Michigan Farm Labor Trends and Policy Updates

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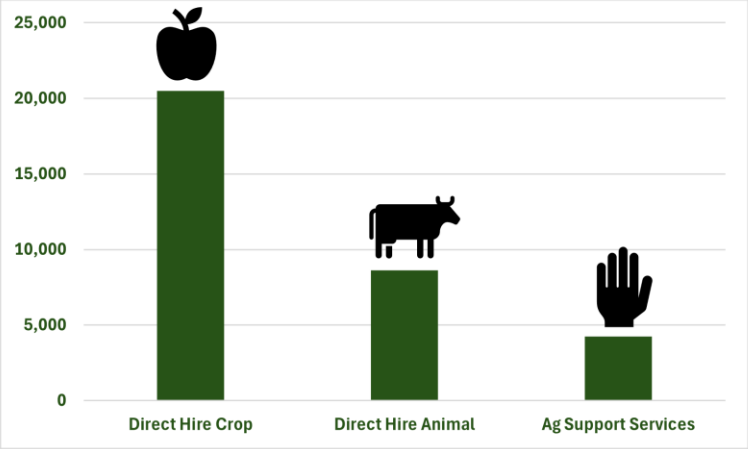
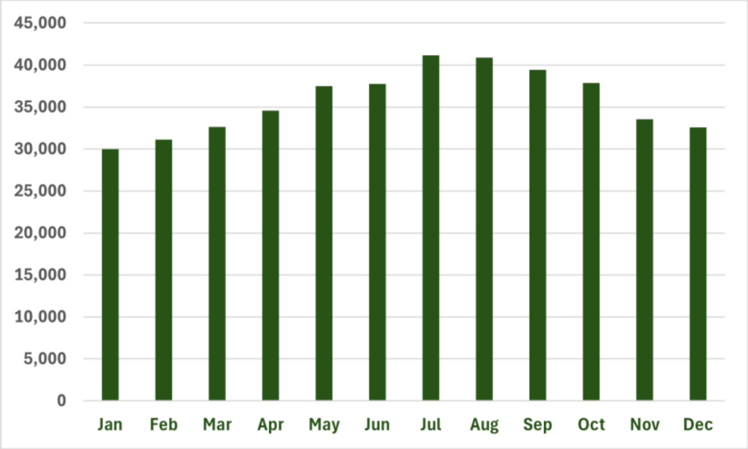
Michigan Agriculture is Very Diverse

- 45,000 farms
- 9.5 million acres
- Dairy, corn, and soy are the leading crops by value
- We grow 300+ different crops
- Major specialty crops include
  - Apples ($350 million)
  - Blueberries ($120 million)
  - Cucumbers ($60 million)
  - Squash ($40 million)
  - Asparagus ($30 million)
- Specialty crops are highly labor intensive and require tens of thousands of workers

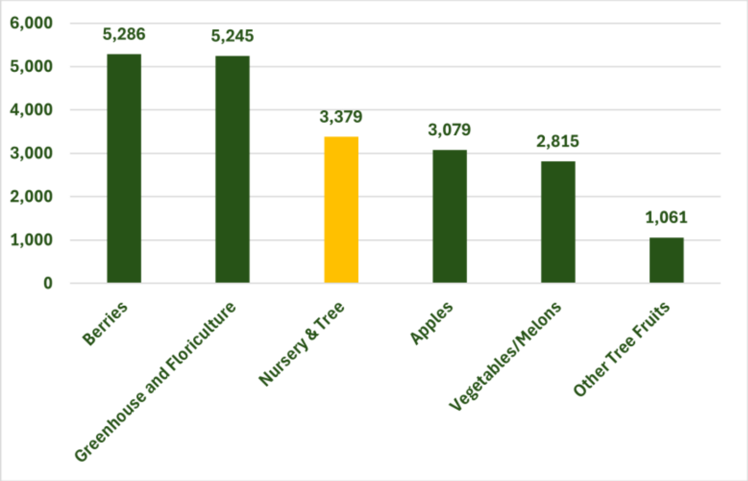
In Average Month, Michigan Employs 33,000 Domestic Farmworkers



Michigan Domestic Farm Employment is Seasonal (30,000 - 41,000)



Michigan Specialty Crops Employ Thousands of Domestic Workers

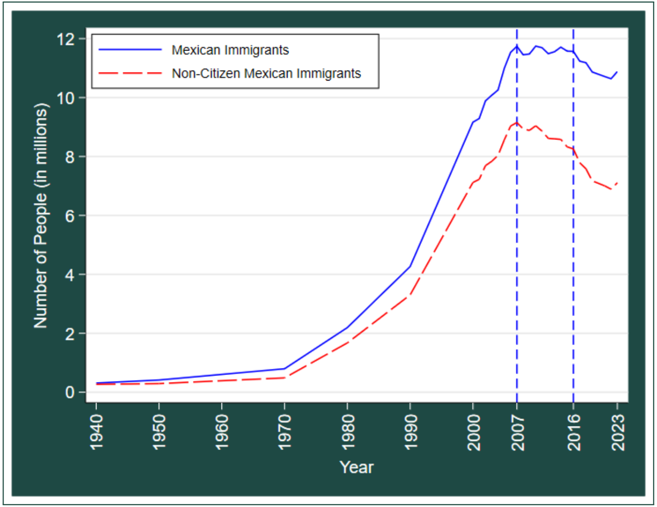


Most Domestic Farmworkers Are Immigrants, 40% Undocumented

	Agricultural Sector	All US Occupations
Foreign born	70%	18%
Foreign born from Mexico	63%	5%
Unauthorized to work in US	41%	8%

Note: The agricultural statistics were generated from the US Department of Labor's National Agricultural Workers Survey (2019-2020). The statistics for all occupations were generated from the US Census Bureau's American Community Survey data (2019).

The US Mexican Immigrant Population is Declining



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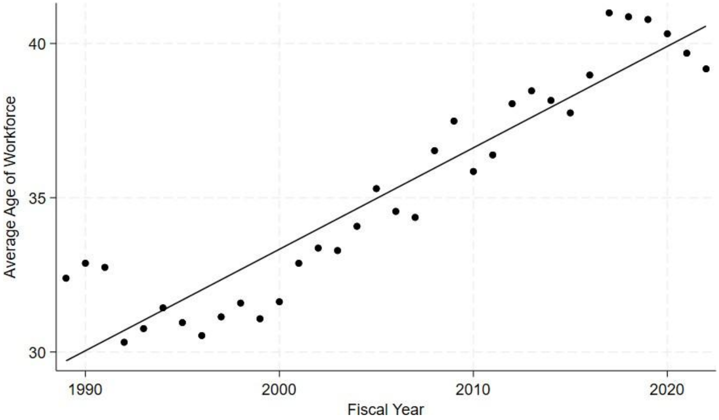
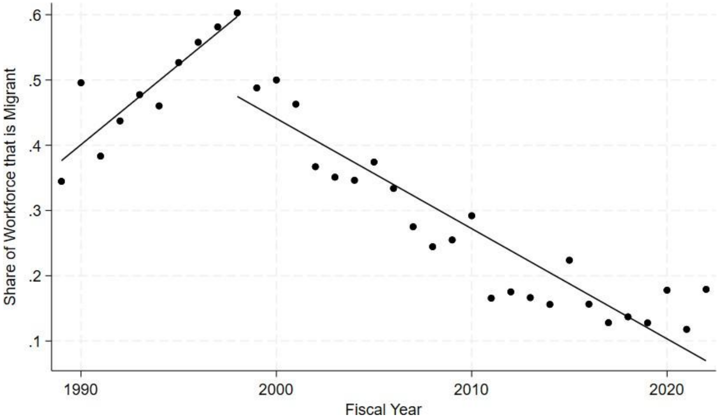
The Domestic Supply of Farm Labor is Declining

- The supply of domestic farm labor is declining
- Contributing factors include:
  - Aging immigrant workforce not being replenished by young immigrants
  - Better job opportunities in non-farm sectors of the US
  - Increased educational attainment in rural Mexico
  - Significant reduction in migratory behavior
    - Immigrant farmworkers have settled down in the US
    - Many have families
    - Reduced follow-the-crop migration

The Farm Workforce is Aging



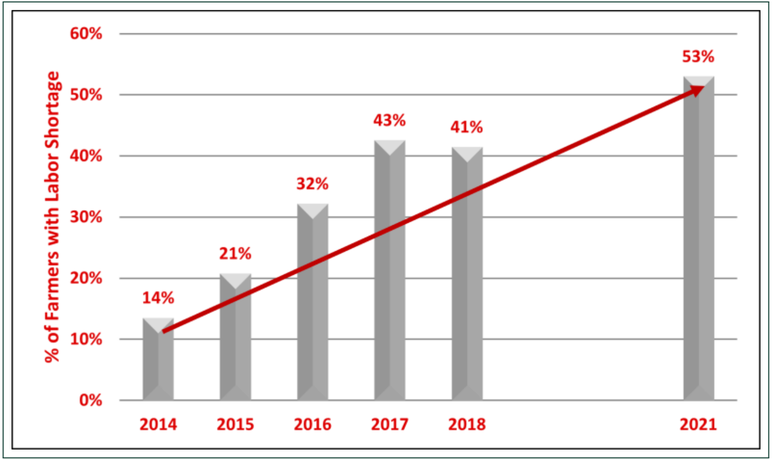
Farmworker Migration is Declining



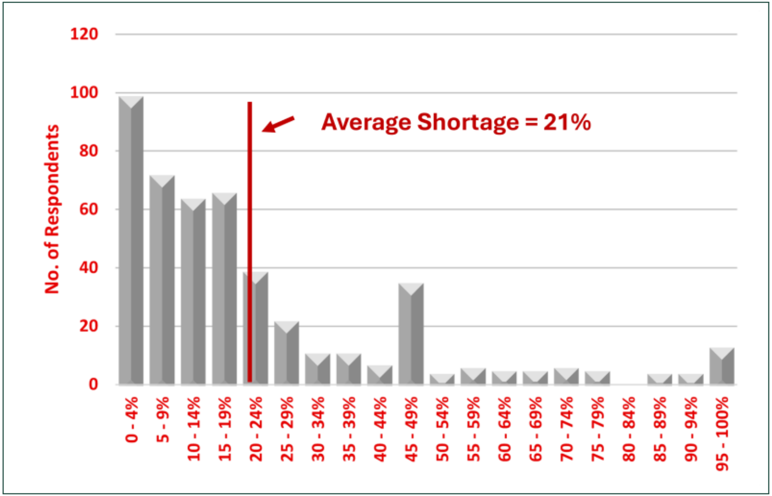
Farmworkers Are Increasingly Finding Work Off the Farm

- Factors leading to increased probability of working off the farm:
  - Gender (males more likely to work off the farm)
  - Legal work authorization
  - Increased educational attainment
  - Number of people in household working off the farm
  - Nonfarm work is an income-smoothing strategy for seasonal workers
    - Seasonal farmworkers who work off the farm earn 20% more
- Share of farmworkers working off the farm expected to moderately increase

Domestic Farm Labor Shortages Are Becoming More Prevalent



Average Farm Labor Shortage is About 20%



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Labor Supply Pressures Have Caused Farm Wages to Rise

- Farmers complain about labor scarcity, rising farm wages, and import competition
    - Hard to compete with foreign producers where wages are much lower ($2.00 - $3.00)
- National domestic farm wages have risen by more than 200% since 1990
- Average wage growth in rest of economy is 150% since 1990
- As of 2025, H-2A wages in Michigan have risen by 300% since 1990
- Inflation in the economy has risen 140% since 1990

The H-2A Visa Program Helps Resolve Labor Shortages

- Allows ag employers to hire seasonal foreign workers when there are labor shortages
- Must navigate complex process to apply for and secure workers
- Must provide housing for workers
- Must pay a minimum wage called the Adverse Effect Wage Rate (AEWR)
  - Used to be based on the USDA Farm Labor Survey (FLS)
  - AEWRs have increased rapidly and erratically in some regions
- Employers filed legal challenges to stop using FLS to calculate AEWRs

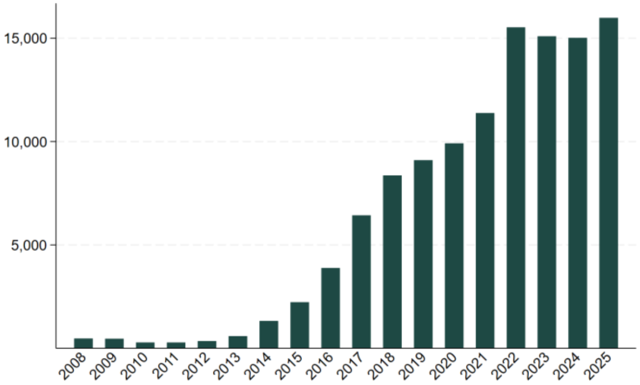
Issues with the H-2A Visa Program

- The main issue from farmer perspective is the rising AEWR (minimum wage)
- Farmers complain that rising AEWRs are forcing farms out of business
- AEWRs were previously based on the USDA's Farm Labor Survey (FLS)
  - FLS produced regional samples of direct hire farm wages
  - Michigan AEWRs were jointly determined with Minnesota and Wisconsin
  - Has seen declining response rates leading to highly variable estimates
  - Farmers claimed that the FLS wages do not reflect actual local market wages
- FLS wage estimates have risen erratically in recent years
- Michigan's AEWR went up $1.97 in 2023 (13%)
- Farmers have complained about the data source used for AEWRs
- Advocacy efforts have focused on revising the AEWR data source/methodology

Employer Concerns About the AEWR

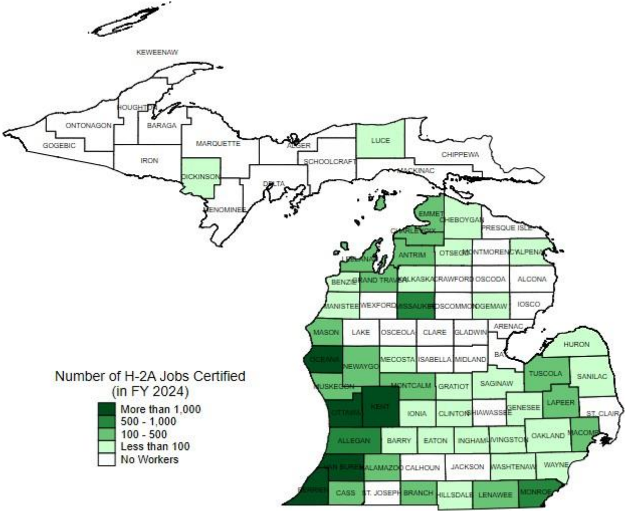
- Employers claim the AEWR is a "*de facto*" minimum wage for US farmworkers
- Employers argued that the AEWR was flawed and overstated local market wages
  - FLS includes some forms of non-wage compensation
  - FLS includes H-2A workers in the sample
  - Some FLS wage changes have been erratic and large
- Employers argued changes to AEWR methodology or data source were needed

Michigan H-2A Expanded in 2025 (16,000 Jobs)



Source: US Department of Labor: https://www.dol.gov/agencies/eta/foreign-labor/performance.

Most Michigan H-2As Work in Specialty Crop Counties



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Big Changes to the H-2A Program in 2025

- In August, 2025 USDA stopped the Farm Labor Survey
- In October, 2025 DOL announce that it would
  - Change the data source used to calculate AEWRs
  - Change the methodology for calculating AEWRs
- DOL's rationale for making changes include:
  - Need for an update due to discontinuation of the Farm Labor Survey
  - Need for consistent, occupation, skill-based wages by state
  - Ensure consumers have access to safe, affordable American produce

Data and Methodological Changes to AEWR Calculations

- Data changes include:
  - Use of OEWS survey for all AEWRs moving forward
  - Use of Big 5 occupations (instead of Big 6)
    - Farmworkers and Laborers, Crop, Nursery and Greenhouse Workers (45–2092);
    - Farmworkers, Farm, Ranch, and Aquacultural Animals (45–2093);
    - Agricultural Equipment Operators (45–2091);
    - Packers and Packagers, Hand (53–7064);
    - Graders and Sorters, Agricultural Products (45–2041)

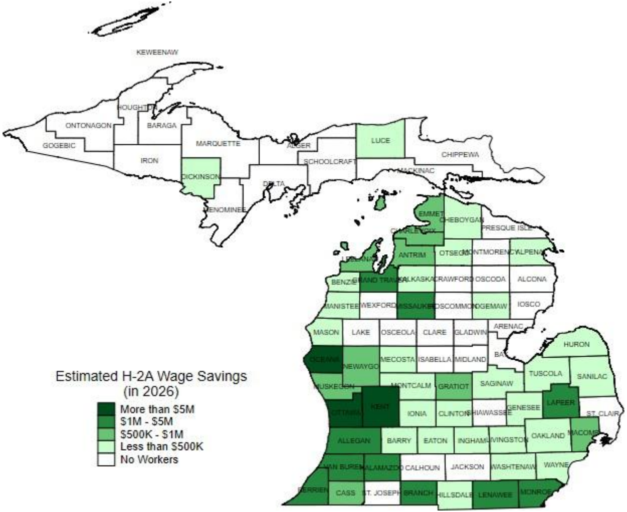
Methodological Changes to AEWR Calculations

- Methodology changes include:
  - 2 AEWRs for each state for most farm occupations (the Big 5)
    - Skill Level I (entry level) 17th percentile wage ($13.78/hr for Michigan)
    - Skill Level II (experienced) 50th percentile wage ($17.47/hr for Michigan)
    - Wages for each Big 5 occupation are weighted by employment to create weighted average
  - Allows for a housing cost adjustment (currently $1.32/hr for Michigan)
  - If minimum wage is higher than housing cost adjusted-AEWR, minimum wage applies
  - Primary duties test (AEWR assigned for task performed more than 50% of the days)
  - Higher skilled jobs like construction/truck driving will have their own wage

Skill Level I AEWR Explained

- Skill Level I wage jobs require less than 3 months experience
- In 2026, Michigan's Skill Level I housing cost adjusted AEWR will be $12.46
- $12.46 = $13.78 - $1.32
- Michigan's minimum wage will be $13.73 in 2026
- So the $13.73 minimum wage will be the binding wage paid to Skill Level I H-2As
- The 2025 Michigan H-2A wage bill is about $220 million
- If all H-2As are paid the Skill I wage in 2026, employers will save $53 Million (24%)

Skill I AEWR: H-2A Cost Savings by County ($53 Million Total)



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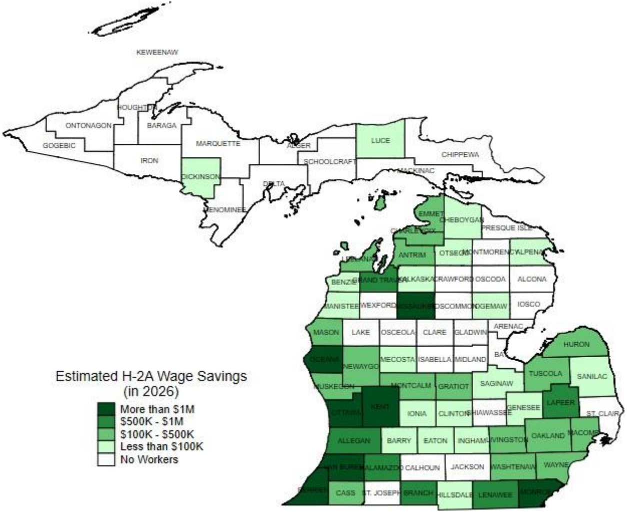
Skill Level II AEWR Explained

- Skill Level II jobs require at least 3 months of experience
- In 2026, Michigan's Skill Level II housing cost adjusted AEWR will be $16.15
- $16.15 = $17.47 - $1.32
- Michigan's minimum wage will be $13.73
- So the Skill Level II wage will apply
- Under Skill Level II wages, Michigan Employers will Save $24 Million (11%) in 2026

Skill II AEWR: H-2A Cost Savings by County ($24 Million Total)



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Wage Implications for Average Michigan H-2A Employee

	Average	Minimum	Maximum
Number of Days of Work	174	18	305
Number of Weeks of Work	25	3	44
Pay in 2025	$18,500	$1,900	$51,100
Pay in 2026	$14,200	$1,400	$39,200
Wage Cut in 2026	$4,300	$500	$11,900

Stability of OEWS Over Time

State	Year	Skill Level I Wage (17th Percentile Calculation Weighted by Employment)	Growth Skill Level I	Skill Level II Wage (Mean of OEWS Wage Distribution Weighted by Employment)	Growth Skill Level II
Michigan	2019	$10.15		$14.08	
Michigan	2020	$10.96	7.98%	$15.36	9.09%
Michigan	2021	$11.84	8.03%	$14.85	-3.32%
Michigan	2022	$12.93	9.21%	$15.95	7.41%
Michigan	2023	$14.25	10.21%	$17.24	8.09%
Michigan	2024	$14.18	-0.49%	$17.48	1.39%
Average Growth 2019-2024			6.99%		4.53%

Legal Challenges to New H-2A Rule

- On November 21, 2025, UFW filed a lawsuit against DOL
- Goal is to challenge the October 2nd DOL Rule
- Key arguments against the rule include
  - New AEWRs will lower wages of US farmworkers
  - Use of 17th percentile OEWS wages does not reflect average domestic wage
  - ACA is illegal because employers have to pay for housing by law
  - OEWS does not survey farm establishments making it unrepresentative
  - Assignment of job titles to workers who do nearly half of work in higher skill job
- On December 22, 2025, UFW filed for a stay and preliminary injunction

Takeaways from New H-2A Rule

- Historically, the H-2A visa program has been very costly to use
- Recent revisions to the H-2A program will lower labor costs for most H-2A employers
- Nationwide, the 2026 wage savings could be up to $1.5 billion (10% - 25%)
- In Michigan, the 2026 wage savings could be $24M to $53M (11% - 24%)
- Everyone is waiting to see how the UFW lawsuits will play out

Farm Workforce Modernization Act (FWMA)

- Recently, the US Congress has tried to pass farm labor legislation
- FWMA has three objectives
  1. Ensure domestic agricultural workforce is available now
  2. Ensure that there is an agricultural workforce in the future
  3. Ensure that farm employees are legally authorized to work in the US
- Passed in House in 2019 and 2021 with bi-partisan support
- Failed to pass through the Senate
- Was reintroduced in 2025

Farm Workforce Modernization Act

1. Maintain Current Workforce:
   - Grant temporary legal status (CAW) to ag workers (180 ag days - past 2 years)
   - Renew CAW status every year (100 ag days/year)
   - Obtain green card with $1,000 fine and continue to work in ag for:
     - 4 more years if at least 10 years in US ag
     - 8 more years if less than 10 years in US ag
2. Maintain Future Workforce:
   - Reform H-2A visa program
     - Electronic application filing
     - One application for staggered hiring needs
     - Occupation-specific minimum wages (AEWRs); growth cap (3.25%/yr)
3. Maintain Legal Workforce:
   - Mandatory E-verify phased in over time

Concluding Thoughts

- Abundance of evidence points to declining farm labor supply
- Labor supply constraints put upward pressure on farm wages
- Farmworkers still on the bottom rung of the wage ladder
- Farmers are adapting to this situation by
  - Adopting technology when they can
  - Changing production practices and crop mix
  - Utilizing the H-2A visa program

Concluding Thoughts

- Policy options to protect domestic producers create winners and losers
- Recent regulatory changes will likely reduce the wages of US farmworkers
- These policy changes will benefit domestic producers/consumers but not employees
- We will also likely see
  - Increased use of labor-saving technology moving forward
  - Employees will have to be trained to use new equipment
  - As labor supply declines, we will also likely see more imported fruit/veg

QUESTIONS?