Findings from the Colorado Agricultural Labor Survey for Employers

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- The majority of Colorado farmers and ranchers surveyed reported being able to obtain all the workers they needed in the last five years (78%), depicting a stark contrast from a 2019 California Farm Bureau Federation survey in which only 44% of respondents reported the same.
- This difference might, in part, be explained by Colorado finding that larger employers were more likely to report worker shortages than smaller employers, even when they report paying higher wages.
- Recent Colorado legislation (SB21-087) will extend minimum wage laws to previously exempt agricultural workers. Survey results indicate that smaller employers will be most impacted by this new minimum wage coverage.
- Overall, few respondents (15%) reported paying entry-level workers less than $12 per hour (the 2020 Colorado minimum wage), whereas 22% reported paying more than $16 per hour. The smallest operations (by annual sales) were most likely to report paying below $12 per hour (29%) and the largest operations were least likely (3%).

Background:

The 2020 Colorado Agricultural Labor Survey for Employers was an online-administered survey for farms, ranches and green industry businesses in Colorado employing at least one person. The purpose of the survey was to characterize challenges and opportunities for maintaining a viable agricultural workforce in Colorado, identify current resource gaps for Colorado agricultural employers, and to conduct a regional analysis of agricultural labor supply and demand. Here we summarize survey findings related to two pressing issues for Colorado ag employers: farm worker shortages and minimum wage laws.

Nationwide in recent years, a large body of anecdotal evidence suggests that farm employers are facing major worker shortages. Results from a voluntary survey conducted in 2019 by the California Farm Bureau Federation are one of few sources of empirical evidence on the prevalence of these shortages. Among participating California farmers and ranchers, the majority (56%) reported not being able to hire all the employees they needed at some point in the previous five years. Here we frame this in the context of Colorado and summarize findings from our survey related to the ability of Colorado agricultural business owners and operators to meet their workforce needs.

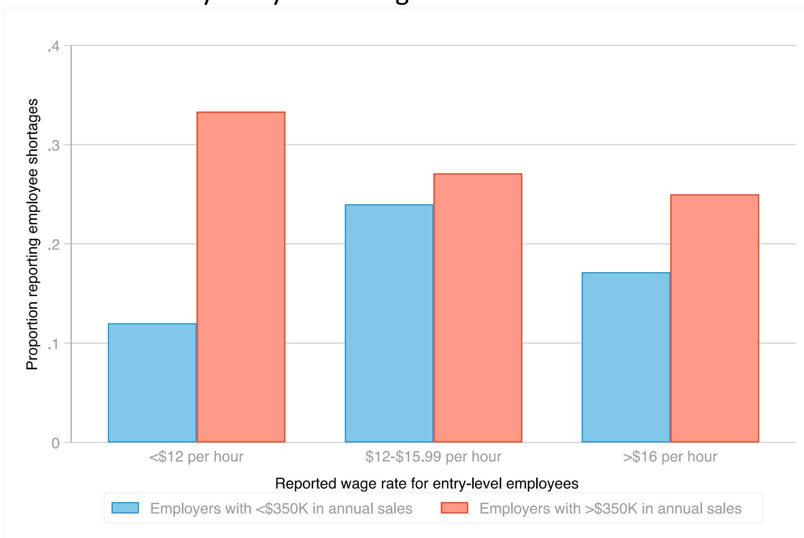
Colorado farm workers for small employers (those with fewer than 500 “man days” per quarter) have historically been exempt from both minimum wage and overtime laws. This is an artifact of farm workers being excluded from the 1938 Fair Labor Standards Act. Recent Colorado legislation (the Agricultural Workers’ Rights Bill, SB21-087) will extend minimum wage and overtime laws to cover these workers. Here we shed light on employers who are most likely to be impacted by these changes by comparing employers currently paying below the minimum wage with those paying above.

Survey Findings Related to Colorado Agricultural Labor Supply:

Colorado survey respondents reported an increasing inability to obtain all workers needed for their agricultural business. Overall, 7% of respondents reported not being able to obtain all the workers needed in 2016 and this steadily rose to 12.5% 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 past several years.

Among survey respondents, employers with $350K-$1M in annual sales were most likely to report being unable to obtain all the workers needed in at least one of these years (29%, n=56), whereas employers with $25K-$350K in annual sales were the least likely to report this (19%, n=123). The figure below shows the proportion of respondents who reported not being able to obtain all the workers needed in at least one of the last five years, by the hourly wage they report paying entry-level workers and annual sales. Employers with higher annual sales were more likely to report employee shortages across all wage rates, and even when they report offering wages above $16 per hour, have higher rates of reported employee shortages than smaller employers paying less than $12 per hour.

Figure: Proportion of Employers Reporting Employee Shortages, by Entry-level Wage and Annual Sales



Consistent with this finding, employers who reported needing 11-20 workers at peak season were most likely to report worker shortages in at least one of these years (32%, n=19), compared with employers needing >20 workers at peak season (25%, n=16), and those needing 10 or fewer (21%, n=221). Finally, respondents who work at produce farming operations were the most likely to report worker shortages in at least one of these years (33%, n=42), compared with those producing field crops (23%, n=151), or engaged in animal production (20%, n=208).

Among respondents who indicated experiencing a shortage of workers, when asked to indicate all the ways that labor shortages had affected them, the top three responses were: stress (84%), inability to keep up with maintenance or facility cleaning (46%), delayed or canceled expansion (42%), and decreased ability to harvest crops or livestock (42%). Roughly 60% of all respondents characterized their business risk as moderate to extremely high regarding recruiting and retaining qualified workers. Among those who experienced worker shortages, 74% reported moderate risk or above.

Among all operations in our sample, 15% reported paying entry-level workers less than $12 per hour (the 2020 Colorado minimum wage) and 22% reported paying more than $16 per hour. The smallest operations (those with <$25K in annual sales) were most likely to pay entry-level workers less than $12 per hour (29%), whereas the largest operations (>$1M in annual sales) were least likely (3%).

In terms of the influence of wages, it is interesting to note that employers who reported experiencing a worker shortage in the past five years were less likely to pay entry-level workers less than $12 per hour (10%) than employers who had not experienced a worker shortage (16%). However, they were also less likely to pay more than $16 per hour (19% of employers who experienced a worker shortage versus 23% of employers who had not).