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**Employer-Provided Health Insurance Benefit and the Employment Decisions of Documented and Undocumented Farm Workers**

**Tianyuan Luo**

**Graduate Student**

**Department of Agricultural and Applied Economics, University of Georgia**

**305 Conner Hall, 147 Cedar St., Athens, GA 30602**

**706-224-7350, [luoterry@uga.edu](mailto:luoterry@uga.edu)**

**Dr. Cesar L. Escalante**

**Associate Professor**

**Department of Agricultural and Applied Economics, University of Georgia**

**315 Conner Hall, 147 Cedar St., Athens, GA 30602**

**706-542-0740, [cescalan@uga.edu](mailto:cescalan@uga.edu)**

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# Employer-Provided Health Insurance Benefit and the Employment Decisions of Documented and Undocumented Farm Workers

Tianyuan Luo, Cesar L. Escalante

Department of Agricultural and Applied Economics, University of Georgia, Athens GA, 30605

## Introduction

- ❑ Labor shortage issues persist in the U.S. agricultural sector during recent decades.
- ❑ Provision of employer provided health insurance (EPHI) is usually used as a strategy to attract prospective workers or achieve a higher job retention rate among its existing employees.
- ❑ Agriculture is unique in two aspects with respect to EPHI
  - High risky operation circumstance
  - Low EPHI coverage rate

## Objective

Evaluate the effectiveness of EPHI incentive on employment decisions of the U.S. documented and undocumented farm workers.

## Data

- ❑ Data source: 2002-2009 National Agricultural Workers Survey (NAWS)
- ❑ This survey provides comprehensive micro-level individual information on farm workers in the U.S.
- ❑ Two outcome variables of interest:
  - Actual working days per year (objective data)
  - Expected years of staying in agriculture (subjective data)
- ❑ Two subsamples:
  - Documented workers: Citizens and Green card holders
  - Undocumented workers.
- ❑ Data preprocessed by applying Coarsened Exact Matching
  - First introduced by Iacus et al. (2011)
  - Diminishes endogeneity problems in estimation



## Econometric Model

The model used is ordered probit model, which takes the brief form for each individual:

$$Y_i = \beta X_i + \gamma EPHI_i + \varepsilon_i$$

where  $Y_i$  is a latent variable indicating the multiple employment choices,  $X_i$  indicates demographic covariates and  $EPHI_i$  is a dummy which takes value 1 if farm workers is covered by EPHI.  $\varepsilon_i$  is the error term

## Results

**Table 1. EPHI estimates of undocumented and documented farm workers' expected employment duration**

	oprobit		CEM oprobit	
	Marginal Effect	Std.Err	Marginal Effect	Std.Err
<b>Undocumented Farm worker</b>				
outcome1	0.0007292	0.00203	-0.0035916	0.0061
outcome2	0.0062796	0.01714	-0.0123945	0.02153
outcome3	0.001675	0.00456	-0.0023024	0.00409
outcome4	0.0044305	0.0119	-0.0016376	0.00293
outcome5	-0.0131144	0.03559	0.0199261	0.03459
<b>Documented Farm worker</b>				
outcome1	-0.0002417	0.00161	-0.0128531***	0.00584
outcome2	-0.0013124	0.00877	-0.0316935***	0.01422
outcome3	-0.0005096	0.0034	-0.0068294***	0.0033
outcome4	-0.0019458	0.01302	-0.0163006***	0.00764
outcome5	0.0040096	0.0268	0.0676766***	0.03006

Note: \*\*\*denotes statistically significant at 1% level.

Outcome1: less than one year; outcome2: one to three years; outcome3: four to five years; outcome4: over five years; outcome5: as long as I am able to stay.

**Table 2. EPHI estimates of undocumented and documented farm workers' actual employment duration**

	oprobit		CEM oprobit	
	Marginal Effect	Std.Err	Marginal Effect	Std.Err
<b>Undocumented Farm worker</b>				
outcome1	-0.0056798***	0.00241	-0.0300703***	0.0056
outcome2	-0.0074733***	0.00294	-0.0295043***	0.00576
outcome3	-0.0074761***	0.00296	-0.0231348***	0.00494
outcome4	-0.0188163***	0.00762	-0.0428964***	0.00775
outcome5	-0.01559***	0.00661	-0.0372058***	0.00714
outcome6	-0.0457638***	0.02095	-0.0725958***	0.01602
outcome7	0.1007992***	0.04166	0.2354073***	0.03667
<b>Documented Farm worker</b>				
outcome1	-0.0035383***	0.00146	-0.0091916***	0.00318
outcome2	-0.0048013***	0.00186	-0.0195566***	0.00531
outcome3	-0.0050943***	0.00196	-0.0185154***	0.00504
outcome4	-0.0190111***	0.00623	-0.0247459***	0.00627
outcome5	-0.018093***	0.00605	-0.0197638***	0.00516
outcome6	-0.0457844***	0.01543	-0.0509123***	0.01258
outcome7	0.0963223***	0.03122	0.1426856***	0.03132

Note: \*\*\*denotes statistically significant at 1% level.

Outcome1: 1-29 days; outcome2: 30-59 days; outcome3: 60-89 days; outcome4: 90-149 days; outcome5: 150-179 days; outcome6: 180-249 days; outcome7: 250-365 days.

## Conclusions

- ❑ Domestic, documented farm workers resemble the general U.S. farm workers in response to the EPHI by increasing actual working days and employment duration expectation.
- ❑ Undocumented farm workers were found to increase their actual farm work days upon acquiring EPHI incentives while their farm employment duration expectations are not affected.
- ❑ EPHI plays a weak role in retaining undocumented farm workers, who would leave farms once legal status is attained and skill restriction disappear.
- ❑ The inconsistencies between an undocumented farm worker's behavior and expectation suggest the importance in accounting for subjective considerations.