# Labor issues in animal agriculture

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Animal agriculture had been facing labor challenges for years. Then the COVID-19 pandemic entered the scene, and labor pitfalls proliferated to levels not seen since the days of World War II. The options to overcome these challenges are relatively few: encourage more Americans to enter the workforce, encourage the entry of more seasonal workers, or open up immigration. In lieu of action in those areas, employers either must invest in technology or budget for higher wages to lure workers from another place of employment.

**Let's call it "Food Security"**

In recent years, a bill that has come to be known as the Farm Workforce Modernization Act has made its way through portions of Congress and then stalled out. That' because immigration reform has become a four letter word. To gain legislative traction on seasonal or immigrant workers, it might be better to call this matter, "Food Security."

Election year rhetoric in 2022, both on the campaign trail and political news channels, has only compounded the problem associated with the seasonal work and immigration matter. However, no amount of political posturing can remedy this national security matter — America's food security depends on a reliable supply of workers on our farms and in our processing plants. This growing crisis needs a solution.

Worker challenges loom large throughout all of agriculture. That's because declining fertility rates and aging populations leave many rural areas with a shortage of workers. Retirements in the Baby Boomer generation only compound the labor woes.

While all of agriculture has been impacted, ground zero definitely would be the dairy and meat sectors. That's because seasonal agricultural operations throughout the vegetable and fruit sector have legal access to H2-A visa workers. However, there isn't a "dairy" or "beef" season when compared to the likes of strawberries or cucumbers. Hence, dairy and livestock remain on the sidelines because they employ staff who must work throughout the year. With limited native-born options, the only logical answer is immigrants. And the legal pathways remain limited.

While immigration reform may be vilified among some politicians and their supporters, food security generally is not. At a recent town hall meeting, ranking House Committee member G.T. Thompson (R-Pa.), who will become the Chair of the House Agriculture Committee in the new 118$^{th}$ Congress, shared that he wants food security listed everywhere in future verbiage on the worker topic, and the word "immigration" should be struck from future legislation.

Those in animal agriculture would tend to agree with Congressman Thompson. That's because many of Thompson's conservative colleagues support legal immigration and fortifying

America's borders. However, those same conservatives know that America's food independence has been a major factor in this country's liberty and ability to lift up the cause of freedom across the globe for the past 247 years.

Aside from the worker shortage, some liberal-leaning politicians lay claim that agriculture's jobs underpay. That's simply not true. In the past three years, pay rates in the meat and dairy industries have outpaced wage growth when compared to all hourly workers, reported the American Immigration Council.

If Americans really want to rein in inflation, an ample supply of workers is a major part of the solution. That's the reality. It's also the reason wages in dairy and meat sectors have climbed nearly 34% in the past three years.

**Is labor a national crisis?**

This issue cascades far beyond the farm and has reached consumers in the form of food inflation. According to the report "Tending to America's Food Supply" by the American Immigration Council, meat and dairy prices have risen between 4.5% and 7% due to a lack of employees.

Immigrant workers have played an important and growing role in filling jobs in the meat and dairy industries. Of the 90,000 people the report classified as livestock workers – individuals who breed, raise, and care for animals – 20% were born outside of the U.S. This is higher than the 17.4% of foreign-born workers recorded when looking at all industries combined.

For the meat packing industry, the reliance on immigrant labor is even more pronounced. In 2020, 45.4% of workers in these facilities were foreign-born. The trend for using immigrant labor in the meat packing business traces back to the late 1800s, when the opening of new stockyards and packing plants attracted workers from Eastern Europe, the report shared.

When it comes to meat transportation, 26% of workers were born outside of the U.S. This number is higher than the 19.1% of immigrant transportation workers across all industries.

The need for foreign-born employees will only continue to grow, as the effect of an aging workforce is particularly noticeable in agriculture. In the next 10 years, it is estimated that nearly 30% of people working with livestock will reach the age of 65. According to the report, close to 90% of these workers are U.S. born. In contrast, of the livestock workers not reaching 65 years of age in the next decade, almost a quarter (24%) are foreign born.

Many sectors in agriculture utilize the H-2A and H-2B visa programs to hire seasonal foreign labor. In fiscal year 2021, the report noted that the US. Department of Labor certified 32,071 H-2A and H-2B workers for meat and dairy employers. These visas are only temporary, though, and often don't benefit farms that need year-long employees.

The "Tending to America's Food Supply" report reiterated that the labor shortage has led to rising production costs for farmers and employers and higher food prices for shoppers. "If the United States is to stabilize its food workforce – and thus stabilize prices – it must consider expanding temporary work visa programs and implementing other long-term reforms –

including providing a path to citizenship for many of the undocumented farmworkers in the U.S. today – to address the labor needs of the meat and dairy industries," the authors concluded.

**The COVID-19 impact**

While inflation began to ebb in November 2022, moving up just 0.1% when compared to October 2022, the labor market remains red hot. In short, strong job and wage growth indicates demand for workers still exceed supply. Employers added 263,000 jobs in November.

The worker matter is a participation problem. The participation rate actually ticked down by 0.1% from October to November 2022. That means that while job listings rose by 263,000 people, the number of Americans who want to work fell by 186,000.

The number of Baby Boomers in the workforce continues to tick downward, and this number was accelerated due to the pandemic. The bigger problem, however, is the share of men ages 25 to 54 in the workforce stands at 88.4%. These individuals typically represent prime workers. The employment rate in this category stood at 89.3% prior to COVID-19. Remember, one percentage point can represent hundreds of thousands of workers in a country with the world's third largest population. Certainly, the generous COVID-19 transfer payments coaxed some men ages 25 to 54 onto the sidelines. What will coax them back to the workforce?

**For some dairy farms, overtime pay is closer than you think**

Dairy farming is not a 40-hour per week job. With labor laws becoming more restrictive, though, employers may have to treat it as such. That will compound animal agriculture's labor woes.

During a Hoard's Dairyman DairyLivestream webcast focused on agricultural labor, agricultural workforce specialist Richard Stup of Cornell Cooperative Extension pointed out that although the vast majority of state laws mirror the federal laws regarding work week and minimum wage, if an individual state decides to enact stricter standards, that is what must be followed. Three top-10 dairy states are among those leading the charge with more protection for agricultural workers: California, New York, and Minnesota.

For example, as of last year, New York farm workers receive overtime pay (defined as time and a half) after 60 hours in a week. While Stup says that most farmers have found a reasonable way to handle that constraint, wage officials considered reducing that number even more. Due to the pandemic, that argument on changing the 60-hour-a-week metric was dropped for 2021.

"All of these changes in New York are the result of a 40-year political battle in the state, and they've really left the industry in an uncertain position with clearly higher labor costs than most other states and Canada, which is right next door," Stup added.

California dairy farmers must already deal with further limitations. In the effort to get agricultural workers down to a 40-hour work week by 2022, as of January 1, 2021, businesses with more than 26 employees had to pay overtime if an employee works more than 8.5 hours a day or 45 hours a week. For farms with fewer than 26 employees, the 40-hour work week will be implemented in 2025, and the phase-in period began in 2022 at 55 weekly hours.

Additionally, in November 2020, Washington state established overtime pay for agricultural employees past 40 hours in a week. “Washington state dairy is a special case. Their state supreme court ruled that the state’s exemptions for farm labor were unconstitutional because dairy farm jobs are hazardous,” Stup described. Farmers there are currently fighting against having to pay retroactive overtime pay going back years, he continued.

**Handling the regulations**
Overtime pay has its roots in the Great Depression. “The purpose of overtime as a government policy was to force employers to create more jobs and hire more of the people who had no work. It was a policy designed to create more jobs during a time of high unemployment,” Stup explained. “This is in contrast with recent state actions to implement overtime in farm labor when unemployment was very low, and employees are hard to find.”

Echoing that contradiction was Frank Cardoza, who manages a dairy in California and works with other farmers as a consultant. “Every January 1, you have to decide what changes you’re going to make to be successful in this industry,” he said. “We’ve looked at different options and we’ve tried different options as far as hiring more people and reducing hours, but in our case, it’s better for us to just pay the overtime. The employee makes more money, so he seems to be happier.”

Providing good jobs is clearly a priority at Cardoza’s dairy. The labor advances that have been made have been good ones, he said, just as improvements have been made in animal welfare over the last decades.

However, overtime pay can create a financial burden and more challenges for farmers. There’s an obvious cost to having to keep more employees.

“What’s really complex about it is the dairyman is in the middle. We’ve got to take care of the cows, but we also have laws to protect people,” Cardoza said. “It’s a very difficult situation for a dairyman because he’s got so many regulations, which we should have, but at the end of the day, he doesn’t make any money, and it’s tough.”

Stup added that in the labor battles in New York, worker advocacy groups don’t consider the economic argument as a legitimate part of the discussion “It’s simply a justice issue,” he said. “For them, economics simply do not matter.

“The challenge, of course, is that economics do matter,” he emphasized. “If you can’t run a business properly, you’re not going to be there very long. The other piece of that is that the employment is tied to that business. If you can’t run a profitable business, you won’t have those jobs, and those jobs will disappear.”

**How do we move milk in this “expensive age”?**
Just as producing quality milk requires attention to many different details, so does moving that milk from the farm to the customers that will process it. Between changes in client needs and capabilities as well as farm production fluctuations, it’s the responsibility of the milk handler to add or cut loads, often on a daily basis and typically on short notice.

“While this has always been challenging, it’s become increasingly difficult to manage over the last few years,” described Corey Gillins, whose responsibilities as chief operating officer of Dairy Farmers of America’s (DFA) Mountain Area Council include overseeing the co-op’s transportation fleet.

Trucking costs and labor shortages have affected milk hauling in recent months and years like they have nearly every other farm and life input. The lack of truck drivers was just becoming an issue prior to the pandemic and has since intensified, Gillins noted, making moving perishable milk within and between markets limiting. Additionally, costs for new milk tankers, fuel, tires, labor, and parts are all up.

**Some solutions**
What is being done to combat these factors and ensure milk gets to the customers that need it? Gillins outlined the strategies his team and groups around the country are using in a Hoard’s Dairyman DairyLivestream webcast.

At the top of the list is maintaining relationships and daily communication with customers and their broader network, Gillins said. This keeps clients aware of any transportation issues that arise and allows DFA to see where milk may need to be moved to or from. “We’ve found there is some inherent balancing capacity in just working within our network,” he explained.

Another way they are able to balance milk and pivot to different customers is by using satellite transportation locations near a pocket of farms. Gillins shared an example where they have three large farms within 3 miles of each other that are 35 miles from three plants in one direction and 50 miles from two more plants in the other direction. They have begun basing trucks at the largest of these farms so milk can easily be transported in either direction based on needs.

“This approach also gives us the ability to stairstep milk to more distant markets using our own transportation when over-the-road haulers are unavailable,” Gillins added. That’s not an uncommon situation, and even though this region is using about 70% DFA-owned transportation, Gillins said contract hauler pay has increased as they have had to raise wages for their own drivers five times in the last couple of years to stay competitive. For their drivers, they also manage schedules to reach 80% of their legal hours so that the remaining hours can be used when routes change.

To reduce the total number of trucks and tankers needed, DFA has begun using 90,000-pound trailers in Colorado and part of Idaho. “Those larger units have allowed us to reduce our equipment needs and our driver needs by about 20%,” Gillins said.

When those new trucks are added, though, others aren’t sold off, as was standard before. Instead, they are kept as mobile storage capacity to hold milk through plant issues, holidays, or even weekends and then be delivered locally as space allows. Gillins said these tankers have given them storage for 15% to 18% of daily member production.

These practices help alleviate some of the transportation issues of moving milk to markets and offer some flexibility for milk handlers and buyers. Still, it's clear that as the processes continue to be bottlenecked and expensive, it will be a challenge to reach customers. "The lack of available transportation actually puts milk at risk of being dumped at times, leaving some available sales opportunities unfulfilled," Gillins recognized.

**How can we keep milk trucks moving?**

They've slowed down since the height of the pandemic, but social media pictures of sparse grocery store dairy displays are still popping up, and they are all the evidence needed to know that, while milk is still flowing on the farm, transportation issues are sometimes preventing milk from reaching customers.

The reasons for these issues are generally the same as the reasons everything from farm supplies to exports are moving slower these days: labor shortages (of truck drivers and even at plants) and higher costs (for labor, fuel, parts, and trucks).

Truck driver shortages were becoming a concern even before the pandemic and have now exacerbated throughout the country. Roger Nordtvedt described that Southeast Milk Inc. has had many experienced drivers retiring without much availability to replace them. Working conditions play a part in that shortage as milk haulers must run 365 days a year.

"We see a lot of young drivers coming into us for maybe 6 months to a year to get some miles under them, then they leave us to go to the cross docks that work Monday through Friday with holidays off," said Nordtvedt, who recently retired from directing logistics and transportation for the Belleview, Fla.-based co-op. He noted driver pay has also shot up; it's not unusual for top drivers to be making six figures. A $5,000 signing bonus, like Southeast Milk employed, looked enticing until another trucking company offered $10,000.

Like DFA, Lone Star Milk Producers has also moved to using mostly its own trucks and only asking long haulers to supply the power unit. Jeff Sims said this has worked well for the co-op to move most of its milk with its own trailers. "It's extremely expensive, but it gives you some more flexibility," he said.

Another strategy that requires more investment from milk handlers but has been implemented to ease transportation challenges is drop and hook systems. This involves dropping off a full load near the processing plant and heading back out with an empty trailer without waiting for the first trailer to be unloaded. "It lets over-the-road guys do over-the-road stuff and lets short haul guys go between the drop yard and the plant," explained Sims.

Especially in the Southeast, drop and hook has helped reduce plant detention times. Having handlers carry a bigger inventory of trailers is more expensive, and trailers still need time to be washed, but it also allows for greater flexibility to keep trucks on the road. "Our experience has been good with drop and hook as a logistical tool," said Sims. "You almost start thinking about those drop yards as inventory management spots."

In Gillins' case, scheduled delivery times and slip seeding help manage inventory. They are also able to track delivery time accuracy and unloading efficiency and share that information with their plants to monitor performance.

"We feel like it's easier today to have access to equipment than it is to have access to drivers," he said. "So, we're trying to utilize our drivers the most efficiently we can and utilize equipment to be what's sitting at a plant."

**We added technology instead of labor**

Given the labor shortages and cost scenarios, dairy farmers have turned to technology to help bridge the gap. In a recent *Hoard's Dairyman* Round Table discussion, four dairy producers expounded on that situation.

"The No. 1 reason for making this decision was the difficulty in finding quality labor," shared one dairyman. "We were fighting to find reliable labor to work in our parlor," added another. Both of these farms faced this situation prior to the pandemic and turned to robots as a remedy.

"We are fortunate to have a very strong and stable team of people, but adding extra labor to the team was simply unpalatable," added a third dairyman. By incorporating robots, a fourth Round Table participant said, "We expanded by nearly 400 cows and did not change labor needs over a two-year period."

In the end, each of us must look at our own individual businesses and determine where we can get the most return on our hard-earned dollars. As inflation continues to run rampant in the near term, that may include paying more for labor or making a long-term investment in new technology. One thing is certain — neither decision will be cheap.

At the founding of *Hoard's Dairyman* in 1885, its founder who became Wisconsin's 16th governor just three years later wrote, "If a dairy farmer is going to get rich in this world, he is going to employ a whole lot of pairs of hands."

That situation really hasn't changed all the much as there is a tremendous amount of work that takes place throughout animal agriculture.

Then there's the even more pressing matter of food security. To that end, Hoard wrote, "The prosperity of the city is bound up in the prosperity of the farm."