



## **Estimated Savings to Farmers and Agricultural Producers**

### **Farm Workforce Modernization Act: One year AEWR Freeze, 3.25% wage increase cap and change to 3-year visa**

#### **Introduction:**

While American families are spending [20% more for their holiday dinners](#) this year and farmers are struggling to keep their doors open, the Department of Labor announced the new 7% - 15.5% spike in Adverse Effect Wage Rate for farm guest workers that will drive up costs for farmers *and* American consumers.

The U.S. House of Representatives passed the Farm Workforce Modernization Act twice with robust bipartisan support. That legislation would provide for a one year freeze in the AEWR and cap future yearly spikes at 3.25%. The legislation also provides several other cost saving measures like housing cost reform, cutting bureaucratic red tape, and allowing for 3-year H2A workers instead of the 10-month maximum that currently exists.

We encourage Senators Michael Bennet (D-CO) and Mike Crapo (R-ID) to have the courage to move forward their Senate bill.

#### **Methodology:**

Costs of the H2A program can be split into Wage Costs and Non-Wage Costs. Both of these categories would experience significant savings upon passage of the Farm Workforce Modernization Act (FWMA). The Data for this report were collected from the Department of Labor and US Department of Agriculture. *See addendum*

#### **Key Findings:**

[Research](#) shows the difference, for individual farmers, in the cost of the H2A program if the FWMA were to become law, compared to if the Senate fails to act this year. Passing new Senate legislation is critical to solving labor shortages facing the agriculture sector and sustaining our economy as a whole.

- A Colorado rancher that hires 25 temporary employees with H2A would save at least \$38,913 per year
- A large potato operation in Idaho with 50 H2As at harvest time would save over \$98,573 pe year

- A small wheat farmer in North Dakota that hires a single H2A Custom Harvester would save a minimum of \$2,090 every year
- A livestock farmer in Kansas with 10 H2A hands would save well over \$17,549 in H2A program costs alone

To find full calculations for your state and farm size: [Click Here](#)

	Savings per year - 1 H2A Worker	Savings per year - 10 H2A Workers	Savings per year - 25 H2A Workers	Savings per year - 50 H2A Workers
Northeast I (CT, ME, MA, NH, NY, RI, VT)	2,847.73	25,117.33	62,233.33	124,093.33
Northeast II (DE, MD, NJ, PA)	2,354.93	20,189.33	49,913.33	99,453.33
Appalachian I (VA, NC)	1,897.33	15,613.33	38,473.33	76,573.33
Appalachian II (KY, TN, WV)	1,228.53	8,925.33	21,753.33	43,133.33
Southeast (AL, GA, SC)	3,534.13	31,981.33	79,393.33	158,413.33
Florida	3,956.53	36,205.33	89,953.33	179,533.33
Lake (MI, MN, WI)	4,044.53	37,085.33	92,153.33	183,933.33
Cornbelt I (IL, IN, OH)	2,830.13	24,941.33	61,793.33	123,213.33
Cornbelt II (IA, MO)	2,953.33	26,173.33	64,873.33	129,373.33
Delta (AR, LA, MS)	2,724.53	23,885.33	59,153.33	117,933.33
Northern Plains (KS, NE, ND, SD)	2,090.93	17,549.33	43,313.33	86,253.33
Southern Plains (OK, TX)	2,319.73	19,837.33	49,033.33	97,693.33
Mountain I (ID, MT, WY)	2,337.33	20,013.33	49,473.33	98,573.33
Mountain II (CO, NV, UT)	1,914.93	15,789.33	38,913.33	77,453.33
Mountain III (AZ, NM)	2,038.13	17,021.33	41,993.33	83,613.33
Pacific (OR, WA)	1,562.93	12,269.33	30,113.33	59,853.33
California	2,583.73	22,477.33	55,633.33	110,893.33
Hawaii	1,826.93	14,909.33	36,713.33	73,053.33
US Average	2,442.93	21,069.33	52,113.33	103,853.33

## **Conclusion:**

The Farm workforce modernization act modernizes our agricultural system, simplifies and grows the guest worker program, secures the border and lowers the cost of food for consumers and allows American farmers to stay competitive.

[According to the USDA](#), next year, for the first time in U.S. history, the United States will import more agricultural goods than we export. A nation that cannot feed itself is not secure. Those who oppose this legislation are opposed to protecting the long term food security of the United States and reducing inflationary pressures on American families.

We encourage Senators Michael Bennet (D-CO) and Mike Crapo (R-ID) to have the courage to move forward their Senate bill.

For questions on methodology or conclusions, please contact James O'Neill, [joneill@americanbic.biz](mailto:joneill@americanbic.biz)

#### **Data and Methodology ADDENDUM:**

*In order to calculate the savings, the following methodology was used. Costs of the H2A program can be split into Wage Costs and Non-Wage Costs. Both of these categories would experience significant savings upon passage of the Farm Workforce Modernization Act (FWMA).*

*First, the cost of the H2A program for next year without passage of the FWMA was calculated. The [USDA](#) estimates the non-wage costs of the H2A program on their websites. For Wage costs, the same numbers of workers were calculated if each worker was paid for 40 hours per week for 10 months (44 weeks). This is the current limit for H2A workers. The wage rate was taken from the [USDA Ag Labor Survey](#) (Pg. 25) which is what the AEWR will be without any intervention.*

*With passage of the FWMA, the AEWR would freeze for one year at its current rate, saving significant amounts of money for farmers. In addition, farmers could opt for 3-year H2A workers instead of a maximum of 10 months. This would cut costs for some non-wage aspects of the FWMA by 3. To calculate the cost of the H2A program next year if the FWMA was passed, the same non-wage cost estimations were used with the following changes: Labor Certification, Non-Immigrant Worker Petition, H2A Visa Application, and Association Fees were divided by 3 to reflect those costs now only being relevant every 3 years. For wage calculations, the current AEWR rates were used. The FWMA would freeze the AEWR for one year. The same calculations were made for a worker billing 40 hours a week for 10 months.*

*The Without-FWMA costs were subtracted from the With-FWMA costs and this difference was calculated for 1 H2A worker, 10 workers, 25 workers, and 50 workers.*

**IMPORTANT NOTE:** *The savings within the FWMA go beyond this calculation. The FWMA includes reimbursements for housing that is impossible to estimate per-worker savings but would bring down housing costs for program users. Additionally, these calculations are based on wages for H2A contracted workers only. Due to the fact that non-H2A workers must be paid at least the AEWR, the frozen AEWR means savings outside of the H2A program as well.*