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The 2023 FLC Employment Survey Report
Summary of Preliminary Survey Findings for California Farm Labor Contractors

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The 2023 FLC Employment Survey Report

Summary of Preliminary Survey Findings for California Farm Labor Contractors

The 2023 FLC Employment Survey was conducted to collect information on the adaptation strategies of agricultural employers in the face of growing labor scarcity, particularly in the context of recent shifts in labor market dynamics and the COVID-19 pandemic. This pandemic has potentially reinforced the urgency for farmers to modify their production practices, labor management methods, and embrace labor-saving technologies. This report presents the survey's methodology, demographic insights, and preliminary findings of how California's agricultural sector is responding to 2022 labor market conditions.

Survey Sample and Response

The 2023 FLC Employment Survey was conducted in collaboration between the California Farm Bureau (CFB) and the California Farm Labor Contractors Association (CFLCA), and the researchers from the University of California Davis, and Michigan State University.

The generalizability of responses to the population of farmers and FLCs in California depends on (a) how representative these survey respondents are of that population, and (b) whether those who chose to complete the survey are similar statistically to those who did not. A total of 258 individuals responded to the survey. Of the 258, 172 farmers consented to the survey and 45 farm labor contractors consented to the survey. This report will focus on the 45 farm labor contractors.

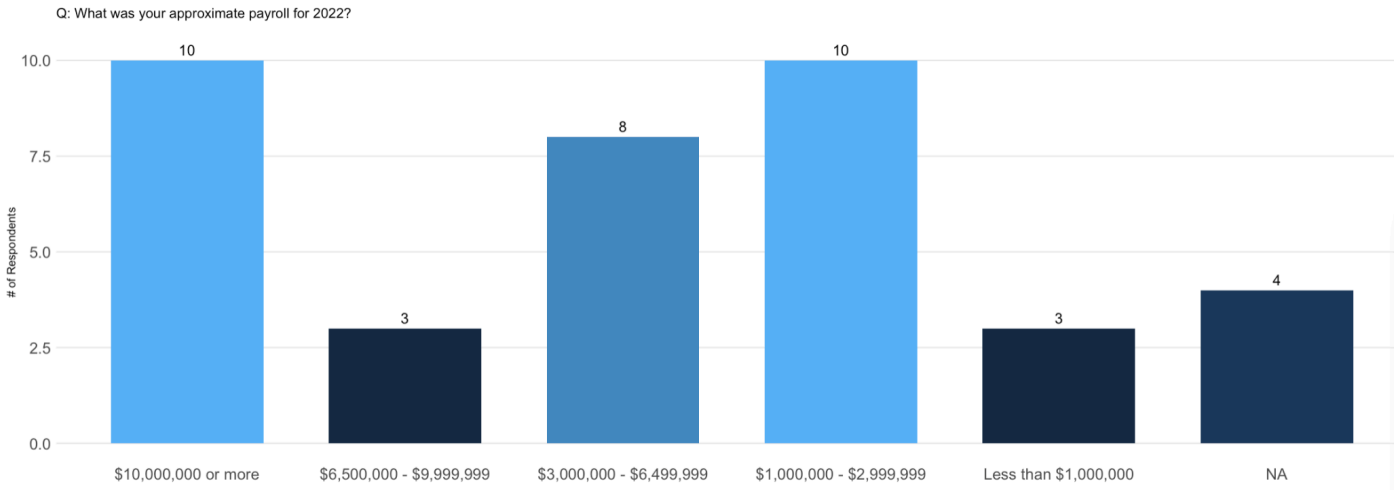
Farm Labor Contractor Respondents

Section 1: Respondent Business Profile

Survey respondents were asked to describe their payroll estimates and the size of their clients' acreage.

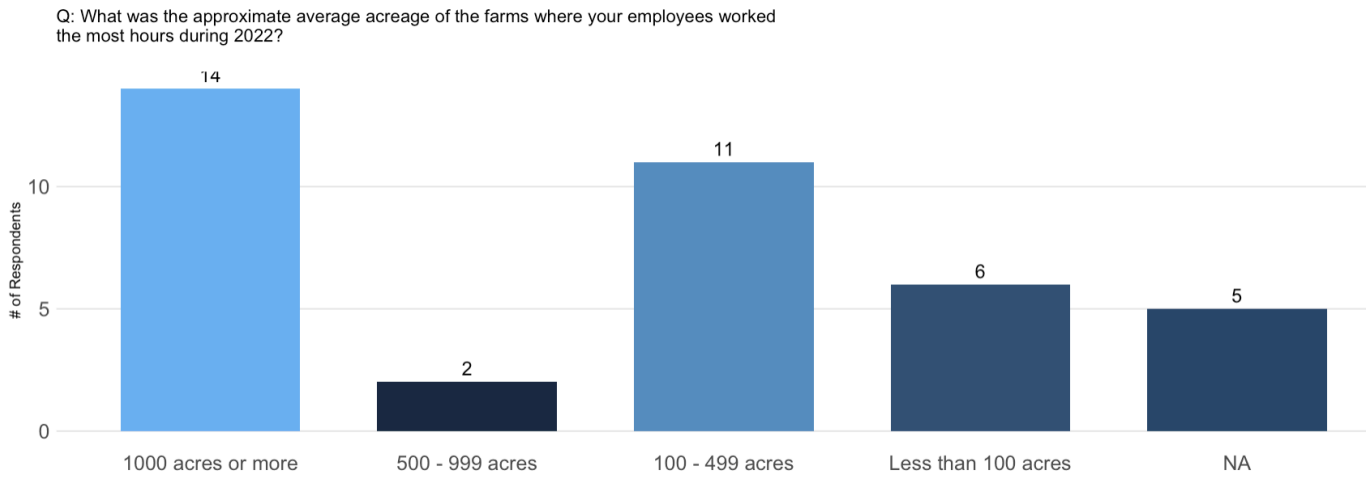
Payroll

Survey respondents were asked for their estimated payroll amount in 2022. Of the 38 responses, 10 respondents (26% of all respondents) estimated generating $10M+, 3 (8%) estimated generating between $6.5 M and $9.9 M, 8 (21%) respondents estimated generating between $3M - $6.5M, 10 (26%) estimated generating between $1M - $2.9M, and 3 (8%) estimated they generated less than $1 M.



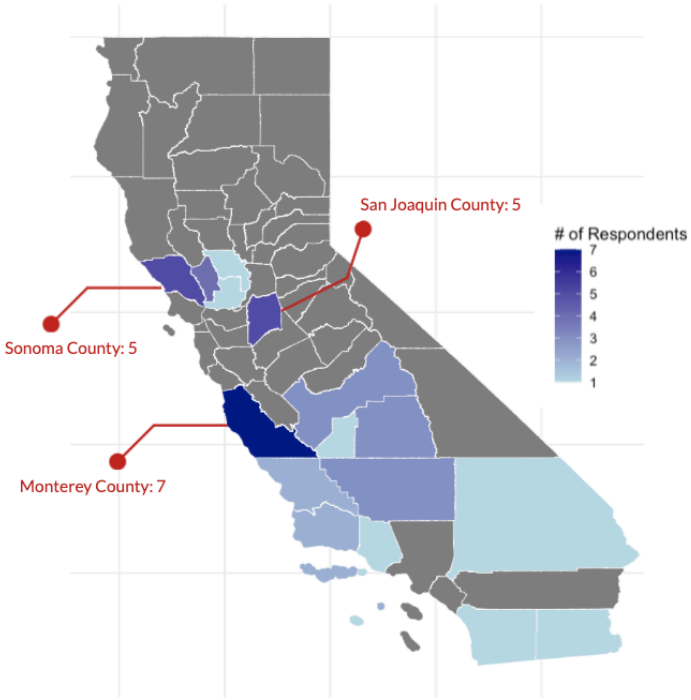
Acreage

Survey respondents were asked to quantify the average acreage of the farms their employees worked the most hours during in 2022. Of the 38 respondents, 14 respondents (37% of all respondents) estimated their employees worked the most hours on 1000 acres +, 2 (5%) estimated 500 - 999 acres, 11 (29%) estimated 100 - 499 acres and 6 (16%) estimated less than 100 acres.



Section 2: Counties And Commodities Generating the Highest Share of Total Sales

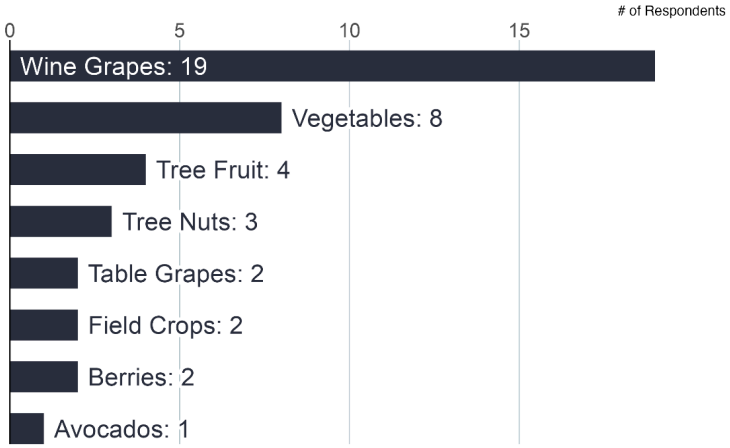
Survey respondents were asked in which California counties their employees worked the most hours in. Of the 41 responses, the top three counties where survey respondents reported growing the largest share of their total sales are Monterey County (7 respondents, 17% of all respondents), San Joaquin County (5, 12%) and Sonoma County (5, 12%)



Respondents were asked to identify the commodities that consumed the largest percentage of their employees' working hours.

Fruits and nuts: 19 respondents (46% of all respondents) said the largest percentage of their employees' working hours were on farms that produced wine grapes as their primary product, 4 (10%) on tree fruits, 3 (7%) on tree nuts, 2 (5%) on berries, 2 (5%) on table grapes, and 1 (2%) on avocados.
Vegetables: 8 (19%) on vegetable farms.
Non-specialty crops: 2 (5%) on field crop farms.

Q: For which commodity or commodities did your employees work the most hours in 2022? (Please select at least one commodity, with "Commodity 1" being the one for which your employees worked the most hours. If you don't know for sure, provide your best guess. If your employees only worked in one or two commodities, leave the other boxes blank.)

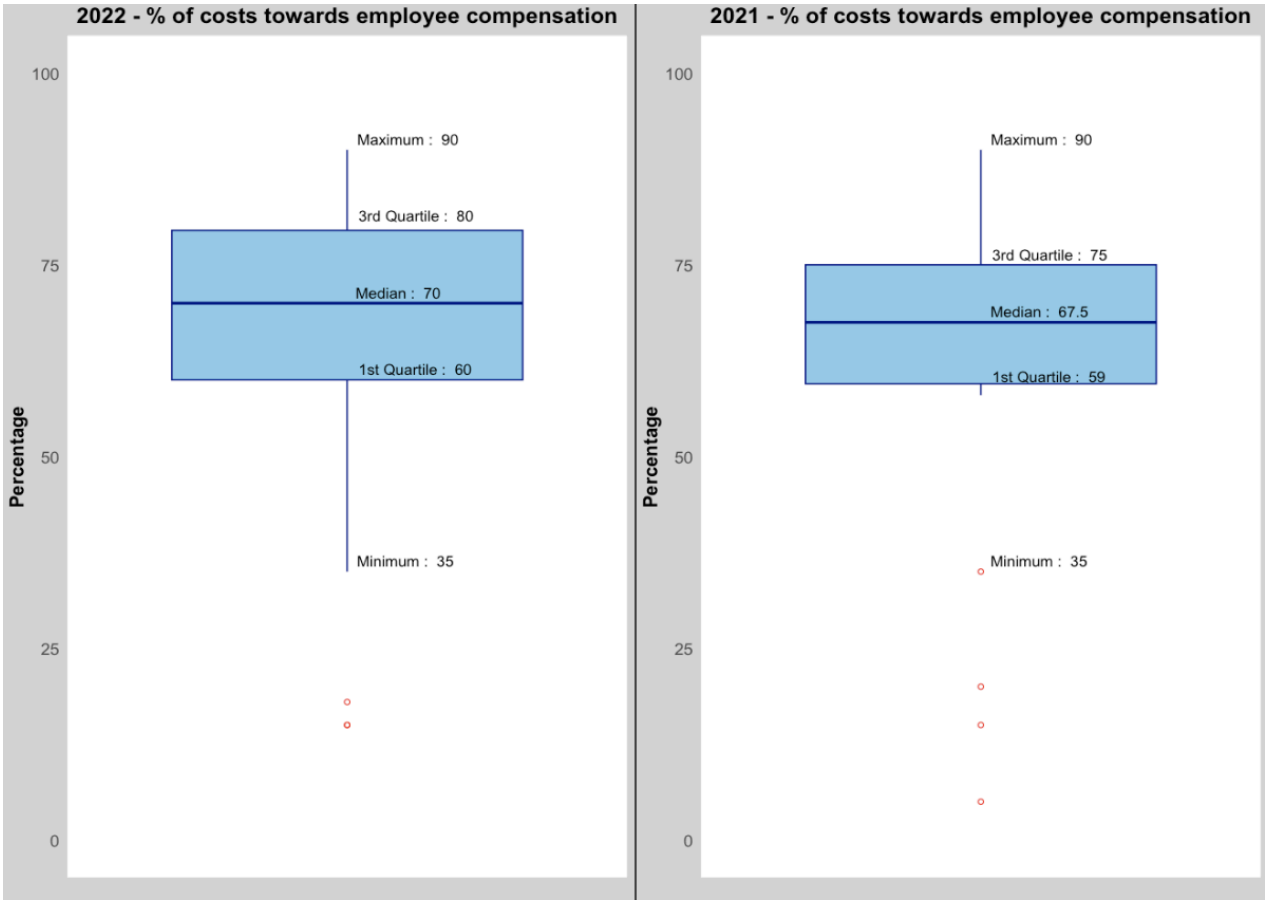


Section 3: Labor Costs, Shortages and Changes

Respondents were asked to describe the impact of labor costs and challenges on their business activities in 2022. Respondents were queried about the proportion of their business costs attributed to labor in 2021 and 2022, their labor situation, the challenges faced in getting their employees hired, and the measures taken to address labor shortages and costs.

Labor / Business Costs

Survey respondents were asked to estimate their 2022 share of business costs that went towards employee compensation. Twenty-two respondents (65% of all respondents) of the 34 responses estimated about 70% of their business costs were driven by wages, benefits and other forms of employee compensation in 2022. Similarly in 2021, 20 respondents estimated 67.5% of their business costs were driven by wages, benefits and other forms of employee compensation reflecting relatively similar year over year expenses.



Labor Conditions

Surveyors were asked to describe their labor situation in terms of their ability to employ workers. Of the 34 responses, 20 (59%) respondents were able to employ a sufficient number of workers, but not the amount they needed, 7 (21%) were able to employ all the workers they needed and 5 (15%) were not able to employ a sufficient number of workers to maintain their operations.

For the surveyors that were unable to employ all the workers they wanted, they were asked to describe all the reasons they were unable to meet their required demands. Respondents were allowed to provide multiple answers.

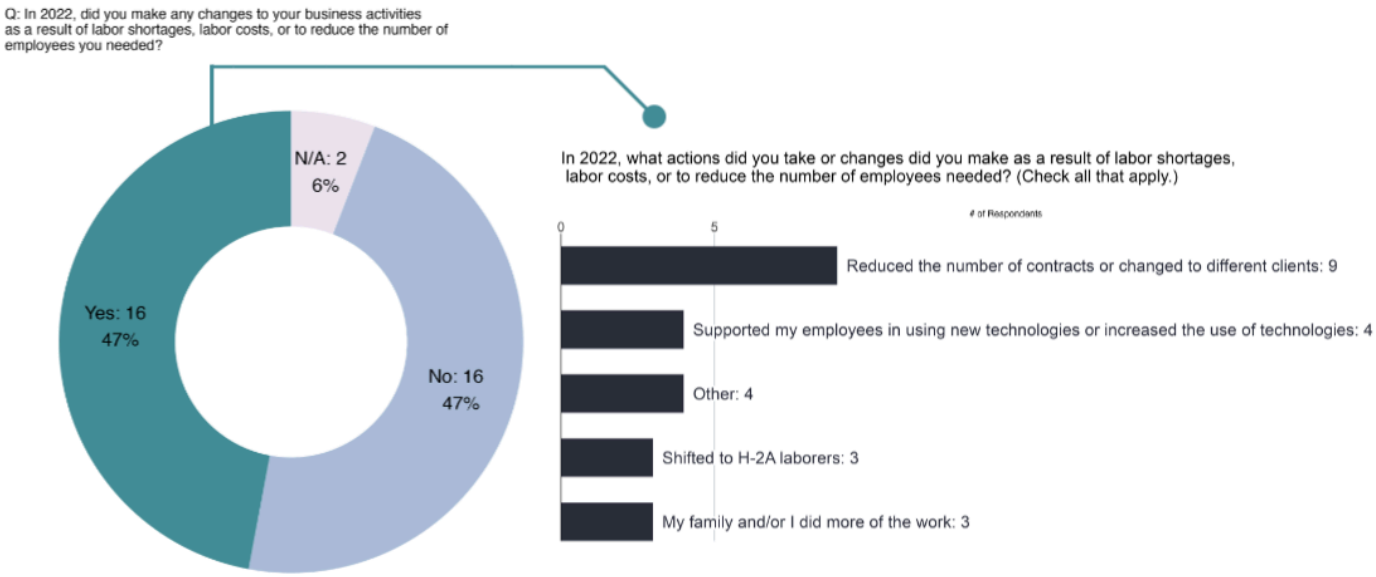
Twenty-two (54%) of the 41 responses categorized the challenge as driven by a lack of availability of U.S based workers and 7 (17%) responses highlighted the cost of U.S based workers was too high.

Adaptation Strategies

Surveyors were asked if they made any changes to their business activities as a result of the 2022 labor market, 16 (47%) of the 34 respondents did make changes to their business activities, while 16 (47%) respondents did not make changes to their business activities. Of the 16 respondents that made changes to their business activities, respondents were asked to describe what kind of changes they implemented in response to the labor shortages, labor costs or a reduction in employment demand. Respondents were allowed to provide multiple answers.

The 16 respondents who made changes to their business activities provided 23 responses. Nine respondents (39% of responses) reduced the number of contracts or changed to different clients, 4 (17%) supported their employees in using new technology or increased the use of technologies, 4 (17%) selected Other and provided custom responses, 3 (13%) shifted to H-2A laborers, and 3 (13%) had their family or themselves do more of the work.

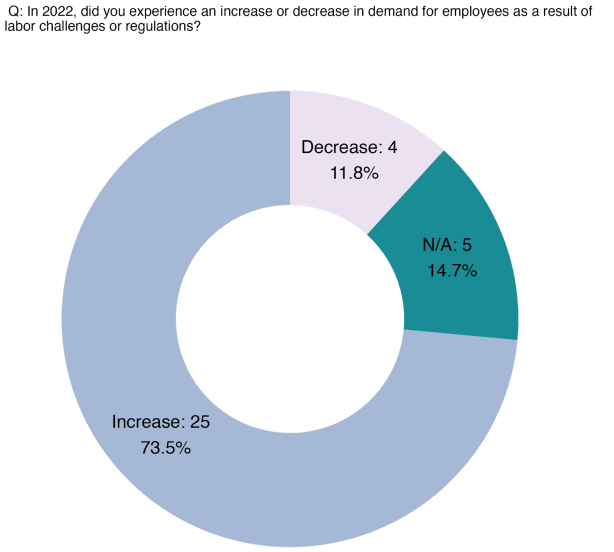
Of the 4 custom responses, answers ranged from reducing overhead costs, increasing the number of contracts, and shifting workers from salary to hourly.



Surveyors were asked if the changes they undertook to deal with changing labor market conditions resolved their labor related challenges. Twelve (75%) of the 16 respondents said the changes partially resolved their labor challenges.

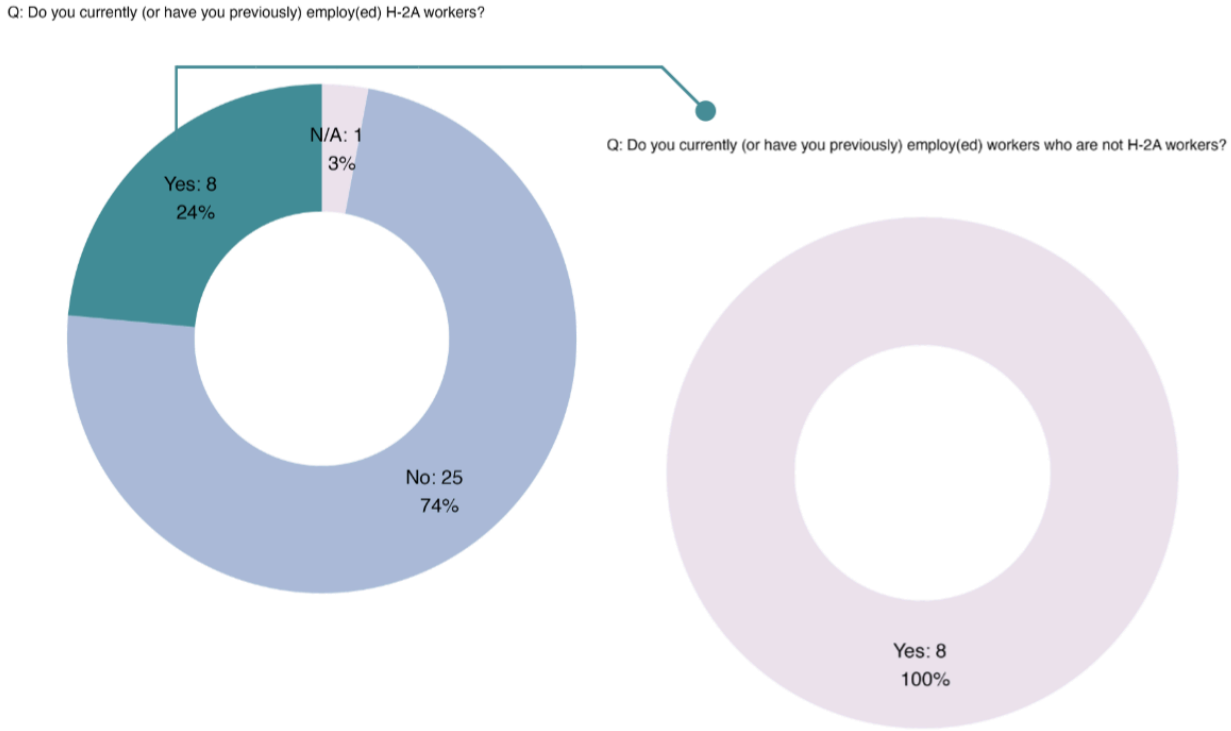
Demand Signals

Surveyors were asked if they experienced a change in demand for their employees as a result of labor challenges or regulations. Of the 34 respondents, 25 respondents (73% of all respondents) experienced an increase in demand for workers as a result, while 4 respondents (12%) experienced a reduction in demand for workers.



Section 4: H-2A Worker Productivity and Costs

Survey respondents were asked about their employment of H-2A and non-H-2A workers, comparing the costs and productivity of these two groups. Of the 34 respondents, 8 (24%) respondents had employed both H-2A and non H-2A workers previously.

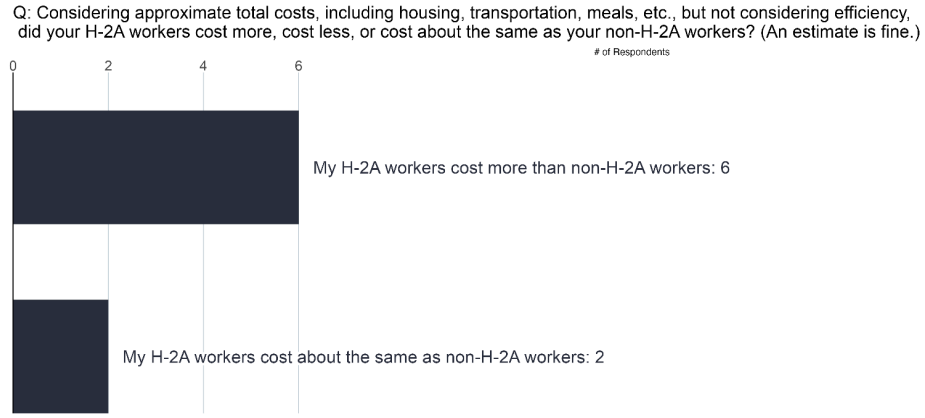


Those individuals provided comparative estimates on H-2A cost differences, overall

productivity levels, and specific areas where one group was more productive than the other.

H-2A Impacts on Cost

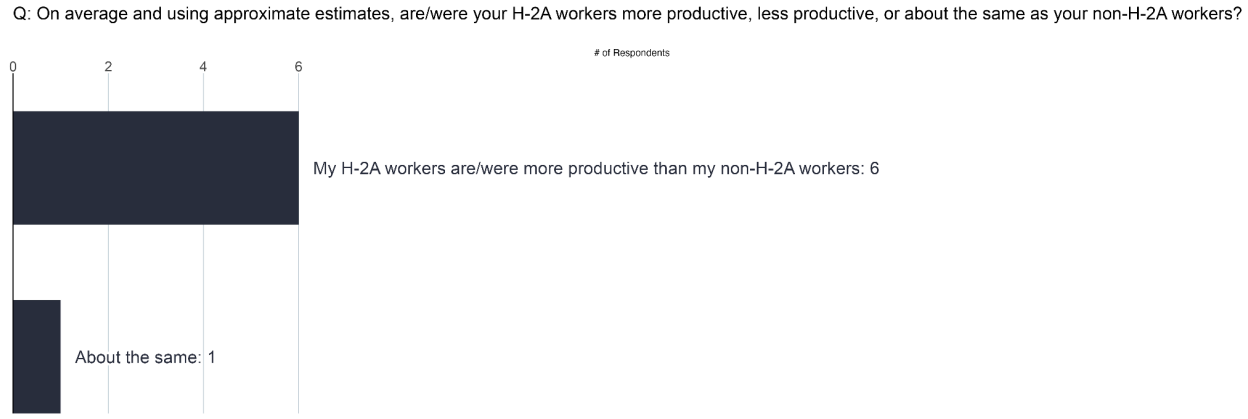
The 8 respondents were asked if their H-2A workers cost more, less or about the same as non-H-2A workers, 6 (75%) respondents answered H-2A workers cost more while 2 (25%) said they costs about the same as non-H-2A employees. None of the respondents indicated that H-2A employees cost less than non-H-2A employees.



Among the 6 respondents who reported that H-2A workers cost more, 3 estimated that, on average, the costs associated with H-2A workers were 10% higher compared to non-H-2A workers.

H-2A Impacts on Productivity

Of those 8 respondents who had employed both H-2A and non-H-2A workers, 6 (75%) respondents had categorized H-2A workers as more productive than non-H-2A workers.



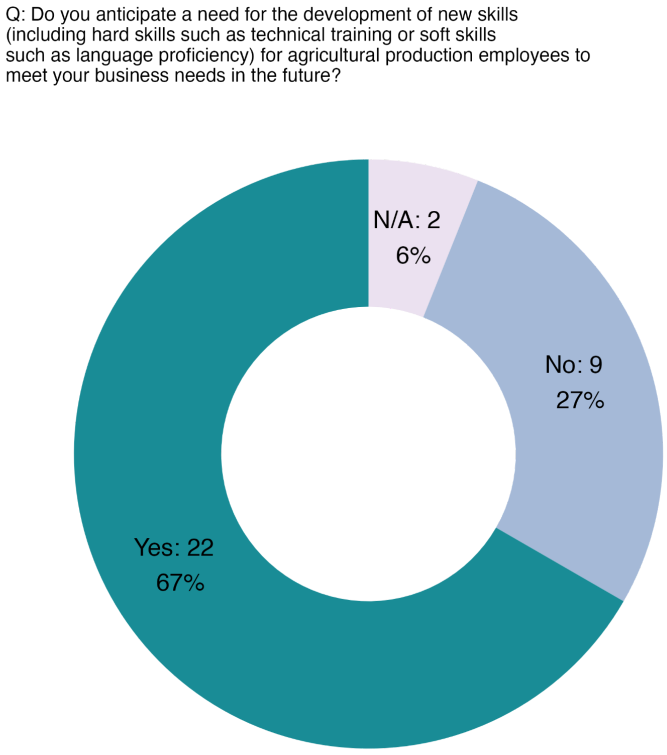
Among the 6 respondents who viewed H-2A workers as more productive, 4 of them indicated that, on average, H-2A worker productivity was 27.5% higher compared to non-H-2A workers.

Section 5: Labor Skill Development and Adaptation

Survey respondents were asked about their anticipation for new skill requirements in agricultural employees and any recent changes in employment practices since 2018, including factors influencing these changes and their impact on employee hiring and retention

Anticipated Skill Development

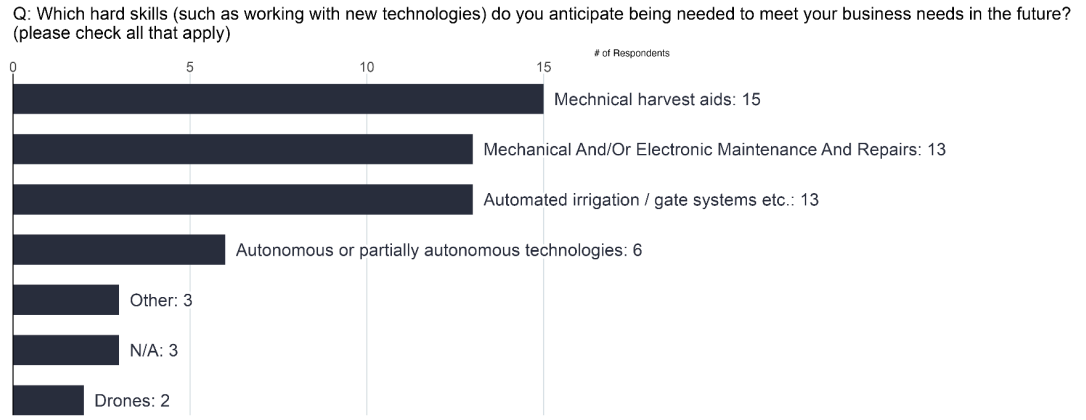
Survey respondents were asked if they anticipate the development of new skills for agricultural production to meet business needs. Of the 33 responses, 22 (67%) respondents do expect the need for new skill development, 9 (27%) respondents did not anticipate a need and 2 (6%) respondents were unsure.



Of those 22 respondents anticipating the need for new skills, respondents were asked which hard and soft skills workers would need to meet business needs. Respondents were allowed to provide multiple answers

For hard skills, the top four answers where survey respondents expected skill development were working with mechanical harvest aids (15 respondents, 27% of all responses), mechanical and/or electronic maintenance and repairs (13, 23%), automated irrigation systems, automated gate systems and other similar technologies (13, 23%), and working with autonomous or

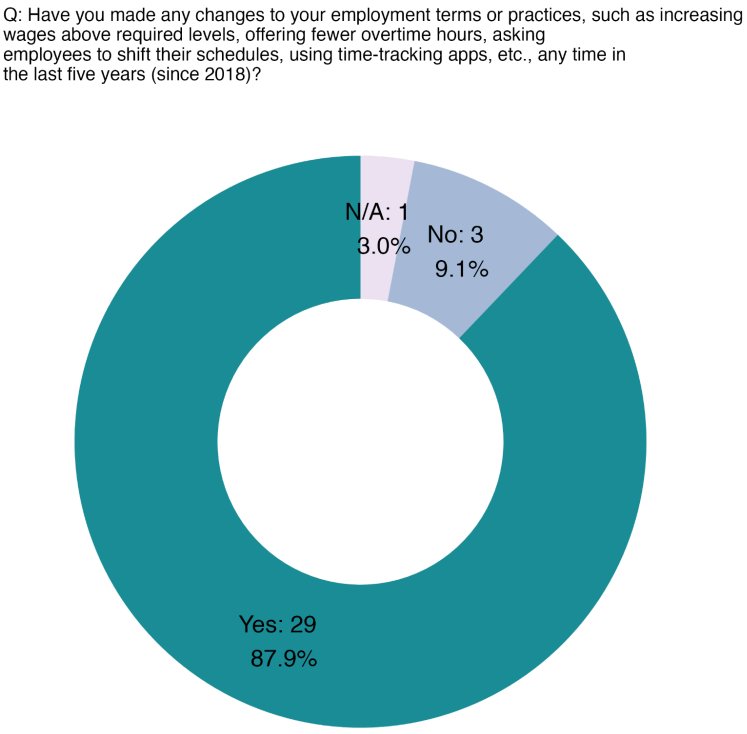
partially autonomous technologies (6, 11%).



For soft skills, the top four answers where survey respondents expected skill development is knowledge of regulatory requirements (e.g pesticide safety, machinery safety, workplace safety, harassment, etc) (21 respondents, 28% of all responses), leadership training (19, 26%), communication skills (13, 18%), ability to adapt to changing conditions (13, 18%), and English proficiency (8, 11%),

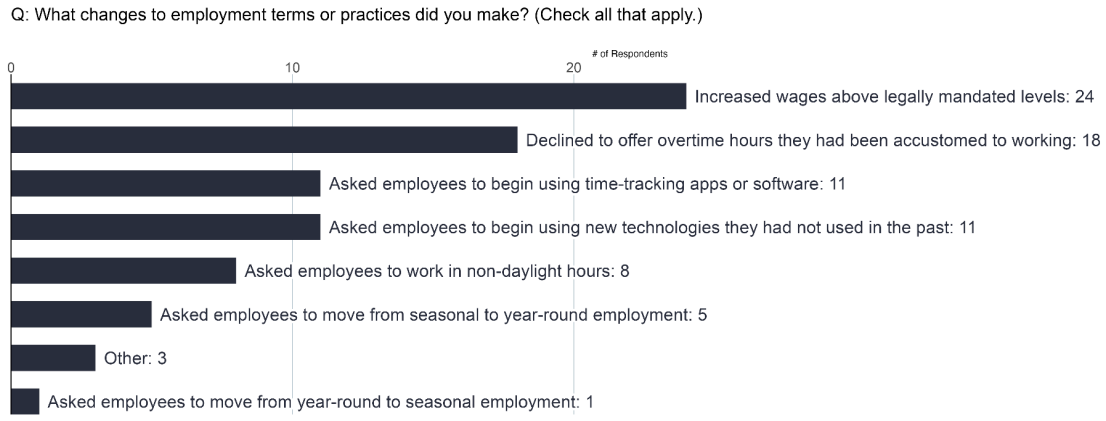
Changes in Employment Practices

Survey respondents were asked if they had made any changes to their employment terms or practices in the last five years (2018 - 2022). Of the 33 responses, 29 (88%) said they did make changes.



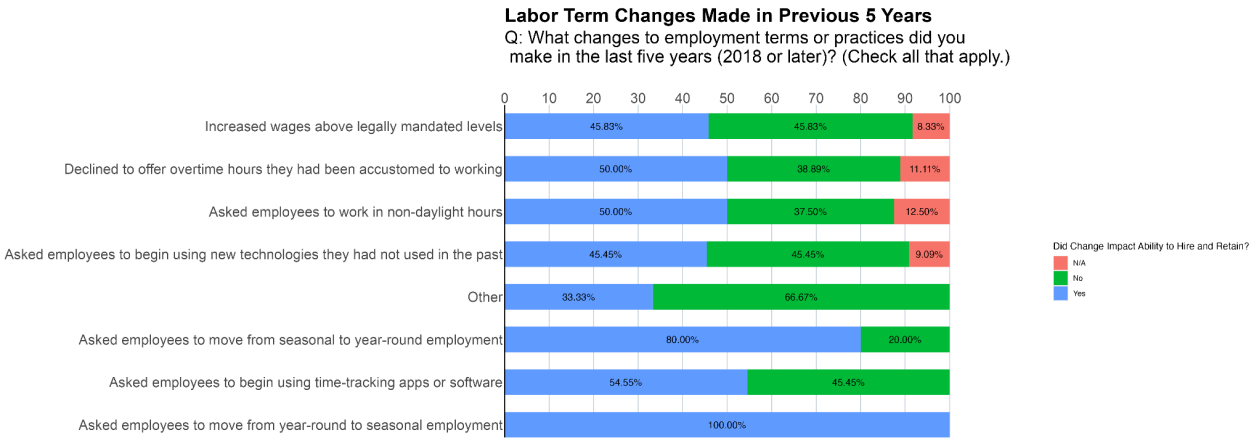
The 33 respondents who replied “yes” were asked what kind of changes they implemented in the past five years. Respondents were allowed to provide multiple answers.

The top five answers were increasing wages above mandated levels (24 respondents, 30% of all responses), reduction in overtime hours offered (18, 22%), usage of time-tracking apps / software (11, 14%), using new technologies (11, 14%), and asking workers to work night shifts (8, 11%).



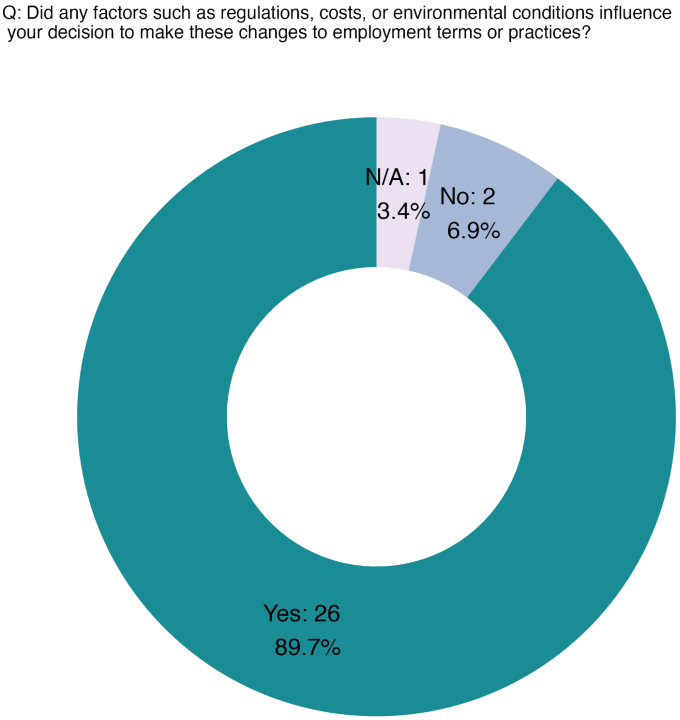
Of those that did make changes, respondents were asked if these changes to their employment terms affected their ability to hire or retain employees. Eighty percent of the 5 respondents that asked employees to move from season to year-round employment answered the change

made did impact their ability to hire and retain.



Influencing Factors

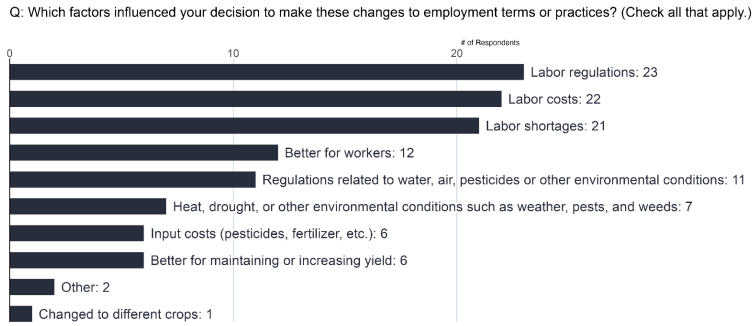
Survey respondents were asked if their changes in employment terms were driven by any factors, such as regulations, costs or environmental conditions. Twenty-six (90%) of the 29 provided responses answered that these factors did play a part in their decision making to change employment terms.



The 26 respondents who replied “yes” were asked to identify the factors that influenced their

decisions. Respondents were allowed to provide multiple answers.

The top five answers were labor regulations (23 respondents, 21% of all responses), labor costs (22, 20%), labor shortages (21, 19%), better conditions for workers (12, 11%) and environmental regulations (11, 10%)



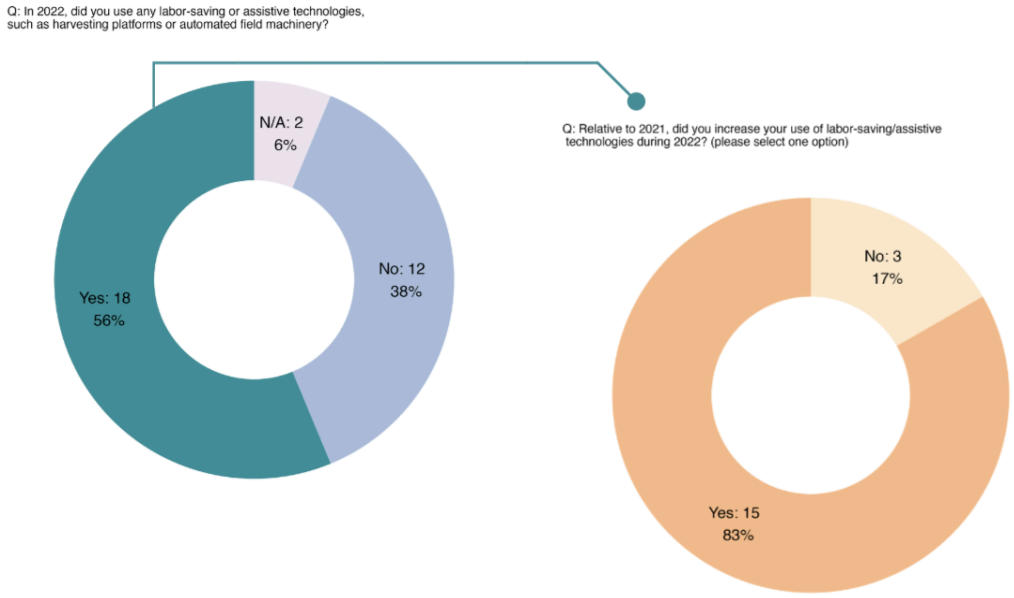
Section 6: Labor-Saving Technology Adoption

Survey respondents were asked about their and their client's use and increased use of labor-saving or assistive technologies in 2022, its impact on labor costs compared to 2021, and the factors and challenges influencing these technological adoptions.

Technology Adoption

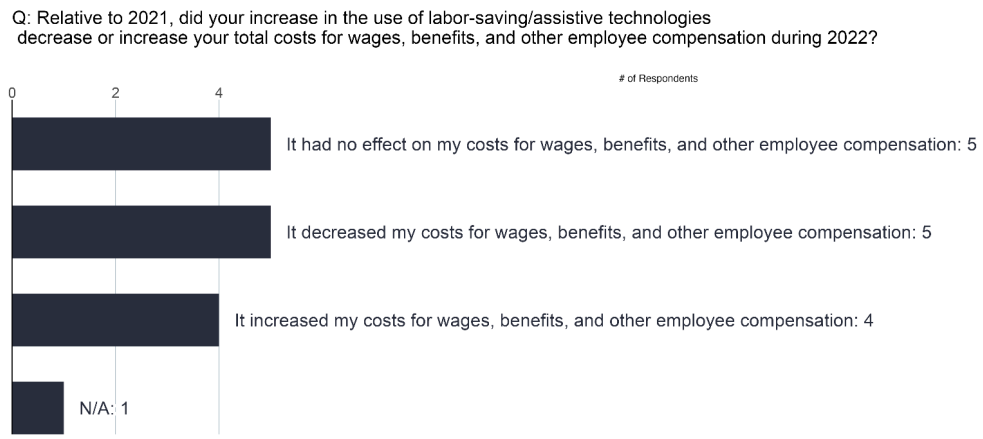
Of the 32 provided responses, 18 (56%) respondents did use labor-saving or assistive technologies (e.g harvesting platforms, automated field machinery) in 2022, and 12 (38%) respondents did not use labor saving or assistive technologies.

The 18 respondents that did use labor-saving or assistive technologies were asked if they increased their usage since 2021. Fifteen (83%) respondents did increase their usage in 2022.



Technology Impacts on Cost

The 15 respondents who did incur an increase in their usage were asked if their increased usage had any impacts on their employee compensation costs. Five (33%) respondents answered that the increased usage decreased their costs for wages, benefits and other employee compensation, 5 (33%) answered it had no effect on their costs and 4 (27%) answered it increased their costs.

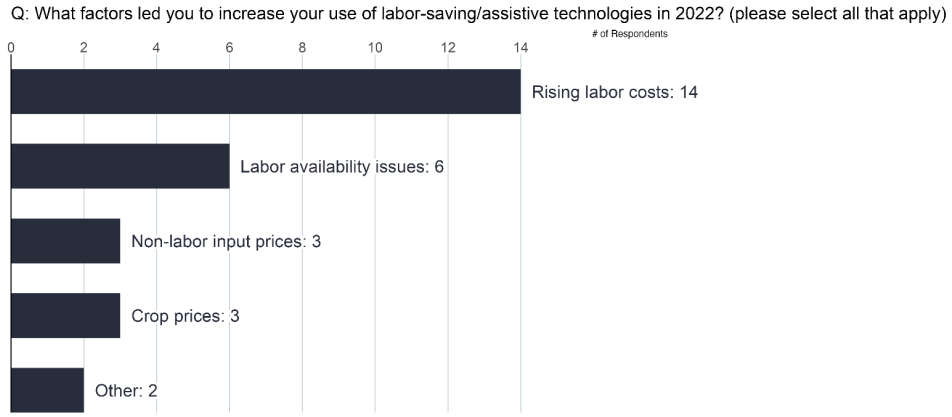


Four respondents estimated that the technology reduced their total costs by 12.5% on average.

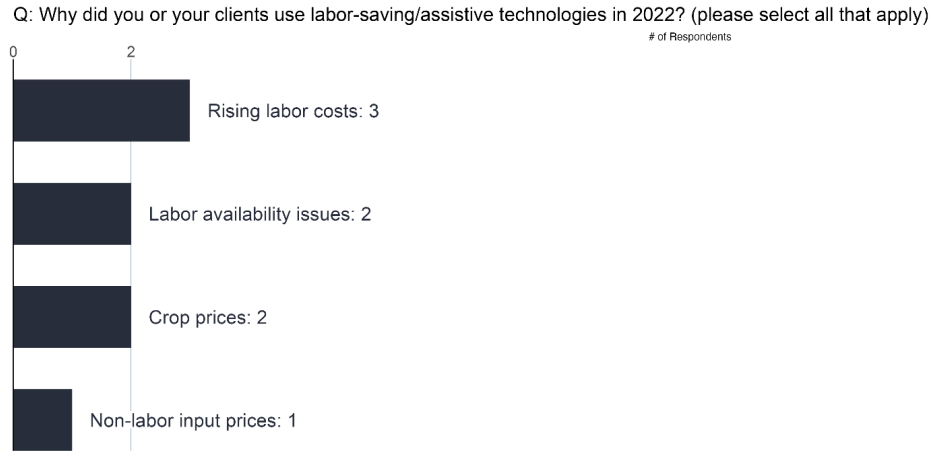
Influencing Factors for Technology Adoption

The 31 respondents who increased their labor-saving or assistive technologies in 2022 were asked which factors led them or their clients to increase their consumption. Respondents were allowed to provide multiple answers.

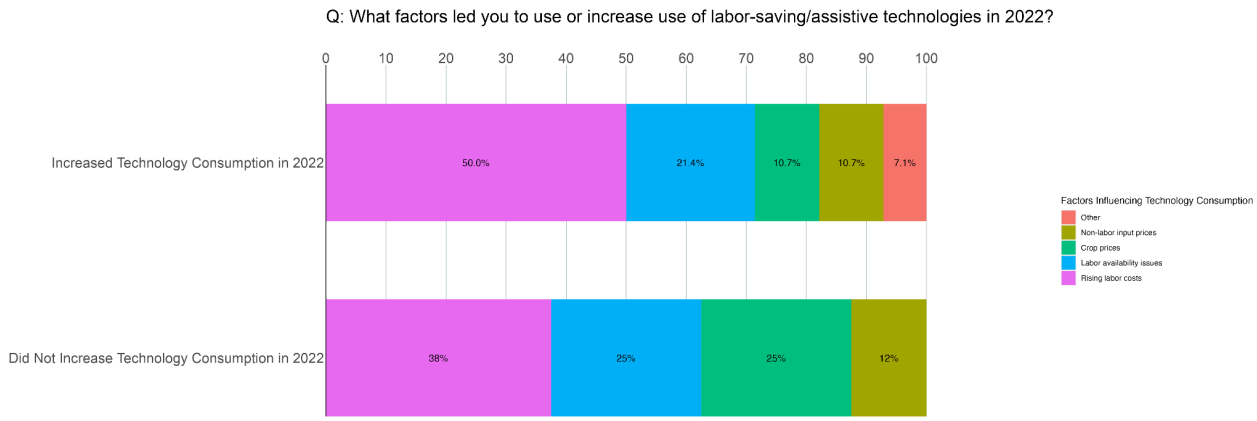
The top three answers were rising labor costs (14 respondents, 50% of all responses), labor availability issues (6, 21%), non-labor input prices (3, 11%) and crop prices (3, 11%).



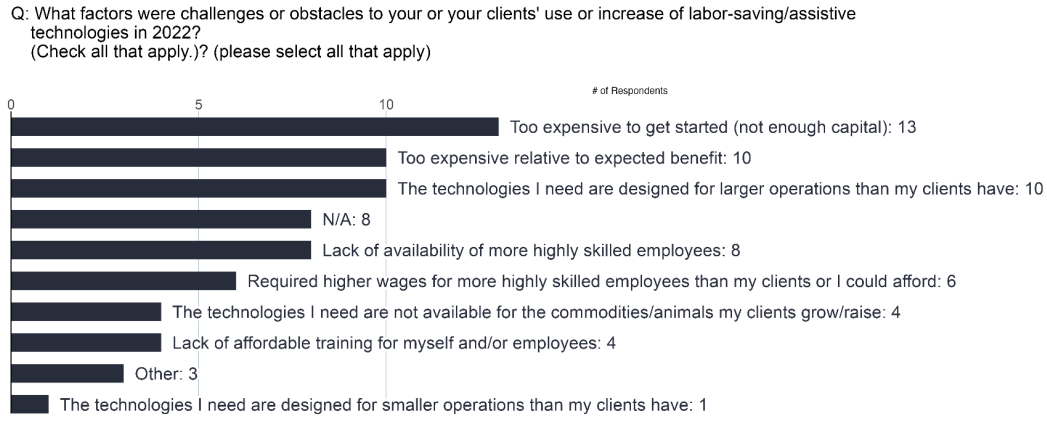
Of those survey respondents who did not increase their labor-saving or assistive technologies consumption since 2021 were asked what drove them to use assistive technology in 2022. The top three answers were rising labor costs (3 respondents, 38% of all responses), labor availability issues (2, 25%), and crop prices (2, 25%).



For both groups, rising labor costs played a primary part in their intention to use labor-saving or assistive technologies.



Survey respondents were asked to identify the barriers to usage or an increase in usage of assistive technologies they or their clients faced in 2022. The top five answers were not enough capital (13 respondents, 20% of all responses), too expensive relative to expected benefit / low expected ROI (10, 15%), technologies were designed for larger operations than their clients had (10, 15%), lack of availability of skilled workers (8, 12%) and wages for more skilled workers were too expensive (6, 9%).



Conclusion

The 2023 FLC Employment Survey, encompassing a comprehensive range of California's agricultural sector to reflect preliminary findings on labor challenges based on a cohort of 45 FLCs. The data underscore a critical narrative: approximately 74% of contractors surveyed reported not being able to employ the number of workers they needed. The large number of contractors who were unable to employ the number of workers they needed explains why most respondents utilized labor-saving technologies, reducing production and engaging in other strategic adjustments to bridge the labor gap.

Archive

Demographic Snapshot

Survey respondents were asked about their level of education, race, gender and age. Of the 45 consenting farm labor contractors, 17 surveyors provided demographic information.