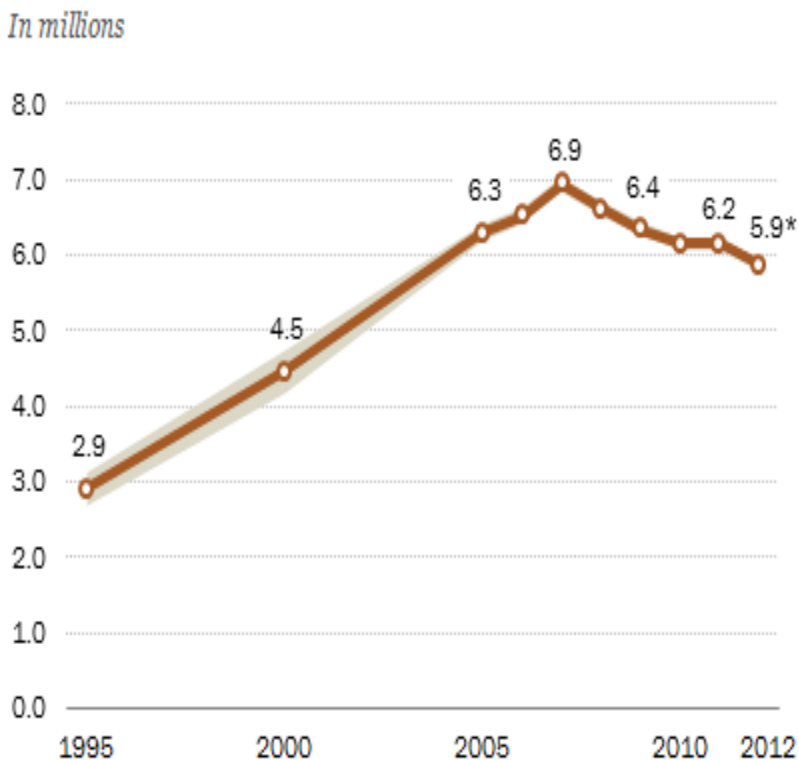
- Unauthorized immigrant population (all origins) appears unchanged since 2009, at 11.3m [Pew Research Center, 2014]
- Number of unauthorized Mexican immigrants down from 6.9m in 2007 to 5.9m in 2012 (-15%), due to economic growth and demographic change in Mexico, Great Recession, tougher enforcement
- Evidence of rising real hourly wages for farmworkers: not a dramatic increase at national level, but noteworthy compared to other workers with low levels of education
- Evidence of more rapid increases in real average weekly wages in certain counties with large numbers of unauthorized farmworkers

Current Environment: Size of Unauthorized Population [Pew Research Center]

U.S. Unauthorized Immigrant Population Levels Off

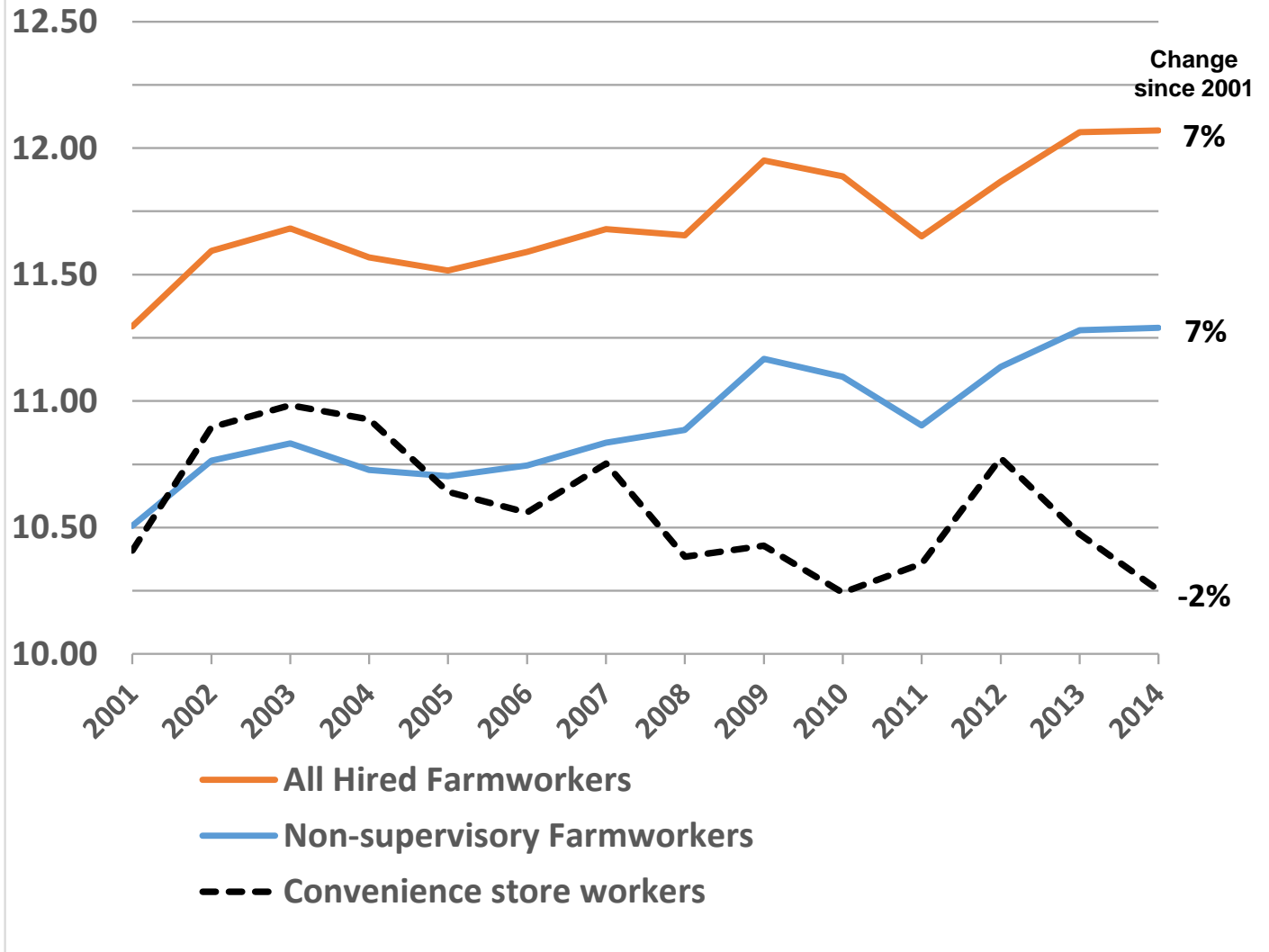


Mexican Unauthorized Immigrant Population Declines Since 2007 Peak



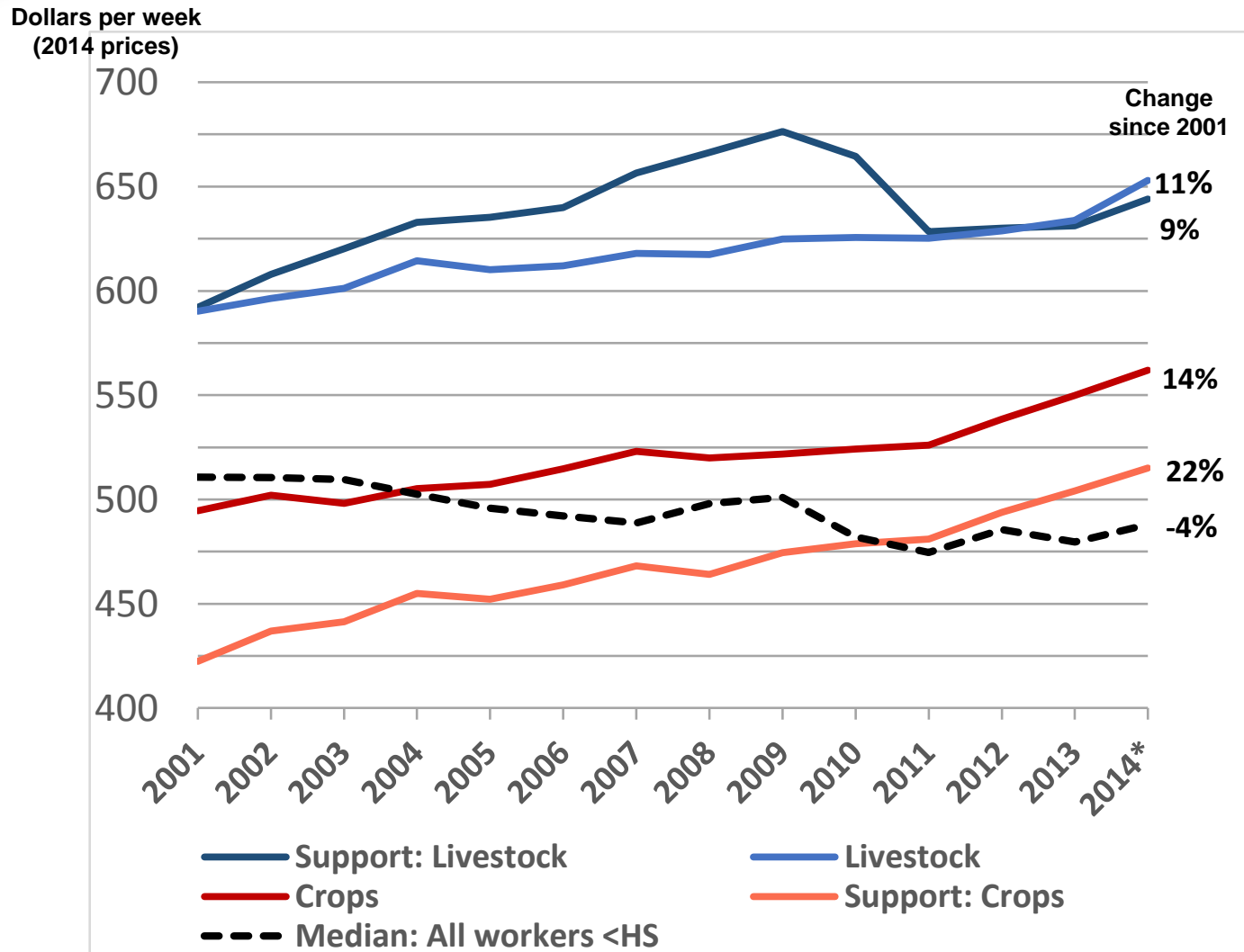
Real Hourly Wages: Farmworkers [FLS] versus Convenience Store Workers [CES]

Dollars per hour
(2014 prices)

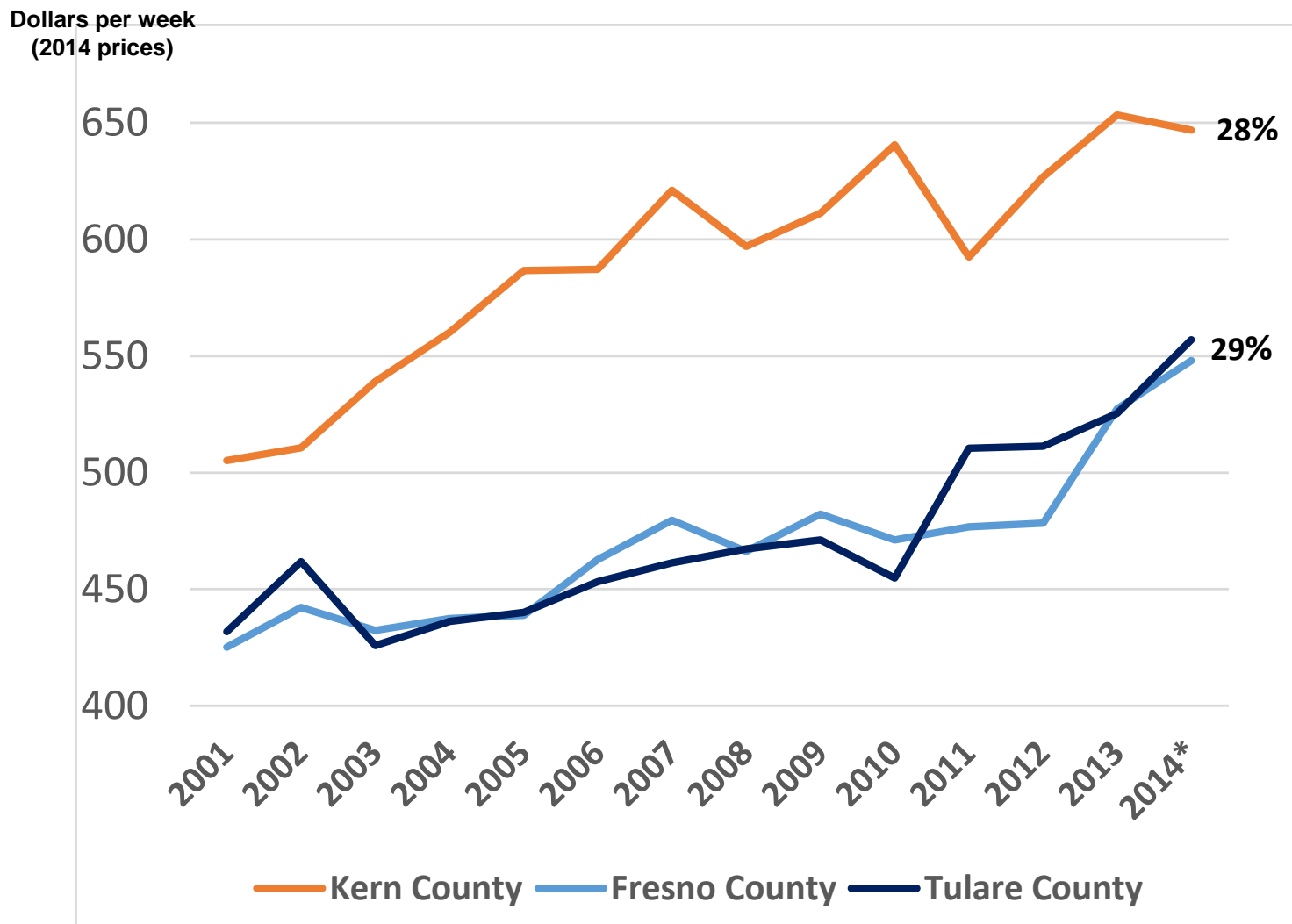


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Real Weekly Wages in Farm Industries [QCEW] vs. All Workers without HS Degree [CPS]



Real Weekly Wages in 3 California Counties with Large Numbers of Unauthorized Workers in Agriculture [QCEW, Crops only]



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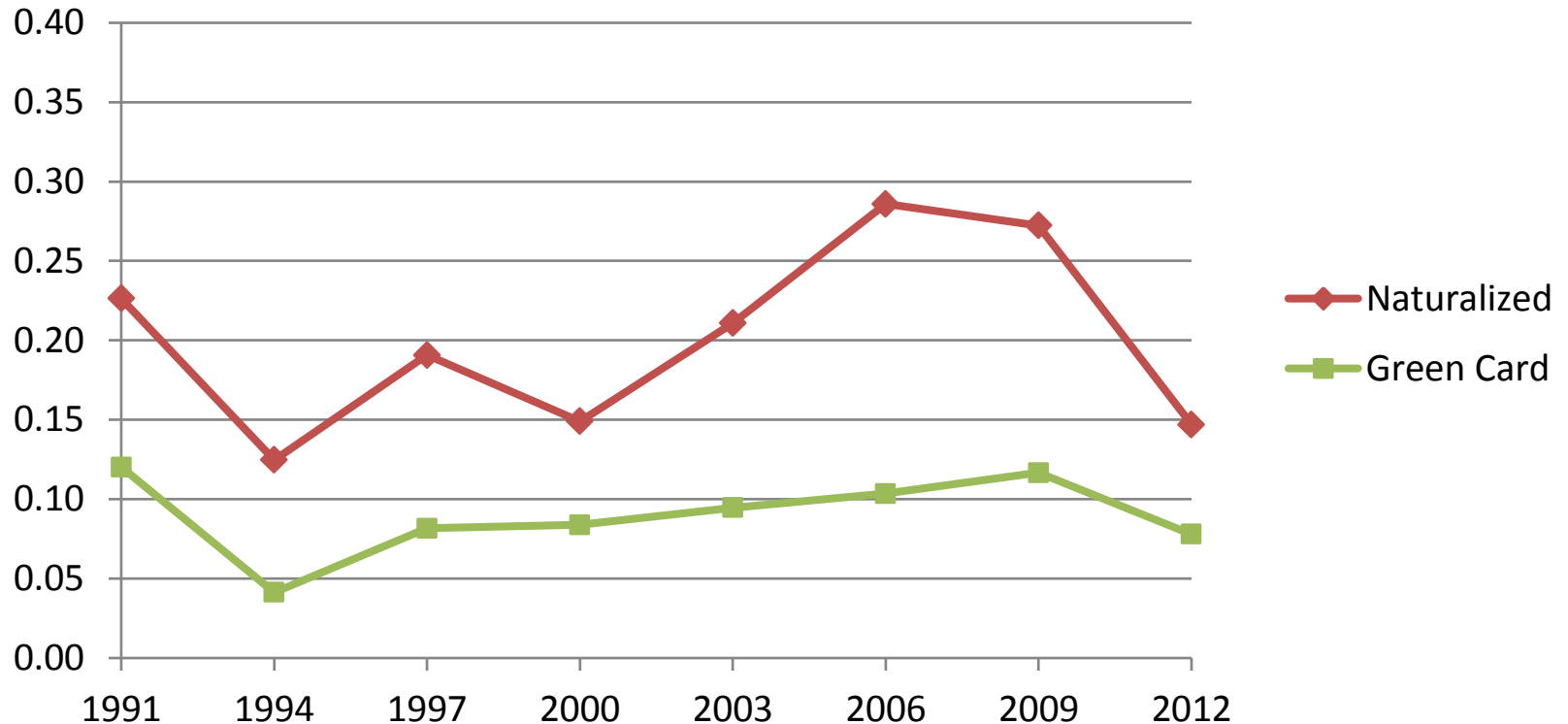


Would Legalization Raise Wages for Farmworkers?

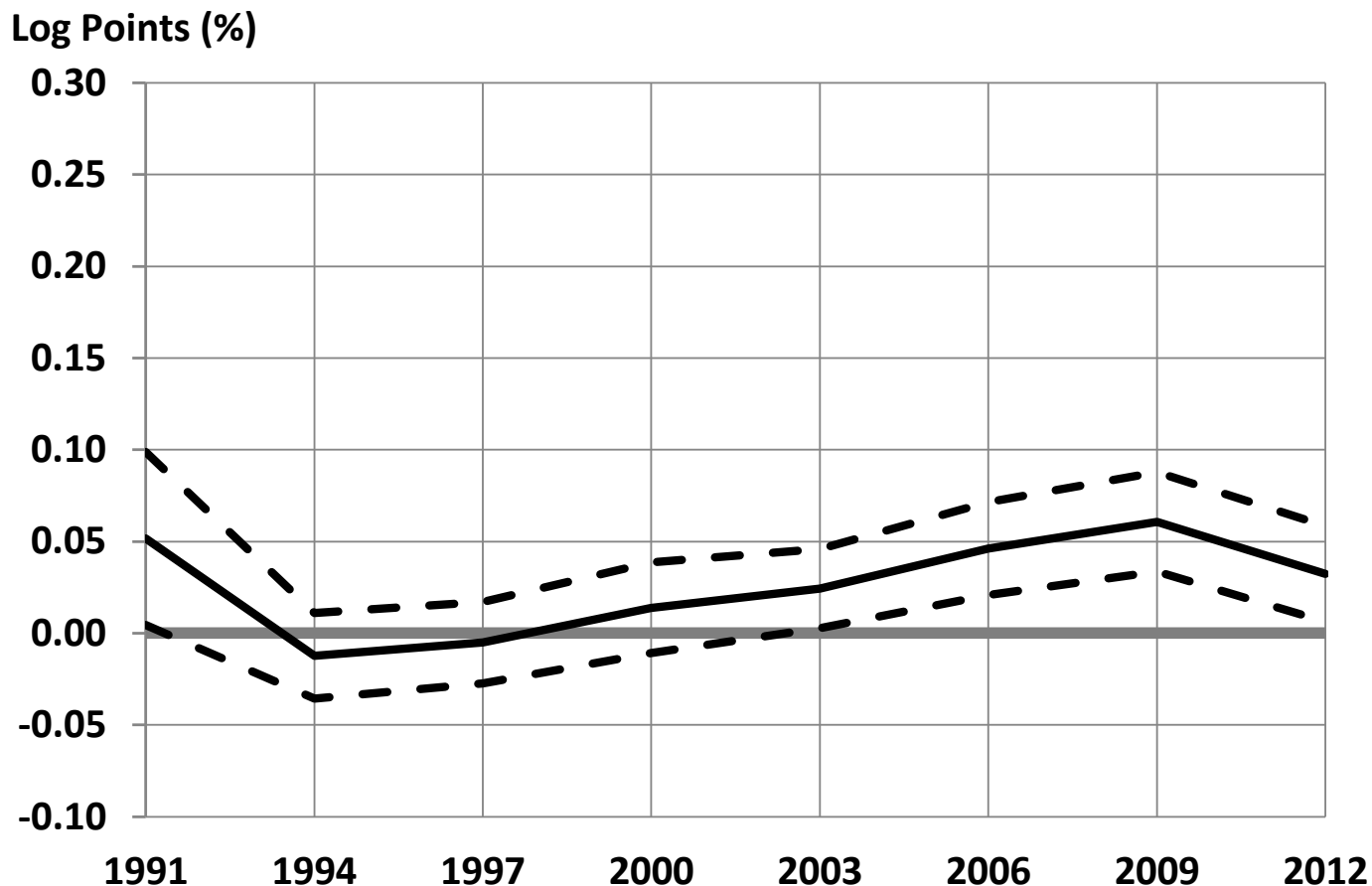
- If authorized workers have significantly more bargaining power in the labor market, we would expect to see large wage differentials between authorized and unauthorized farmworkers
- Using NAWS data, I apply standard regression methods to study this wage gap, controlling for differences in age, education, experience, etc.
- Green card holders currently earn about 10% more per hour than unauthorized workers, and work about 20% more days per year.
- But after adjusting for differences in age, education, experience, etc., the wage gap falls to only 4%, and there is no significant difference in days worked.
- This suggests that authorized and unauthorized workers are not treated all that differently by employers.

Hourly Wages of Naturalized Immigrants and Green Card Holders vs. Unauthorized: As Observed [Hertz, 2015]

Log Points (%)



Wages of Green Card Holders vs. Unauthorized: Adjusted for Covariates [Hertz 2015]





References

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- Hertz, Thomas. 2015. "Authorizing the Unauthorized: Labor Market Consequences for Crop Farm Workers." Working paper.
- Papademetriou, Demetrios G. , Kevin O'Neil and Maia Jachimowicz. 2004. "Observations on Regularization and the Labor Market Performance of Unauthorized and Regularized Immigrants." Migration Policy Institute, July.
- Pew Research Center. 2014. "5 facts about illegal immigration in the U.S." Online at: <http://www.pewresearch.org/fact-tank/2015/07/24/5-facts-about-illegal-immigration-in-the-u-s/>
- Rytina, Nancy. 2002. "IRCA Legalization Effects: Lawful Permanent Residence and Naturalization through 2001." U.S. Immigration and Naturalization Service.
- Werner-Kohnstamm Family Fund. 2014. "Number, Distribution, and Profile of Farmworkers Eligible for DAPA or DACA." December.

Data Sources:

- FLS: Farm Labor Survey: <http://quickstats.nass.usda.gov/>
- CES: Current Employment Statistics: <http://www.bls.gov/ces/#data>
- QCEW: Quarterly Census of Employment and Wages: <http://www.bls.gov/cew/data.htm>
- CPS: Current Population Survey: <http://www.bls.gov/cps/data.htm>



Questions?
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