



Authorizing the Unauthorized:  
Labor Market Consequences for Crop Farm Workers

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the Impact of Immigration Status on Wages”

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# Introduction

- ***The Context:*** 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.
- ***Question 1:*** To what extent would legalization alter the wages, hours of work, and total farm and nonfarm earnings of currently unauthorized farm workers?
- ***Question 2:*** How would legalization affect their rate of transition out of agriculture and into other industries?



# Farm Worker Earnings Remain Low

- Hourly wages for unauthorized crop farm workers surveyed in NAWS averaged \$8.95 in FY 2012, compared to \$9.70 if authorized or citizen.
- Average weeks worked were 39 in 2012, up from 23 in the 1990s.
- Roughly 80% of crop farm workers are foreign-born and about half lack legal immigration status.
- Two ways to improve farm workers' situation:
  1. Raise farm wages and hours, and improve conditions
  2. Encourage transition out of agriculture to more stable and better paying employment



# Past Initiatives

- 1975: California Agricultural Labor Relations Act (ALRA): Supportive legal environment for unions in CA agriculture.
  - But union representation remains very low (<1% ?).
  - UFW more successful via legislature: CA minimum wage rose from \$8 to \$9 in 2014, and rises to \$10 in 2016.
- 1986: Immigration Reform and Control Act (IRCA).
  - Green cards granted to 2.7m, including 1.1m via Special Agricultural Worker (SAW) program.
  - Hoped that more secure legal status → higher earnings.
  - Appears IRCA had little effect on farm worker earnings, due in part to continued inflows of unauthorized labor



# Past Initiatives, 2

- Did IRCA's legalizations make it easier for farm workers to find jobs in other industries?
  - Question was extensively debated post-IRCA, but not resolved.
  - Will present new estimates that suggest legalization did indeed have an effect on exits from farm employment.



# Current Environment

- Slow down in unauthorized immigration due to economic growth and demographic change in Mexico, as well as tougher border enforcement.
- Signs of tightening in farm labor markets, but average real wages not rising very rapidly.
- Comprehensive immigration reform appears stalled.
- DAPA / DACA executive actions could grant administrative relief to up to half of unauthorized farm workers.



# Methods 1

- Wages, hours of work, total farm earnings, probability of also working in nonfarm job, and total farm+nonfarm earnings are analyzed by legal status.
- Use standard regression methods to control for large differences in age, education, experience, etc.
- I focus on “treatment on the untreated”: the effect of legalization given the characteristics of the currently unauthorized.
- No corrections for possible selection bias (i.e. unobservable differences by legal status): topic for further research.



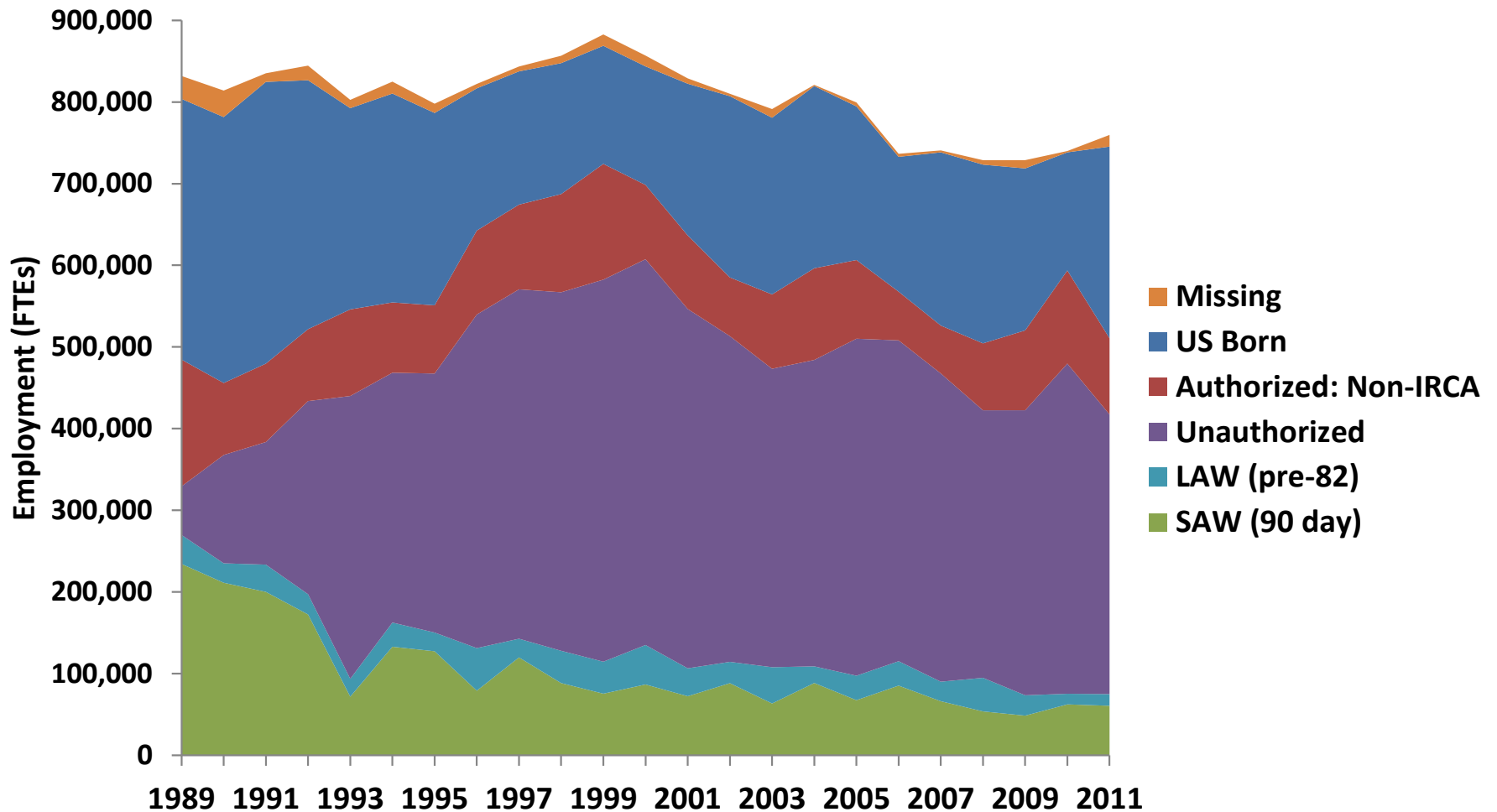
# Methods 2

- Calculation of exit rates by IRCA-authorized workers (IRCAAWs) based on cohort analysis, not regression methods.
- Clear prima facie evidence of a rapid decline in number of IRCAAWs. 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 status?
- To answer this, I compare IRCAAW employment trends to those of still-unauthorized workers from similar birth and year-of-entry cohorts.

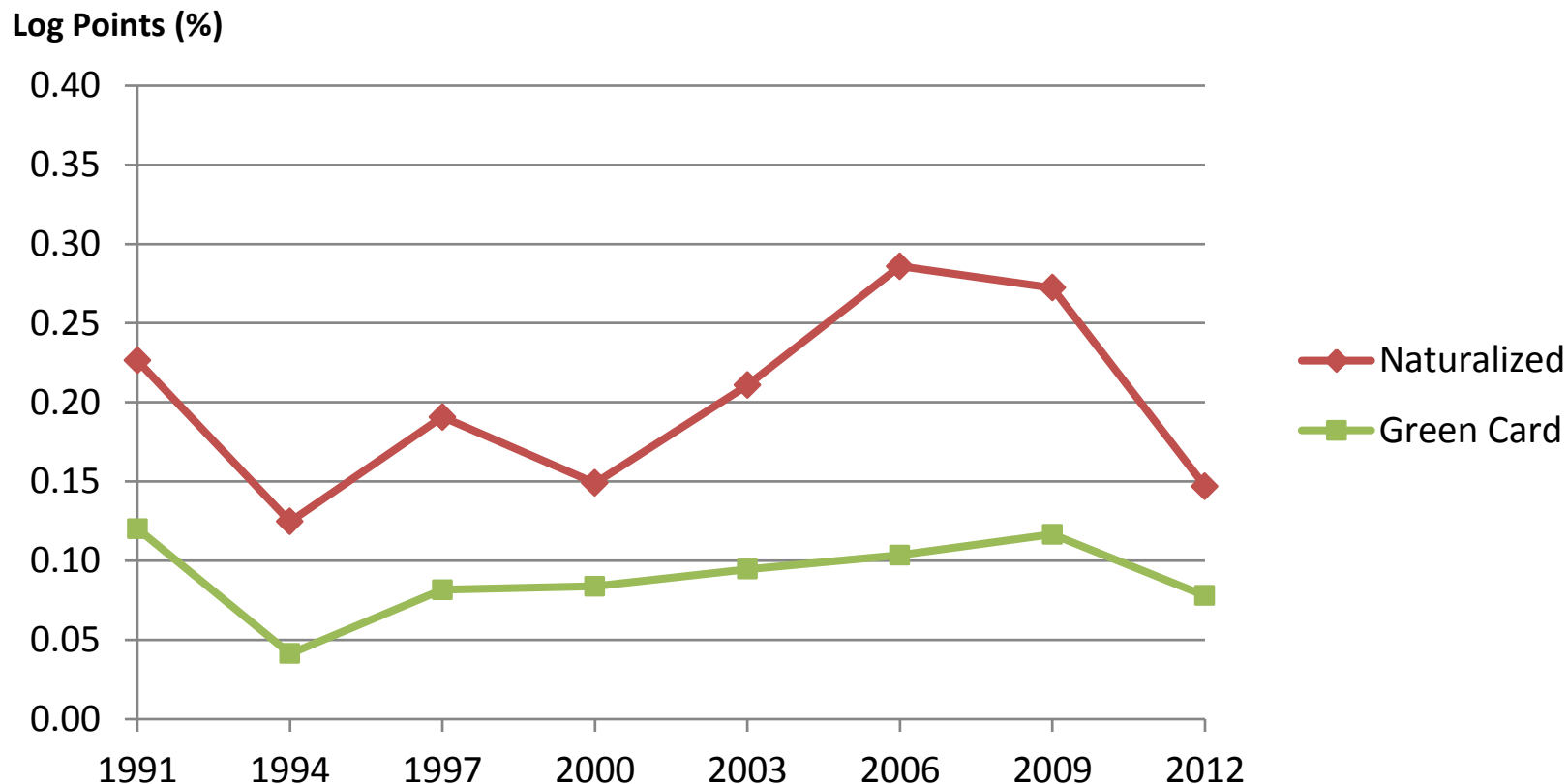


# Employment by Legal Status

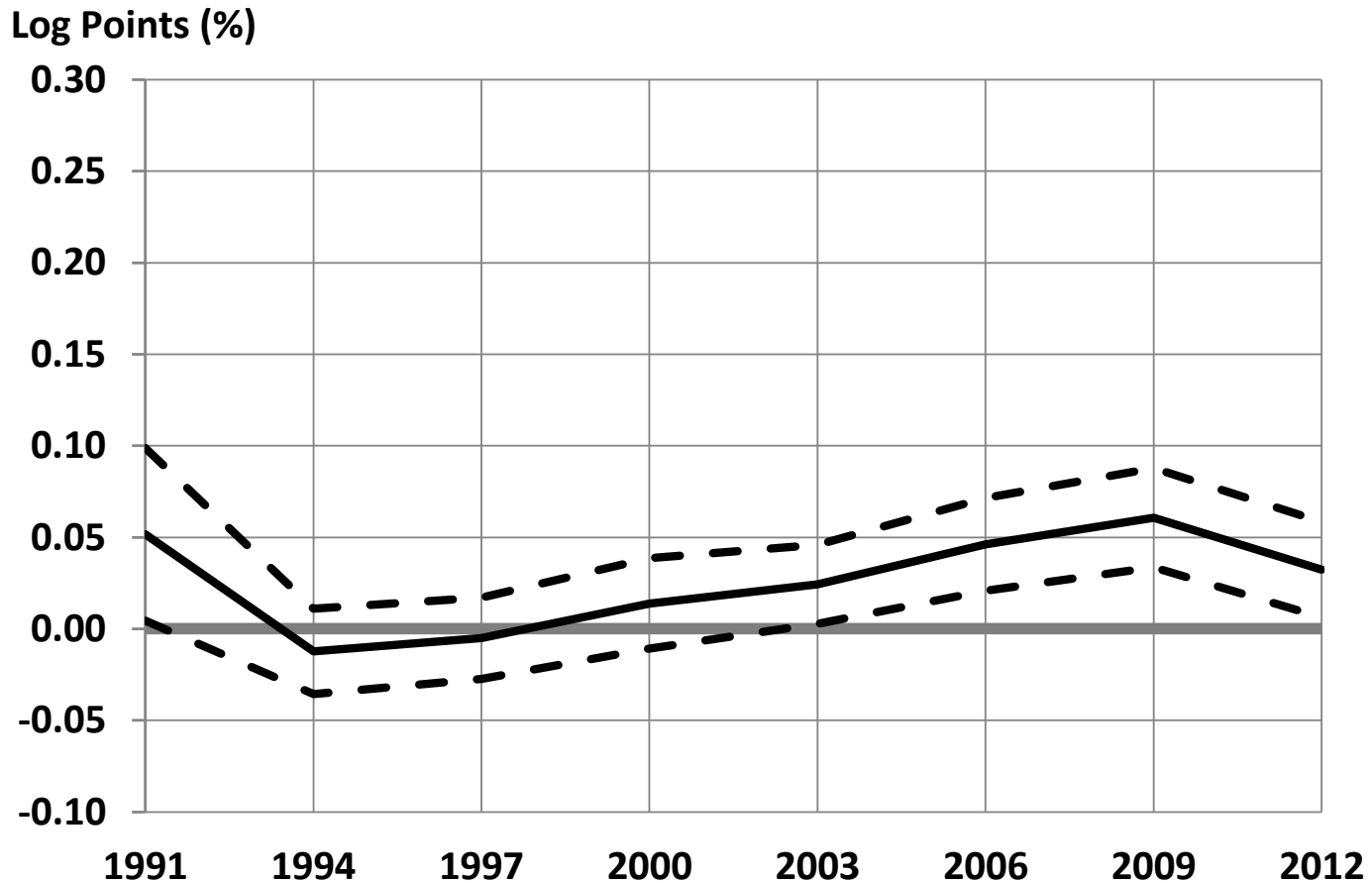
(Source: NAWS, weights adjusted)



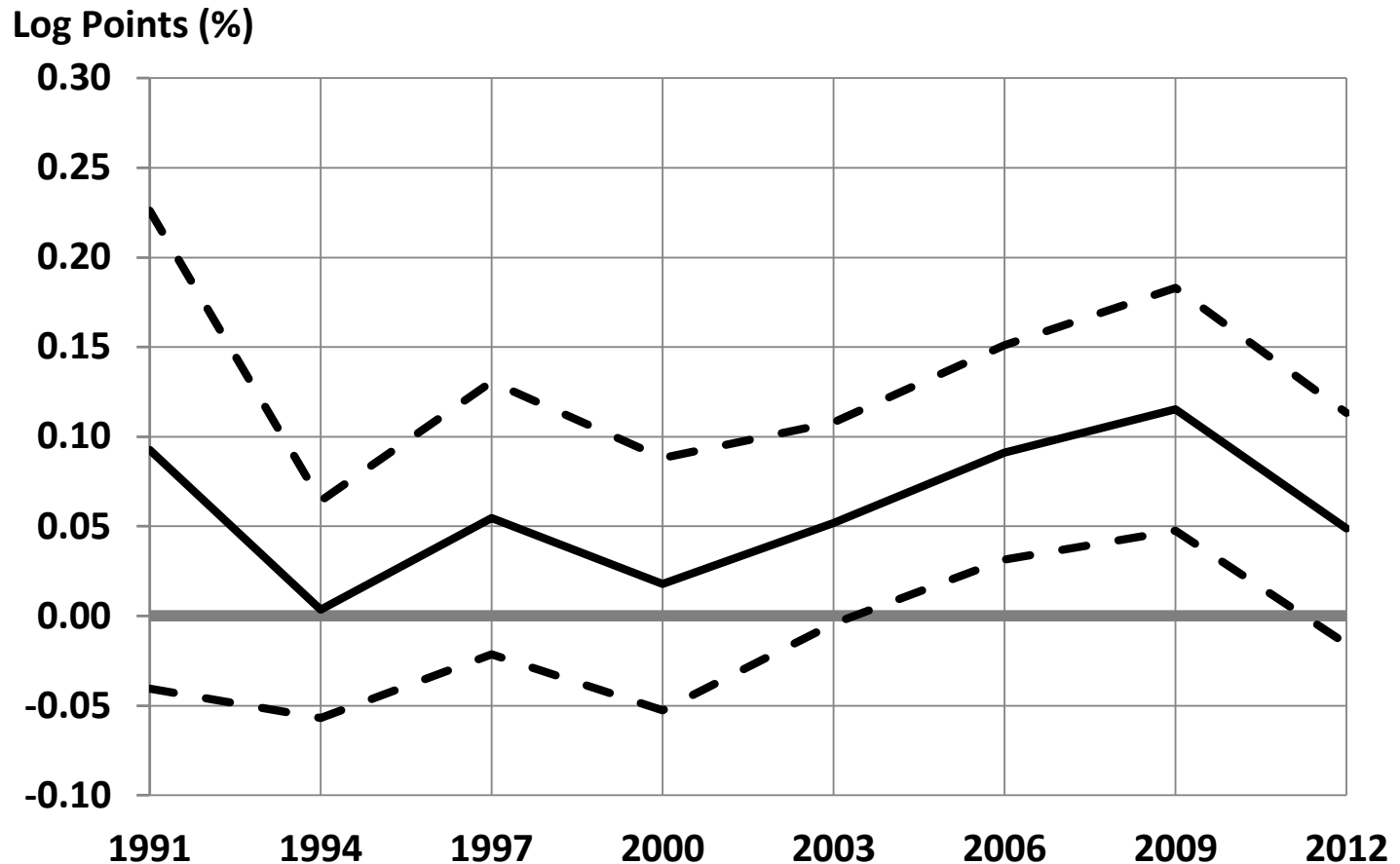
# Hourly Wages of Naturalized Immigrants and Green Card Holders vs. Unauthorized: As Observed



# Wages of Green Card Holders vs. Unauthorized: Adjusted for Covariates (Model 3)



# Wages of Naturalized vs. Unauthorized: Adjusted for Covariates (Model 3)



# All Outcomes (Avg. for 2001-12)

Green Card vs.  
Unauthorized

Naturalized vs.  
Unauthorized

Estimate P>|t|

Estimate P>|t|

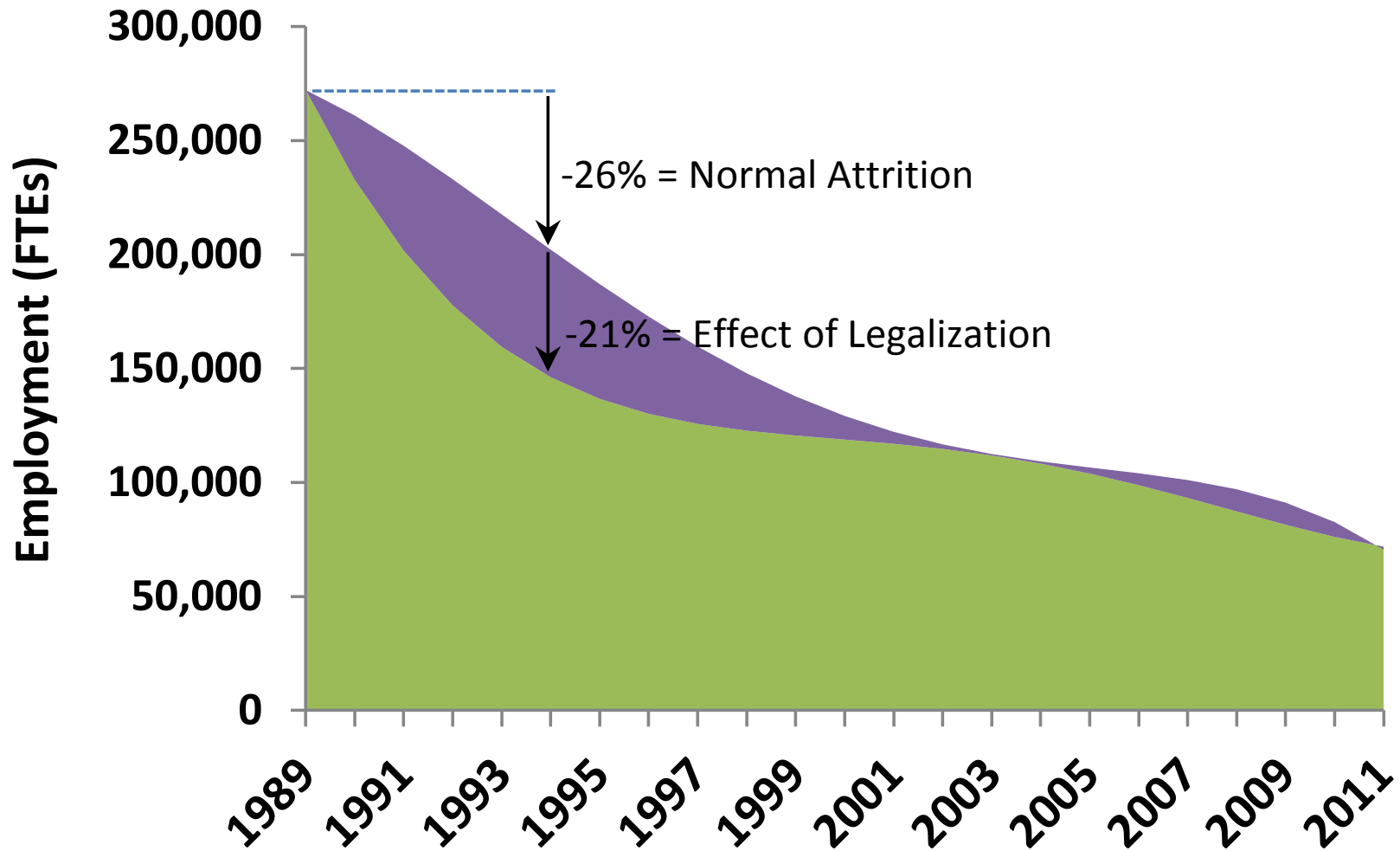
## *As observed*

Hourly Wages (Logs)	0.098	0.00 *	0.229	0.00 *
Days Worked (Logs)	0.189	0.00 *	0.349	0.00 *
Total Farm Earnings (Logs)	0.345	0.00 *	0.676	0.00 *
Nonfarm Employment (Probability)	-0.011	0.43	-0.054	0.01 *
Farm+Nonfarm Earnings (Logs)	0.342	0.00 *	0.584	0.00 *

## *Model 3*

Hourly Wages (Logs)	0.041	0.00 *	0.076	0.00 *
Days Worked (Logs)	-0.030	0.51	0.222	0.01 *
Total Farm Earnings (Logs)	0.016	0.76	0.277	0.01 *
Nonfarm Employment (Probability)	-0.006	0.74	-0.091	0.00 *
Farm+Nonfarm Earnings (Logs)	0.036	0.41	-0.013	0.90

# Employment of IRCA-Authorized Farm Workers





# Conclusions, Comparisons, Caveats

- Farm Wages: Modest increase (4%) predicted with legalization.
- Farm Hours & Earnings: No statistically significant impact.
- These estimates are lower than some other published results that are on the order of 10-20%. Why?
  1. I estimate “treatment on untreated” which is less than average treatment effect, due to low experience.
  2. I do not control for selection bias. Do the unauthorized exert greater effort (unobserved)? Would they still, if authorized?

## Conclusions, 2

- Exit rate calculations may provide a rough guide to how farm labor supply would respond to the legalization of a portion of the currently unauthorized workforce.
- For example, if one-half of the current workforce is unauthorized, and supposing 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.
- 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.





Questions?  
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