



A BROKEN BASELINE: THE FLAWED ECONOMICS BEHIND AEWWR CALCULATIONS

Blake Brown

Hugh C Kiger Professor
Emeritus
NC State University

PREPARED BY THE
NC Chamber
JUNE 16, 2025

PARTNERS



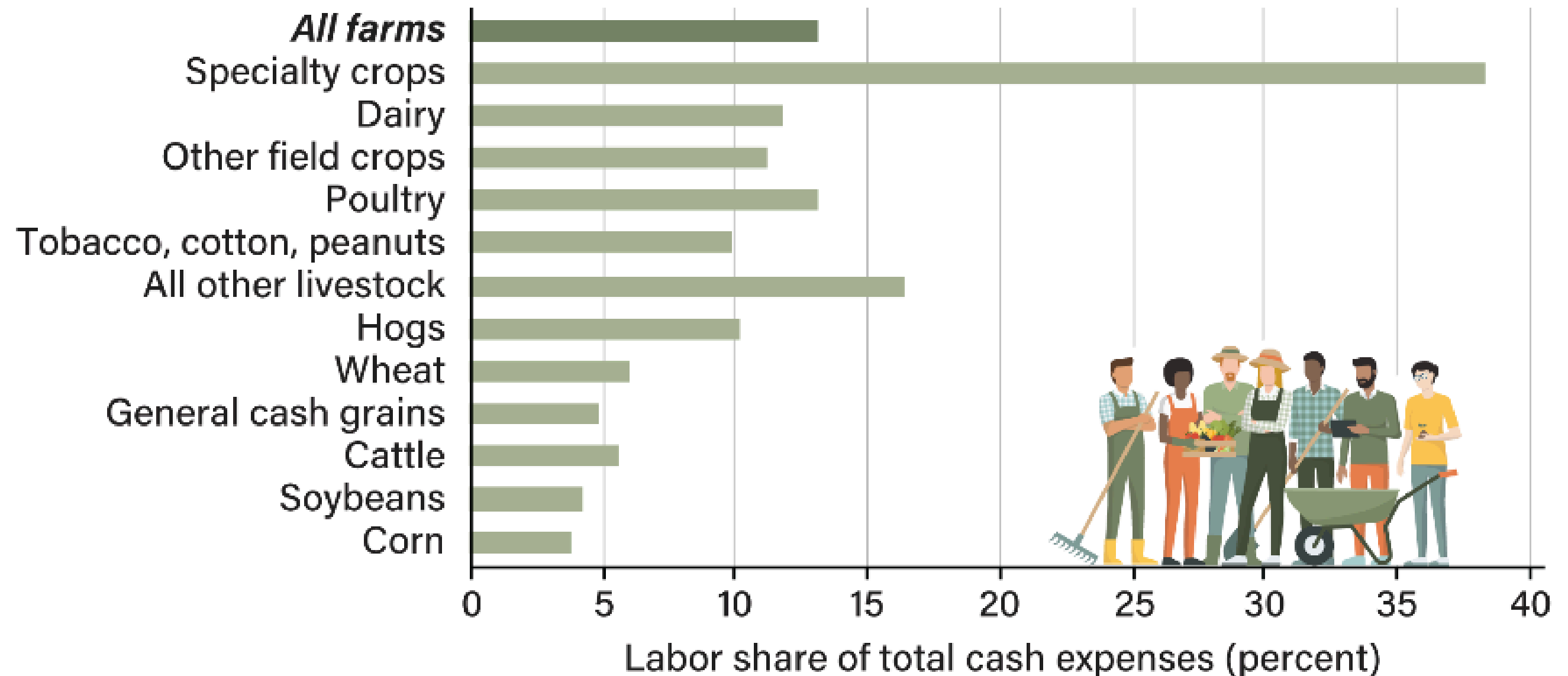
MICHIGAN FARM LABOR
RESEARCH PARTNERSHIP



Labor share of total cash expenses by crop or livestock specialization, 2022



Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE



Note: Labor expenses include the sum of fringe benefits (cash only), hired labor, and contract labor. A farm's commodity specialization is determined by the one commodity or related group if commodities make up at least 50 percent of the farm's total value of production. The **specialty crops** category includes fruits, vegetables, and nursery. **General cash grains** include oilseeds, dry beans, and dry peas. **Other field crops** include Christmas trees, other crops, and hay. **All other livestock** includes sheep, goats, aquaculture, and other animals.

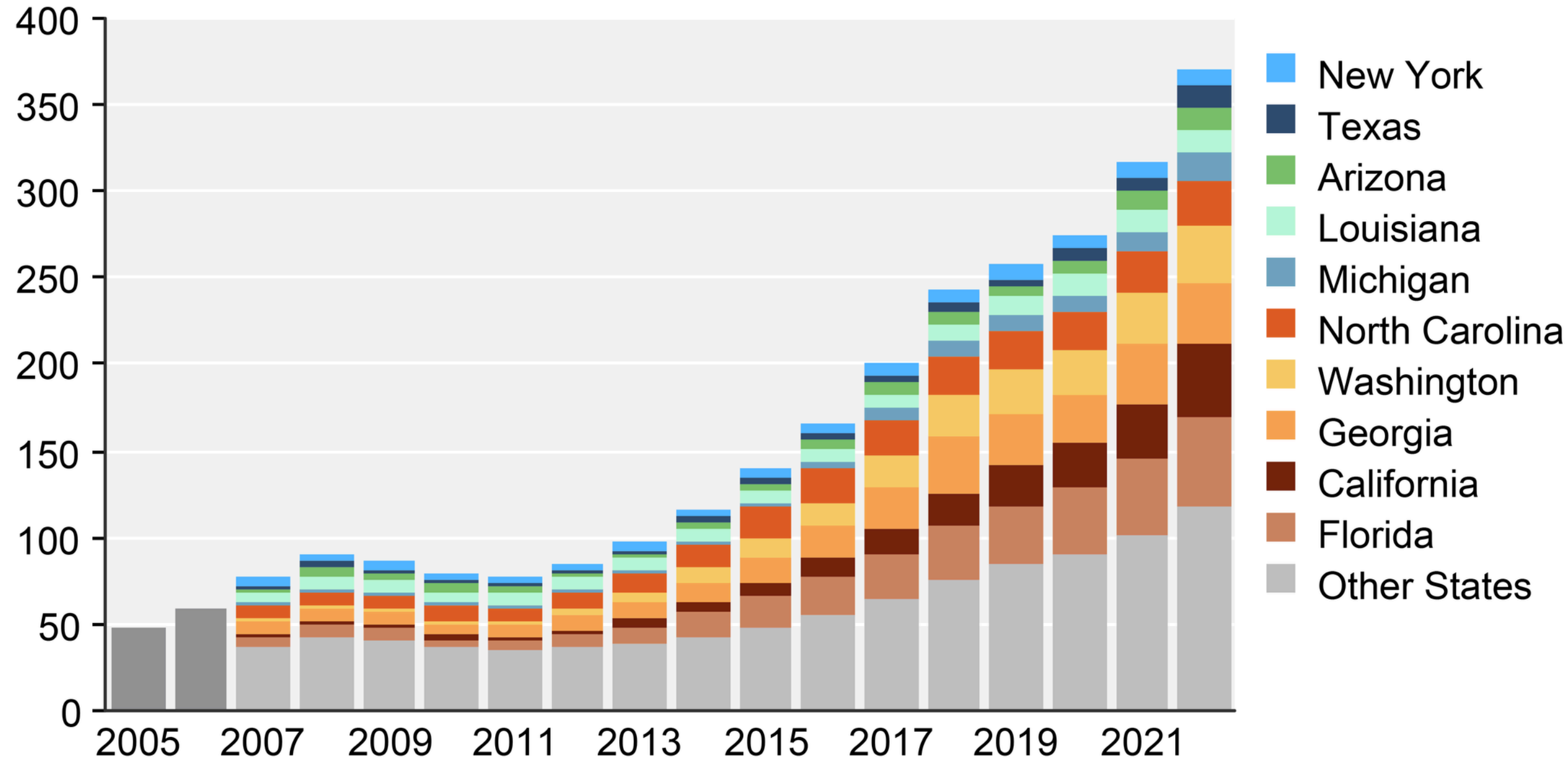
Source: USDA, Economic Research Service (ERS) using data from the ERS and USDA, National Agricultural Statistics Service 2022 Agricultural Resource Management Survey (ARMS).

AEWRs 2025

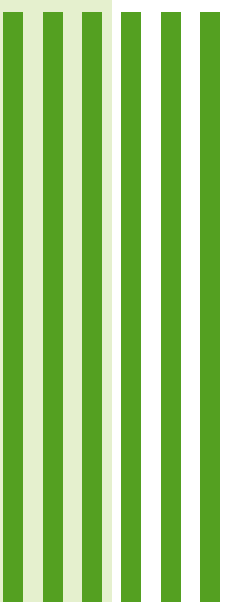


U.S. H-2A (temporary agricultural employment of foreign workers) positions certified by State, fiscal years 2005–22

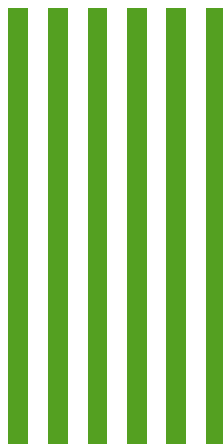
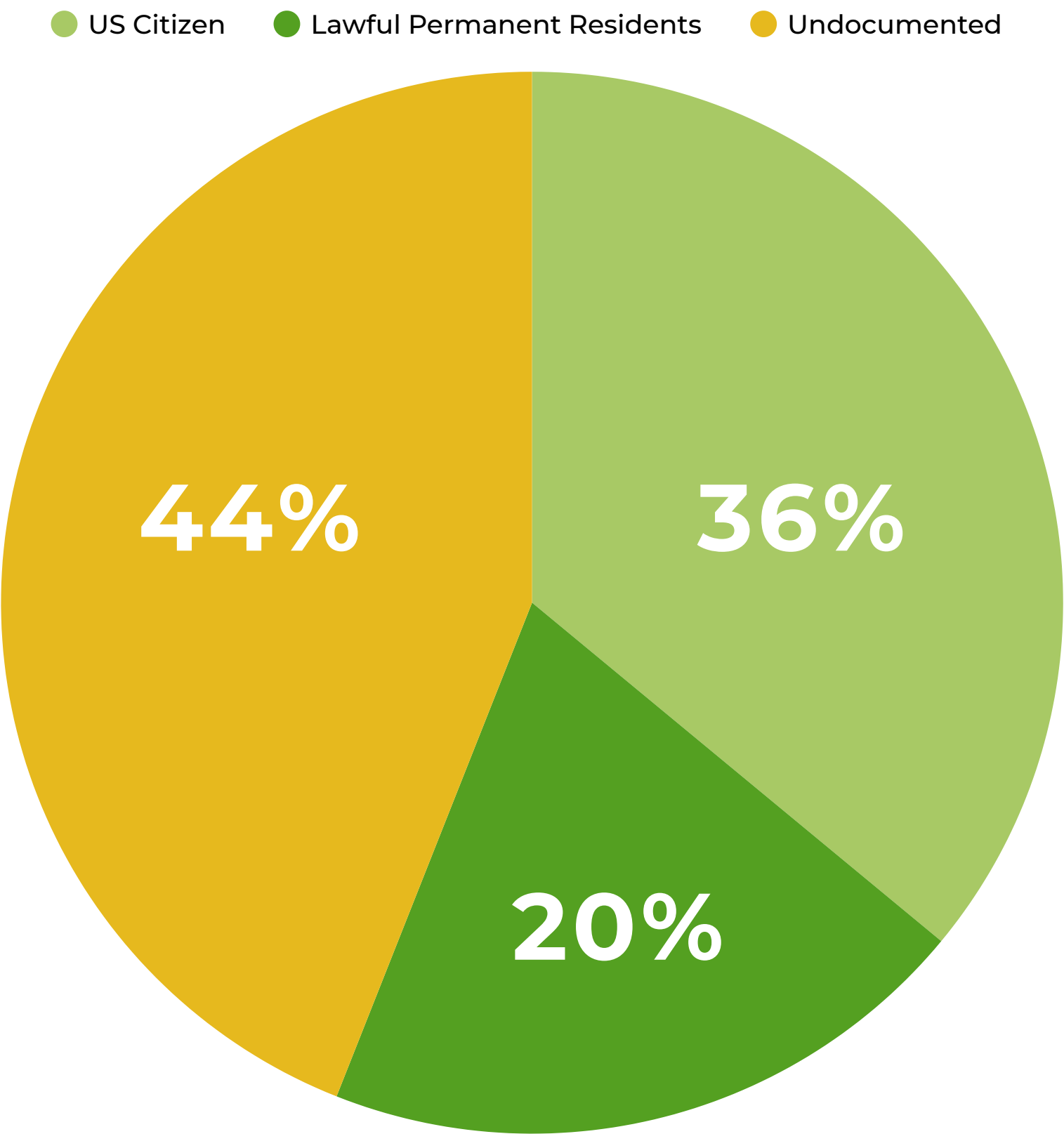
Seasonal positions certified (thousand)



Note: State-level data are not available for fiscal years 2005–06. Individual States identified in the chart were the top 10 in the number of H-2A jobs certified in fiscal 2022. About 80 percent of job certifications result in visas being issued to H-2A workers—some employers do not follow through to hire H-2A workers and some workers fill two certified jobs.
Source: USDA, Economic Research Service using data from U.S. Department of Labor, Office of Foreign Labor Certification.

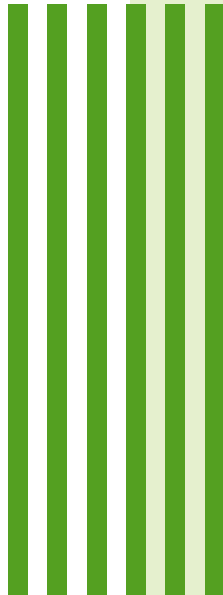


FARMWORKER STATUS (NAWS 2019-2020)

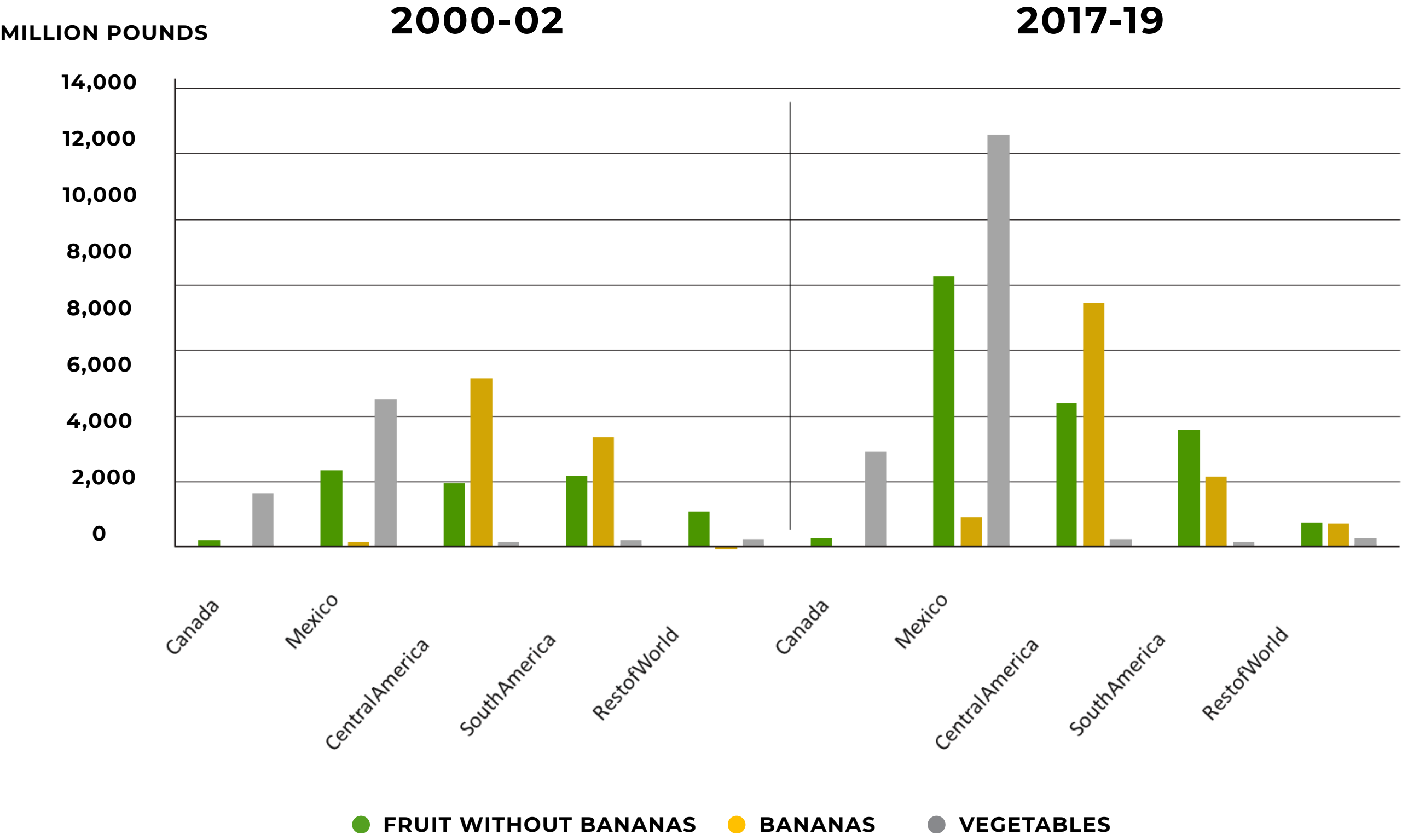


WHAT ARE THE IMPACTS OF INCREASED FARM WORKER WAGES IN THE PRODUCE INDUSTRY ON:

- Consumers
- US produce industry output
- Affiliated industries
- Employment
- Imports and exports



FRUIT AND VEGETABLE IMPORTS: 2000-2002 VS 2017-2019



Year	National Average AEW
2012	\$10.36
2013	\$10.80
2014	\$11.10
2015	\$11.29
2016	\$11.74
2017	\$12.20
2018	\$12.47
2019	\$13.25
2020	\$13.99
2021	\$14.62
2022	\$15.56
2023	\$16.62
2024	\$17.55

Source: National Council of Agricultural Employers

WHAT WOULD THE 2022 AEWR HAVE BEEN IF THE AEWR HAD ONLY INCORPORATED COST OF LIVING INCREASES?

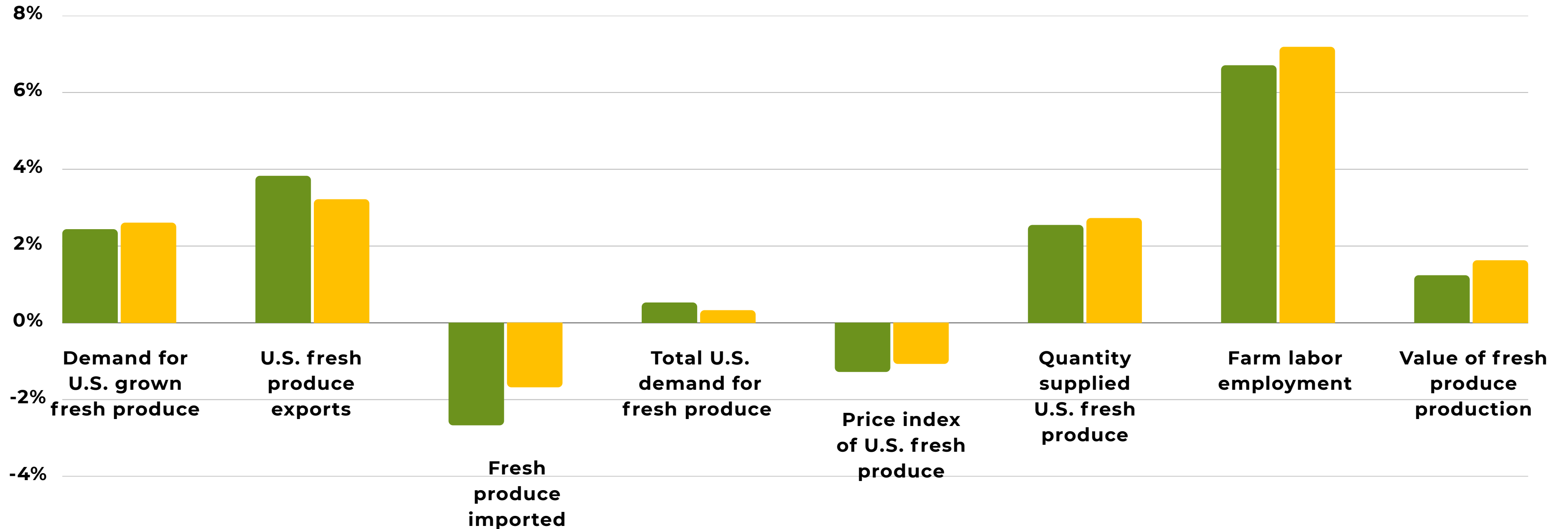
- The national average AEWR would have increased from **\$10.36** to **\$12.48**
- But CA has a minimum wage of **\$15/hour**, so what if the AEWR in the rest of the country increased by the cost of living and the AEWR in CA increased to **\$15**?
- The national average AEWR in 2022 would have been **\$12.77, 17.93%** lower than its 2022 level of **\$15.56**



**WHAT WOULD BE THE
ECONOMIC IMPACTS OF A
17.93% REDUCTION IN THE
2022 AEWV?**

PERCENT CHANGE IN THE FRUIT AND VEGETABLE PRODUCTION SECTORS WITH A 17.93% REDUCTION IN 2022 DOMESTIC FARM LABOR WAGE RATE AND H-2A AEW

● % Change Vegetables ● % Change Fruit



VEGETABLES: BOTH DOMESTIC AND H-2A WAGES DECREASE 17.9%

	% Change	Baseline Levels	Change	New Level
Demand for US Grown Fresh Vegetables	2.44%	29,730	725	30,455
US Fresh Vegetable Exports	3.83%	2,547	98	2,645
Fresh Vegetable Imports	-2.67%	17,750	(474)	17,276
Total US Demand for Fresh Vegetables	0.53%	47,480	251	47,731
Price Index of Fresh Vegetables in US	-1.28%	366	(5)	361
Quantity supplied U.S. Fresh Vegetables	2.55%	32,277	823	33,100
Farm Labor Employment	6.71%	138,569	9,297	147,866

Quantities are in millions of lbs

FRUIT: BOTH DOMESTIC AND H-2A WAGES DECREASE 17.9%

	% Change	Baseline Levels	Change	New Level
Demand for US Grown Fresh Fruit	2.61%	15,211	397	15,608
US Fresh Fruit Exports	3.22%	3,734	120	3,854
Fresh Fruit Imports	-1.68%	17,209	(290)	16,919
Total US Demand for Fresh Fruit	0.33%	32,420	108	32,527
Price Index of Fresh Fruit in US	-1.07%	173	(2)	171
Quantity supplied U.S. Fresh Fruit	2.73%	18,944	518	19,462
Farm Labor Employment	7.19%	138,010	9,924	147,934

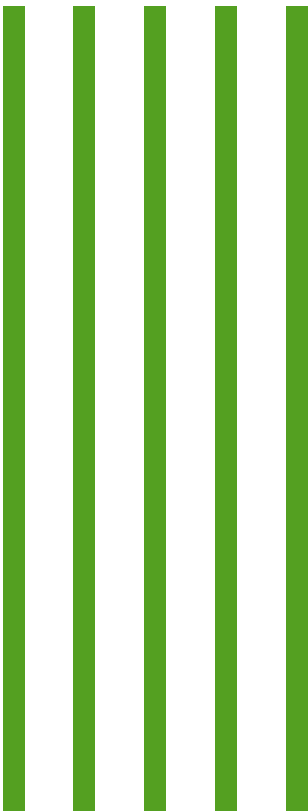
Quantities are in millions of lbs

OVERVIEW OF TOTAL ECONOMIC IMPACTS

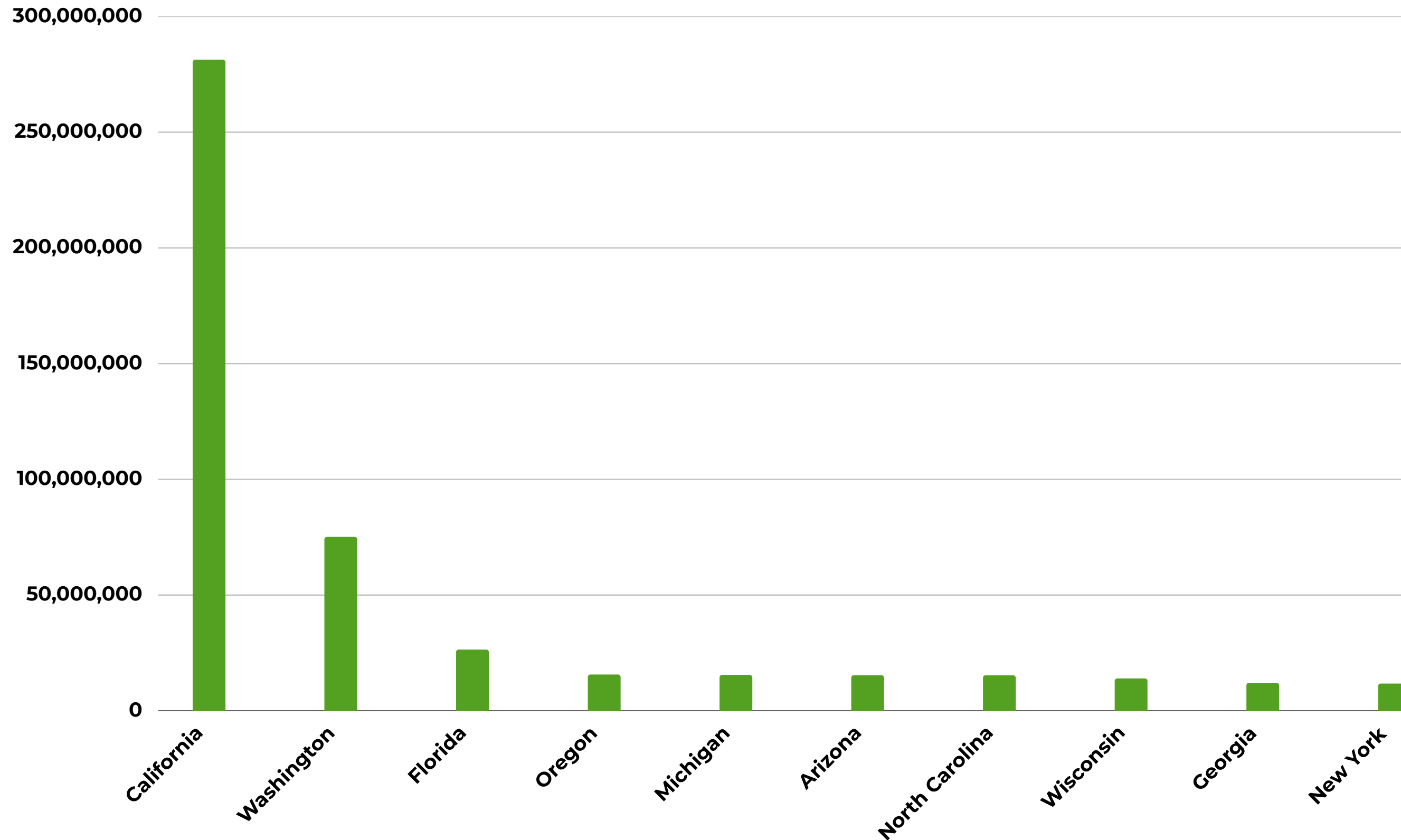
Impact	Employment	Labor Income	Value Added	Output
Direct	22,853	(\$531,434,487)	\$79,288,259	\$584,256,643
Indirect	4,087	\$242,819,183	\$394,687,073	\$734,174,972
Induced	-1,195	(\$79,649,884)	(\$149,796,075)	(\$245,861,811)
Totals	25,744	(\$368,265,188)	\$324,179,256	\$1,072,569,804

INDUSTRIES BY IMPACT: TOP TEN

Industry	Impact on Output
Vegetable and melon farming	\$310,341,075
Fruit farming	\$291,131,876
Support activities for agriculture and forestry	\$119,478,054
Other real estate	\$64,966,701
Pesticide and other agricultural chemical manufacturing	\$59,481,557
Wholesale - Other nondurable goods merchant wholesalers	\$48,481,629
Nitrogenous fertilizer manufacturing	\$19,734,565
Petroleum refineries	\$16,978,075
Insurance carriers, except direct life	\$14,607,989
Insurance agencies, brokerages, and related activities	\$10,227,947



ECONOMIC IMPACTS OF A 17.93% DECREASE IN 2022 DOMESTIC FARM LABOR WAGE RATES AND AEWR: CHANGE IN FARM LABOR EMPLOYMENT BY STATE



IN A NUTSHELL, A LOWER AEWWR WOULD...

- Increase consumption of fresh produce
- Lower produce price
 - although not all the labor cost savings would be passed through to consumers
 - some would be captured by producers leading to larger production
- Decrease imports and increase exports of fresh produce
- Increase the quantity and value of US fresh produce production
- Increase employment in the farm sector; particularly H-2A workers
- Increase output in affiliated industries
- Increase the value of output in many states; particularly big produce states like California



LABOR TENSIONS IN AGRICULTURE



Donald J. Trump ✓
@realDonaldTrump

TRUTH.

Our great Farmers and people in the Hotel and Leisure business have been stating that our very aggressive policy on immigration is taking very good, long time workers away from them, with those jobs being almost impossible to replace. In many cases the Criminals allowed into our Country by the VERY Stupid Biden Open Borders Policy are applying for those jobs. This is not good. We must protect our Farmers, but get the CRIMINALS OUT OF THE USA. Changes are coming!

6.36k ReTruths 26.9k Likes

Jun 12, 2025, 9:43 AM

MSNBC News

Lawrence O'Donnell says Trump 'completely surrendered' on this key campaign promise

Lawrence O'Donnell says Trump surrendered on his campaign promise of mass deportation, after the president admitted his crackdown is hurting...

The New York Times

Trump Tells Farmers 'Changes Are Coming' to Immigration Crackdown

President Trump acknowledged on Thursday that his immigration policies are hurting the farming and hotel industries, making a rare...

The Washington Post

Despite Trump's claim, no policy change underway for migrant farmworkers

The president signaled an opening to protect migrant workers in agriculture and hospitality, in statements an official said sought to soothe...

USA Today

Trump vows changes to immigration crackdown to protect migrant farmers, hotel workers

President Trump said he plans to make changes to his administration's aggressive crackdown on illegal immigration to address worker...

WHAT DOES THE YEAR AHEAD HOLD FOR THE PRODUCE INDUSTRY?

- Increased tariffs on produce imports... especially from Mexico?
- Trade wars that lead to retaliatory tariffs on agricultural exports?
- Mass deportation of undocumented workers?
- A new farm bill (finally)
- Payments to farmers to mitigate the impacts of tariffs on agriculture?
- An opportunity to negotiate favorable changes to the H-2A program?
- Lots of policy uncertainty

