Coping with Delayed H-2A Worker Arrivals during the Pandemic



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Abstract

Agricultural demand remains essential under all economic conditions. The recent pandemic is a case in point when the farm sector's real concern was not declining market demand but rather supply chain disruptions, such as the constrained mobility and availability of needed foreign contractual workers. Enforced border entry restrictions and strict screening procedures disrupted the flow of arrivals of foreign workers with approved H-2A visas. A survey was conducted among southeastern U.S. farms with approved H-2A petitions to verify if there were any H-2A labor supply disruptions during the pandemic. Results indicate that more than half of H-2A workers arrived 3 to 5 weeks later than expected. Popular farmers' coping strategies include maximizing family labor contributions, reducing off-farm employment hours, and resorting to less labor-intensive production alternatives.

BACKGROUND

Even as the COVID-19 pandemic's social distancing mandates substantially slowed down overall economic activity, the farm sector was poised to thrive better than other industries since farm products comprise essential goods that consumers normally prioritize in their purchase decisions at all times. Hence, the farm sector's real concern during the pandemic was not a decline in overall demand for its goods and services. Instead, it had to contend with price-related shocks and supply chain disruptions that could have been partially driven by, among other factors, the mobility and availability of the needed labor force to sustain farm operations during the pandemic (Smith and Glauber, 2020).

The existence of labor availability concerns under a period of economic contraction is counterintuitive since economic downturns are usually associated with worsening unemployment conditions. In early 2020 analysts feared that the global economy would plunge into its worst recession since World War II (Felsenthal, 2020). When social mobility constraints were in full force at that time, unemployment levels were not only high, but sectoral unemployment trends were also reversed and deviated from historical patterns. The farm sector's rates exceeded non-farm sector levels by 6% and 7.5% in March and April 2020, respectively (U.S. Bureau of Labor Statistics, 2021).

The market demand/labor supply gap was quite difficult to reconcile. If prevailing market conditions

compelled farms to at least remain actively in business, if not expand, during the pandemic, then plenty of employment opportunities in farms awaited the sector's growing unemployed labor force. However, such economic logic is defied by the U.S. farm sector's employment realities usually characterized by high labor turnovers in favor of non-farm employment that persists in any macroeconomic setting (Luo and Escalante, 2017). For instance, during the Great Recession of the late 2000s, empirical evidence indicates an even more pronounced interindustry migration of workers as domestic workers abandoned the farm sector to seek employment in non-farm industries. At that time, farm businesses had to rely mostly on undocumented workers, who had nowhere else to go, given their inflexible employment options (Luo and Escalante, 2017).

Labor input substitution strategies through increased mechanization of farm operations may be a viable alternative to lessen dependence on farm labor inputs. However, smaller farm businesses find the capital cost outlay requirement of this alternative quite unaffordable (Escalante, Kostandini, and Mykerezi, 2014). Even as most U.S. farm enterprises, especially the larger farm businesses, have considered transitioning into semi- to fully mechanized operations, certain operations—such as fruit, vegetable, and horticultural production—still remain more labor-intensive as their labor wage bills account for more than 40% of their variable costs (Williams and Escalante, 2019; Calvin and Martin, 2010).

Thus, given the unreliable domestic labor force and lack of labor-substitution alternatives, the farm sector—especially the more labor-intensive farm enterprises—had to rely on contractual foreign labor supplied by the government's H-2A guest farm worker visa program when it needed workers during the pandemic. Since the launching of more aggressive immigration controls at the federal and (certain) state levels in the 2000s that effectively deported many undocumented farm workers and punished the employers that hired them (with prison terms and fines), the H-2A program remains the only legitimate option for farm businesses to hire contractual foreign workers as replacement farm workers. The program's importance in supplying the needed farm labor inputs has actually grown in recent years. In 2019 it accounted for more than 27.4% of the farming sector's total hired workers—a significant jump from about 7% ten years ago. When pandemic conditions kicked in, the government promptly released regulations to ensure continued availability of H-2A workers. These federal policies include the temporary final rule, the exclusion of H-2A visas from the federal list of suspended visa processing activities at consular offices, and granting essential travel status to H-2A–related travels.

An earlier *Choices* article (Escalante, Luo, and Taylor, 2020) analyzes national data on approved H-2A worker petitions from the United States Department of Labor (DOL) and H-2A visa approvals from the U.S. Department of State's Bureau of Consular Affairs. The article contends that the H-2A program managed to maintain an increasing trend in petition and visa approval levels even during the early period of the pandemic. The article, however, raises the issue of timely arrivals of H-2A visa holders as stricter border restrictions, medical screenings, and other entry regulations were being enforced, in addition to heightened fears and paranoia at the Mexican border that dealt with sudden outbreaks of coronavirus infections. As overall port entry and border crossing data in April 2020 registered an overall decline of about 96%, there seemed to be a higher likelihood that an impending farm labor supply gap was brewing as many U.S. farms faced the uncertainty of timely arrival of H-2A workers they were expecting to provide the much needed labor support during the 2020 spring season when most of the crops surveyed are being planted.

THE H-2A FARM EMPLOYERS' SURVEY

This article provides a reality check by presenting actual farm-level information on arrival status of expected H-2A workers during the crucial phases of the 2020 planting season in the southeastern United States. A survey was conducted among farmers in Georgia, North Carolina, and Florida—coincidentally among the top five H-2A state patrons over the past several years. The survey instrument was distributed via email to farms with approved H-2A farm labor certifications in the last quarter of 2019 as per the DOL disclosure database.

Of the 573 farms in these three states with approved H-2A labor petitions, some utilized hiring agencies, whereas others did not list email addresses. After accounting for these, 399 potential respondents were contacted and a response rate of over 12% was realized. The participating farms had an average farming experience of about 12 years and operating an average of 1,663 acres. Vegetable farms comprise 42.1% of the study's sample, with the rest engaged in fruit, grain, field crop, and herb production.[1]

The survey's questionnaire addressed two major issues. First, the farmers were asked about the arrival

status of the H-2A workers they were certified to hire and expected to work during their 2020 planting season. These contracted foreign workers were expected to have been covered by the approved foreign worker certifications granted by DOL in late 2019 and the working visas released by the U.S. Department of State in early 2020. Historically, H-2A visa approvals usually peak around mid-March, followed by worker arrivals in April when planting season for certain farm production regions starts (Echavarri, 2020; da Silva, 2020). The survey questions capture the arrival status of H-2A workers in each stage of the entire farm production process commencing with the pre-production stage, followed by the planting and processing stages, and culminating in the harvesting phase.

The latter section of the survey was designed with the assumption that H-2A workers were indeed late in their arrivals at their employers' farms and for their designated farm work assignments. Farmer respondents were asked to validate and evaluate several business strategies that were adopted to remedy the impending temporary H-2A labor shortage. The survey participants then provided estimates of any business losses associated with each business strategy. Extra attention was devoted to the coping strategy that involves hiring of temporary domestic worker replacements.

H-2A Workers' Arrival Status

Table 1 provides a summary of relevant worker arrival statistics for each category of farm work responsibility pre-agreed with the contracted H-2A workers. Survey results indicate that the highest percentage of late H-2A workers was recorded in the pre-production phase, where only 34% of the average pre-processing H-2A labor complement of 66 workers arrived on time. Understandably, the earliest phase of the planting season stood to be plagued with more delays in worker arrivals at a time when the enforcement of much stricter entry regulations and screenings at U.S. ports of entry was also in its early stages. During this time, enforcers and travelers alike had yet to fully grasp the uncertainty of the pandemic and the reasonable extent of severity needed in enforcing the entry regulations.

Planting and processing, which could be simultaneous activities for basic production farms and value-added agribusinesses, reported late worker arrivals comprising 33% and 58%, respectively, of their expected manpower complement. Harvesting operations that occur later in the production stage experienced a 45% delay in worker arrivals, although this category had the shortest period of lateness at only 3.4 weeks. H-2A workers assigned to perform processing work recorded the longest arrival lag at almost 5 weeks of delay. Pre-production and planting H-2A workers were about 4 weeks late in arrival.

Business Coping Strategies

Now that the pandemic's effect on H-2A workers' availability has been quantified in terms of the number of worker arrivals and duration of delay, the more pressing concern has been maintaining operating sustainability. Even during the pandemic, the farm sector remained an essential provider of basic necessities, hence consumer demand for farm goods and services remained high. In order to take advantage of such market opportunities, farms were compelled to explore alternative business strategies to keep their operations afloat and responsive to market demands. The latter part of the survey questionnaire was devoted to business strategies designed to mitigate the effects of the temporarily absent H-2A workers.

Table 2 lists the popular strategies employed by the respondent farms. Based on the collected inputs, the more common tendency among farmers was to initially explore internal sources of replacement labor. More than half of the farmers (62.5%) relied on family members as temporary replacement workers, whereas part-time farmers either reduced their off-farm employment time (52.9%) or resigned from their non-farm positions (50%).

Other farms resorted to downsizing (41.2%), which most likely led to foregone business opportunities in a promising market environment. Almost a quarter of the respondents considered modifying their production methods in favor of those alternative plans that are less labor-intensive (23.5%).

In terms of the economic repercussions of these coping strategies, adverse effects on business returns were relatively smaller when the farm operator fully devoted their personal time and attention to the operations by quitting off-farm employment. This strategy was estimated to have caused only a 4.3% reduction in farm business returns. The family labor option resulted in the second lowest income reduction of 8.9%. All the other strategies registered business return reductions of more than 20%.

Domestic Hiring Alternative

In Georgia, the unemployment rate in March 2020 was 3.6%. After the declaration of a national emergency by President Trump, along with the passage of the

Coronavirus Aid, Relief, and Economic Security (CARES) Act that increased unemployment benefits (Petrosky-Nadeau and Valletta, 2021), the rate skyrocketed to 12.5% in April 2020 (U.S. Bureau of Labor Statistics, 2021). Florida and North Carolina registered the same trend from March to April as their unemployment rates grew from 4.9% and 3.9% to 14% and 13.5%, respectively (U.S. Bureau of Labor Statistics, 2021).

Such were the prevailing labor market conditions faced by Georgia, North Carolina, and Florida farmers who turned to the domestic labor pool for temporary fillers of farm positions reserved for the delayed H-2A workers. In this study's survey, 30% of the participants considered the domestic hiring alternative. Table 3 includes a tabulation of the farmers' assessment of their domestic hiring experiences. Initially, the farmers provided an estimate of their own farms' labor force deficiency expected to be filled in by domestic workers. On average, farmers expected an estimated average labor shortfall of 55%. Moreover, drawing from these farmers' previous experiences with domestic workers who actually showed up for work on their farms, they estimate a labor output efficiency shortfall of about 47%. Evidence from farmers validates that local workers usually lack motivation and drive to be as efficient in their farm work performance as contracted foreign workers.

In terms of their actual hiring experiences, farmers were asked to use a 5-point scale to rate the level of difficulty in their hiring experiences (where 1 represents the least amount of difficulty and 5 is the hardest). Results indicate an average difficulty rating of 3.7 experienced with regard to domestic workers' availability. This result is consistent with those obtained in earlier studies on the farmers' domestic hiring predicaments during the Great Recession of the late 2000s (Luo and Escalante, 2017; Escalante, Wu, and Li, 2016), which are substantiated with anecdotal evidence provided by the farmers themselves (Escalante, Perkins, and Santos, 2011). In terms of labor productivity gaps, an average difficulty rating of 4.0 was assessed by the survey respondents, which confirms their initial expectations that indeed it was too difficult to elicit an acceptable level of work productivity among domestic workers they hired.

Moreover, the farmers also provided estimates of production shortfalls associated with domestic labor employment. According to them, the use of significant time and resources in recruiting local workers to work on their farms translated to about 60% business opportunity loss. When other farmers have succeeded in their domestic hiring campaigns, opportunity losses of about 53% were still realized as the local workers' output productivity proved to be substantially below levels realized by the contracted H-2A workers.

Farms' Resilience during the Pandemic

Prior to the onset of the pandemic, the U.S. farm sector had already been plagued with operating challenges, including the repercussions of tariff wars and weather-related disturbances. These translated to higher production costs and constrained profit margin potentials, which, in turn, could have led to lower capital investments and higher leverage conditions (Johansson, 2021). Prior to the enforcement of pandemic-induced social mobility constraints in early 2020, U.S. consumers were registering a stable growth in food expenditures that was allocated approximately evenly among retail (supermarket and grocery sales) and food service (such as restaurants and schools) outlets (Felix et al., 2020). In the early lockdown period of the pandemic, consumers primarily turned to retail suppliers as food service sales declined. An initial frenzy of panic buying led to empty shelves at groceries and supermarkets as the shortage affected many categories of consumer goods (Kam, 2020).

The shortages were expected to create a serious, sustained food crisis, but as one expert summarizes the situation, the condition was "more dramatic, but not emblematic" as the farm sector proved to be resilient enough to remedy the issue (Kam, 2020). Naturally, the recovery among farms was not sector-wide. The meat processing industry turned out to be its weakest link through some serious blows on the health conditions of its workers, whereas its fruit and vegetable operations "remained relatively unscathed" (Kam, 2020).

Most shortages during the pandemic proved to be temporary in nature. Average stock-out rates (whereby retailers run out of goods to sell) rose from its pre-pandemic rate of 14% in 2019 to about 35% in May 2020 (Cavallo and Kryvtsov, 2021). The rate would revert to its pre-pandemic level in November 2020 and would continue to decline thereafter (Cavallo and Kryvtsov, 2021).

CONCLUSIONS

This article serves as an exposition on how a sample of farms in the southeastern United States have managed to overcome the odds of business disruptions due to a temporarily handicapped labor force. The results of our study indicate that a 4- to 5-week absence of H-2A workers, on whom rests the steady and effective operation of the farming

business, can actually lead to some opportunity losses. As this article validates the farmers' continued frustrations over the unreliability of domestic labor options—usually dissatisfied with the relatively inferior remuneration package of farm work vis-à-vis non-farm jobs that inadequately compensates the riskier, more taxing nature of tasks (Luo and Escalante, 2017; Martin, 2016; Escalante, Perkins, and Santos, 2011; Escalante and Santos, 2011), business setbacks caused by H-2A workers' delayed arrival can be mitigated only partially by certain alternative business coping strategies that farmers resorted to while they waited for their foreign workers to arrive.

This study's results only confirm the farm sector's reliance on contracted foreign workers, whose temporary absence can threaten the sustainability of farm operations. Even as the patronage of the H-2A farm labor hiring alternative has increased in recent years, the program's current utilization level is far from ideal (hovering around only 25% of the country's hired farm labor force) and farmers continue to clamor for program reforms. Thus, by providing additional empirical support to the farms' strong dependence on H-2A labor, especially during more difficult economic periods, this article supports the demands for continued evaluation of the program until its implementing guidelines and policies are able to fairly ensure the promotion of economic welfare on both workers' and farm employers' sides.

FOOTNOTE

1 Recent legislative efforts address current H-2A programs' bias toward crop operations. H-2A utilization trends indicate that crop farms accounted for 80% to 90% of H-2A workers hired since 2010 (Castillo et al., 2021). Conversely, livestock farms accounted for only 4% to 8%. This can be partially attributed to the livestock production cycle because even while certain livestock operations have high labor requirements, the industry's demand for year-round labor cannot be filled by seasonal, temporary H-2A work contracts.

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Table 1. H-2A Workers' Actual Arrival Status, 2020 Planting Season, Georgia, Florida, and North Carolina Farms				
H-2A Worker Petitions and Arrival Status Measures	H-2A Workers' Farm Work Assignments			
	Pre-Production	Planting	Processing	Harvesting
Approved H-2A Workers Petitioned, per farm	65.86	39.40	52.25	79.44
Average Number of H-2A Workers Arriving Late	43.70	12.93	30.40	35.85
Percent of Late H-2A Workers, per work category	66.35	32.82	58.18	45.13
Average Number of Weeks Late	4.33	4.14	4.75	3.40

Source: 2021 H-2A Labor Hiring During the Pandemic Survey, Department of Agricultural & Applied Economics, University of Georgia.

Table 2. Business Coping Strategies and Effects of Late/Absent H-2A Workers of Georgia, North Carolina, and Florida Farms, Spring 2020		
Business Strategies	Percent of Adopters	Average Effect on Business Returns
Relied More on Family Members for Labor	62.50%	–8.89%
Reduced Off-Farm Working Time	52.94%	–20.00%
Quit Off-Farm Job	50.00%	–4.29%
Reduced Scale and Amount of Production	41.18%	–20.83%
Changed Production Plans to Commodities that Require Less Labor	23.53%	–21.67%

Source: 2021 H-2A Labor Hiring During the Pandemic Survey, Department of Agricultural & Applied Economics, University of Georgia.

Table 3. Domestic Hiring of Replacement for Late H-2A Workers in Georgia, North Carolina, and Florida, Spring 2020		
Domestic Hiring Parameters	Domestic Workers' Availability	Available Domestic Worker's Output Productivity
Expected Deficiency (Before Hiring), percent	54.67	46.50
Level of Difficulty (5-point scale where 5 is hardest)	3.71	4.00
Estimate of Actual Effect on Business Returns due to Hiring Decisions, percent	–60.40	–52.83

Source: 2021 H-2A Labor Hiring During the Pandemic Survey, Department of Agricultural & Applied Economics, University of Georgia.