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Preliminary Findings from the 2020 Colorado Agricultural Labor Survey for Employers

Survey Highlights:

- 22% of respondents reported being unable to obtain all the workers they needed within the last five years.
- The majority of respondents expect their labor needs to remain the same (51%) or increase (38%) in the next five years.
- 64% of respondents characterized their level of business risk regarding recruiting and retaining qualified labor as 'moderate risk' to 'extremely high risk'.
- If current labor supply does not change, 19% of respondents said they will reduce or cease production of labor-intensive ag products, 14% indicated they will increase mechanization, and 21% indicated they would make no business changes.
- 12% of employers reported paying entry-level workers less than $12 per hour (the 2020 Colorado minimum wage) and 21% reported paying more than $16 per hour.
- 55% of employers reported that they are struggling to remain profitable at the current wages they are paying.
- When asked to select the top three policy solutions they believe would be most effective for addressing issues faced by agricultural workers at their business, the top three responses were: low cost health care (chosen by 48% of respondents), farm labor compensation subsidies (chosen by 28% of respondents), and rent subsidies (chosen by 21% of respondents).

Context:

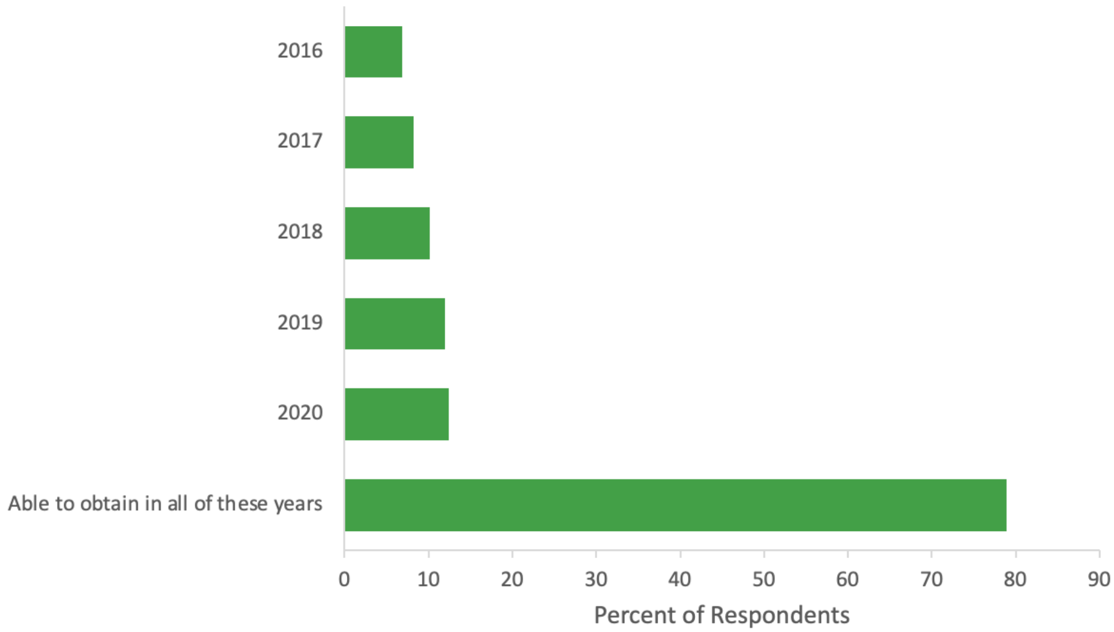
The 2020 Colorado Agricultural Labor Survey for Employers was an online-administered survey for agricultural businesses in Colorado employing at least one person. The survey was open for responses from November 2020 through January 2021. In total, the survey received responses from 354 business owners, managers, and operators. This brief highlights results from the responses of 271 Colorado farms and ranches with at least $25,000 in annual sales.

Among these respondents, the majority are farm or ranch business owners (83%), have been in business for more than 10 years (83%), employ 10 or fewer ag workers (85%), and meet the USDA ERS definition of small family farms (53%) - annual sales of agricultural products between $25K and $350K. The survey includes respondents from 59 of the 64 counties in Colorado (counties not represented are Broomfield, Clear Creek, Gilpin, San Juan, and Summit).

Colorado Agricultural Labor Supply:

Survey respondents reported an increasing inability to obtain all workers needed for their agricultural business. Figure 1 shows results from this question; 7% of respondents reported not being able to obtain all the workers needed in 2016 and this rose to 12% of respondents in 2020. Overall, 78% of respondents reported being able to obtain all the workers needed from 2016-2020, while 22% reported not being able to obtain all the workers needed in at least one of these years.

Figure 1: During which of the years listed below were you unable to obtain all the workers you needed? (select all that apply)



Among the respondents who indicated experiencing a shortage of workers, when asked to indicate the ways that labor shortages had affected them, the top four responses were: stress (chosen by 88% of respondents), decreased volume of an ag product during production phase (chosen by 45% of respondents), decreased ability to harvest crops or livestock (43%) and inability to keep up with maintenance or facility cleaning (43%). Roughly 64% of all respondents characterized their business risk regarding recruiting and retaining qualified labor as moderate, high, or extremely high risk. Among respondents who experienced labor shortages, 77% reported moderate risk or above.

When asked to make projections about their future labor needs, 51% of respondents reported that they would need the same number of workers in 5 years, and 38% reported that they would need more workers in 5 years. Only 3% reported decreasing labor needs and 7% were unsure. Forty-five percent of employers reported adopting a labor-saving technology within the past 5 years; among employers who experience worker shortages over the same time period, 55% reported adopting a labor-saving technology. Among all respondents who reported adopting a new technology, the top three reasons for doing so were: due to an inability to find enough workers (chosen by 51% of respondents), because the technology became more accessible (chosen by 51% of respondents), and due to rising labor costs (chosen by 48% of respondents).

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Migrant, Seasonal, and H-2A Workers:

The majority of survey respondents reported employing no migrant workers (79%) and 9% reported that migrant workers comprised less than 10% of their workforce. The majority of survey respondents reported employing some seasonal workers (56%). Employers generally reported that either their workforce consisted of relatively few seasonal workers or a majority of seasonal workers. Sixty-two percent of respondents indicated that seasonal workers made up less than 10% of their workforce while 21% of respondents indicated that seasonal workers comprised more than 50% of their workforce.

Seventeen percent of survey respondents reported employing H-2A workers within the past 5 years. For these agricultural businesses, 75% reported that H-2A workers comprised more than 30% of their workforce over the past 5 years. Employers generally reported high rates of return among the same H-2A workers - 63% of respondents indicated that more than 80% of their H-2A workers returned for multiple years while only 6% of respondents indicated that none of their H-2A workers returned for multiple years. The majority (57%) of H-2A users reported that H-2A workers are more productive than their domestic workers their first year on the operation, and no employers reported H-2A workers as less productive than domestic workers in their first year. Ninety percent of employers reported the H-2A becoming more productive (50%) or remaining equally productive (40%) in subsequent years.

Housing:

Forty-nine percent of survey respondents believe their workers are able to find affordable housing appropriate for their needs (23% believe their workers are unable to find such housing and the remainder are unsure). Twenty-six percent of respondents indicated that they provide housing for all workers, 24% provide housing for some workers, and 50% do not provide housing for any workers. Eighty percent of employers believe that the maximum monthly rent their workers can afford is $800 or less. When asked to select the top three barriers to housing they perceive for ag workers in their county, the top three responses were: rental prices (chosen by 57% of respondents), low housing inventory (chosen by 54% of respondents), and competition for housing (chosen by 43% of respondents).

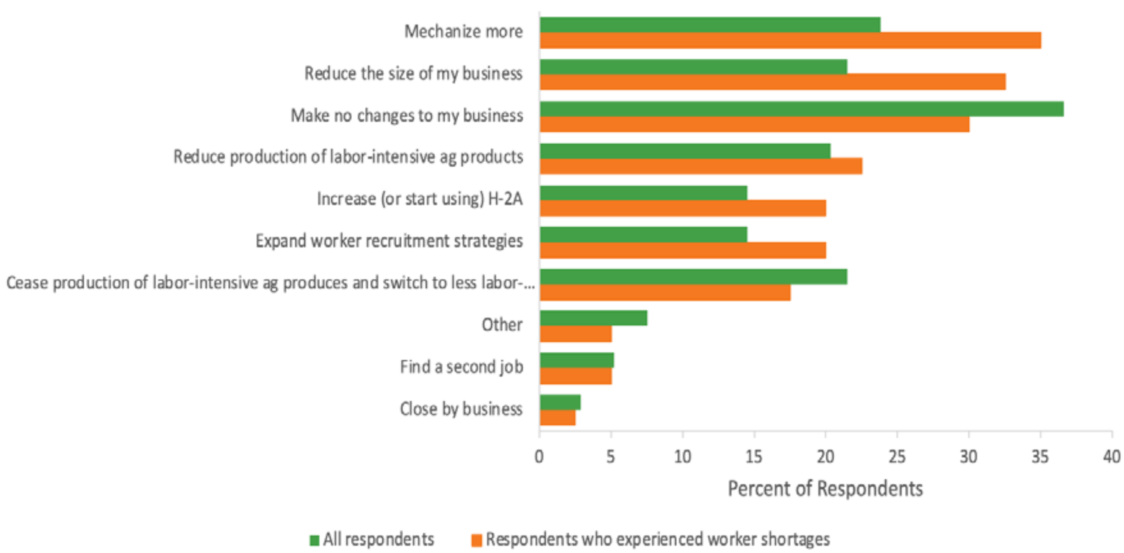
Wages:

Twelve percent of employers reported paying entry-level workers less than $12 per hour (the 2020 Colorado minimum wage) and 21% reported paying more than $16 per hour. The majority (52%) reported paying $13-$17 per hour to entry-level workers. Sixty-eight percent of respondents reported starting hourly wages for management-level workers at less than $16 per hour and 17% reported paying $20 or more for these positions. Less than 1% of respondents indicated that they could pay workers ‘significantly more’, 26% indicated that they could pay ‘slightly more’, 18% report they ‘cannot pay more’, and the majority (55%) indicated that they are ‘struggling to remain profitable at the current wages’ they pay. Thirty-five percent of respondents indicated that they either have not increased wages in the last five years (19%) or that they have only increased wages as required by law (16%). The majority of respondents (51%) indicated that they raised hourly wages by $1-$5 over the last 5 years and 13% indicated they have increased wages more than $5 over the last 5 years.

Looking Forward:

Thirty-seven percent of all respondents reported that they will make no changes to their agricultural business if worker labor supply issues do not change, but among employers who had experienced worker shortages in the last 5 years, only 30% indicated they would make no changes. Figure 2 shows results from this question for all respondents and those who reported worker shortages. The most frequent response for employers who had experienced worker shortages was that they will mechanize more (chosen by 35% of respondents), reduce the size of their business (chosen by 33% of respondents), make no changes to their business (chosen by 30% of respondents), or reduce production of labor-intensive ag products (chosen by 23% of respondents). Few respondents indicated they would close their business (3%) or find a second job (5%).

Figure 2: If ag worker supply issues do not change for me, I will... (select all that apply)



When asked to select the top three policy solutions they believe would be most effective for addressing issues faced by agricultural workers at their business, the top three responses were: low cost health care (chosen by 48% of respondents), farm labor compensation subsidies (chosen by 28% of respondents), and rent subsidies (chosen by 21% of respondents). When asked to indicate the top three educational programs of interest, the top three responses were: farm succession planning (chosen by 33% of respondents), labor best management practices training (recruiting, team building, incentives, retention, etc.) (chosen by 22% of respondents) and H-2A program requirements (chosen by 20% of respondents).

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