

Farms in California Prepare for \$15/Hour Minimum Wage

by Kerstin Lindgren

California legislators, responding to the growing Fight for \$15 and Raise the Wage movements, passed a law earlier this year that will guarantee all workers in the state a minimum wage of \$15 an hour. This is great news for farmworkers in the country's largest agricultural state. But will it be a disaster for farmers and the agricultural economy?

Not necessarily. Phil Foster, an organic farmer in California who produces more than 60 crops for sale at regional farmers markets and retail locations, already pays his approximately 50 year-round workers at least \$15 an hour, plus bonuses. By the time the rest of the state is required to pay this rate, he expects to be paying workers a few dollars an hour more. For Foster, this is not only the right thing to do, it also makes business sense by helping him retain the best employees and avoid the added costs of training a new crew each season.

Foster is the first to admit, however, that just because he's made it work on his farm doesn't mean all farmers will be able to follow suit. Dave Runsten, an agricultural economist with Community Alliance with Family Farmers, explains that agriculture is highly competitive and most farmers have no control over the price they receive. Small-scale farmers, organic farmers, and others

who aren't trying to compete solely on price and efficiency in commodity markets need to find a way to differentiate themselves in the marketplace or find an alternative business model. Foster, as a diversified organic farmer handling sales directly, has both a differentiated product and an alternative business model.

California passed the new minimum wage bill and considered a second piece of legislation intended to give farmworkers a better wage. Currently farmworkers are exempt from regulations that require other hourly workers to be paid overtime after 40 hours of work in a week or eight hours a day, but the proposed California bill would have changed that. Although the bill was defeated this year, its sponsor vowed to introduce it again next session. If it passes, farmworkers who make \$15 an hour regular time will receive \$22.50 an hour in overtime pay.

Because all workers in the state will see higher wages and higher wages are associated with better eating, in the long run, there may be more dollars going to organic food and labor-intensive fruit and vegetable production. This would allow these farmers, who have higher costs, to raise prices enough to keep up with labor costs, an increase which would have minimal impact on consumers according to most projections.



Phil Foster poses with workers on his Santa Ana ranch. Farmworkers on this organic farm already receive a minimum of \$15/hour plus bonuses. Photo credit: Phil Foster Ranches

Farmers are also worried about the rising costs of healthcare and the combination of the three—increased minimum wage, new overtime rules, and rising cost of healthcare has some farmers scrambling to meet anticipated rising costs of production. If labor costs increase too much or too fast, farmers may try to reduce costs through capital investments in machinery or by shifting to less labor-intensive crops. The reality, explains another California organic farmer, Paul Muller, is that larger farms can make these investments more easily, and it is small-scale farmers and especially new farmers who will be hit hardest by the trifecta of rising labor costs, particularly in the short run.

Farm work is notoriously difficult and dangerous and though it is highly skilled work, it pays low wages. The new \$15/hour minimum wage will give a needed boost to farmworkers. It will not make them rich, but it will allow families who work in agriculture to more easily meet basic needs. If we want to also ensure that the most vulnerable farmers are also able to thrive, we need equal investment in policies that protect their interests.

“We give all kinds of tax incentives when we want businesses to relocate to our communities. Why aren’t we giving the same incentives to farmers?” Muller asks. Tax breaks to farmers who do not cut back on labor as it becomes more expensive, either because they are committed to providing their communities with decent jobs or because they simply can’t afford capital investments, would give a boost to both farmers and farmworkers.

Local governments give tax incentives to businesses to get them to relocate. Both federal and state governments give tax breaks to businesses that create jobs. Taxpayers also pay billions of dollars annually to subsidize a small percentage of large farms, most of which produce commodity crops like corn and soy that are highly mechanized and provide few jobs. There is a growing movement to allocate federal agricultural subsidies to farmers who practice environmentally sustainable or regenerative practices. Adding social and sustainability criteria would further strengthen the agricultural system, as would providing incentives to diversified farms that create or maintain decent jobs.

If we want farmers, including organic farmers, small-scale farmers, young farmers, and new farmers to succeed in California, and if we want farmers to continue to hire farmworkers despite rising labor costs, we need to address major policy issues such as the federal

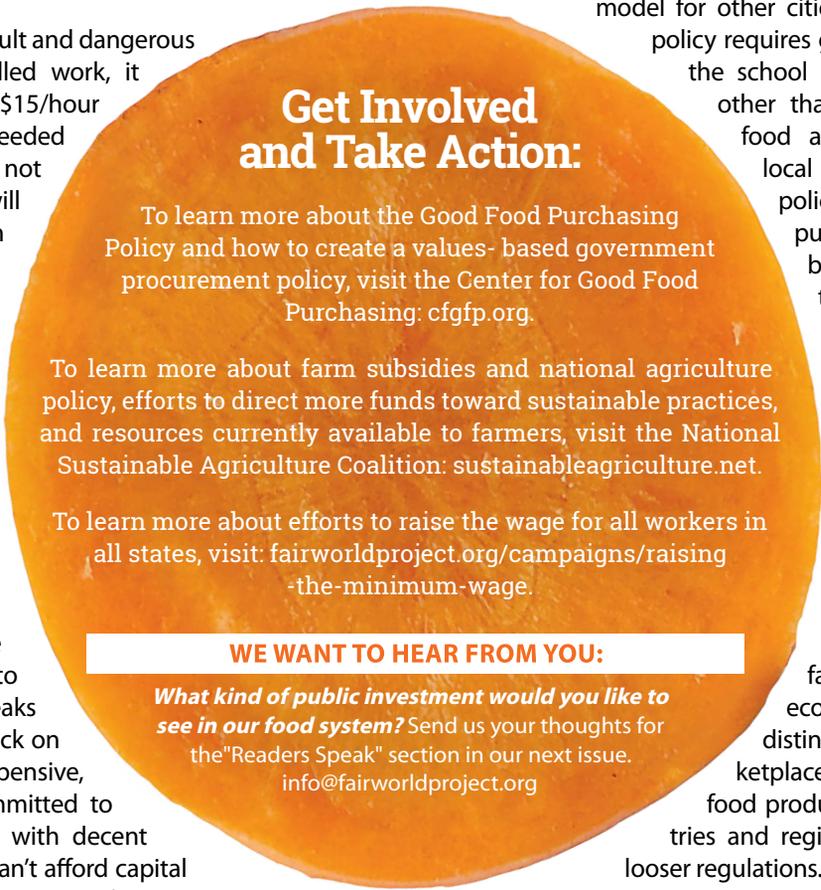
minimum wage (farmers in California paying \$15 an hour will now be competing with farmers in Alabama who need only pay \$7.25 an hour), trade policy (farmers in California will also be competing with farmers in other countries, like Mexico, who can pay less than \$15 a day), and immigration policy. We will also need to be proactive and invest public funds. Here are a few of the many places where public investment can have an impact:

Public procurement policies can ensure California farmers are prioritized in government purchasing decisions. Los Angeles recently adopted a Good Food Purchasing Policy that has been a model for other cities around the country. The policy requires government purchasers, like the school district, to consider factors other than just price when buying food and to give preference to local farmers. These promising policies can be supported by public investment in training buyers and kitchen managers to identify suitable farms, and investment in developing infrastructure to make it easier for small farms to access contracts.

Publicly funded “buy local” or “buy California” programs could educate consumers about the true cost of food and importance of supporting local farmers. Emphasizing local economies would help farmers distinguish themselves in a marketplace where they compete with food produced more cheaply in countries and regions with lower wages and looser regulations.

Increased funding for farmer services through extension or farmer advocacy organizations can give farmers the support they need for their businesses to survive. Farming is difficult work, requiring long hours and a viable business plan. Assistance for farmers, especially those who are new or in transition, in developing a marketing plan and business model that works for their farm can help these farmers weather the changes in labor costs. As in the example of Phil Foster, a good business and marketing plan built on long-term relationships can help a farm thrive, but that plan will look different for each farm.

California is the first state to fully embrace the movement to raise wages for all workers to at least \$15 an hour. As an important agricultural state with enough public investment in key areas, California can also show that agricultural economies, farmers, and farmworkers all thrive in the era of fair pay. 



Get Involved and Take Action:

To learn more about the Good Food Purchasing Policy and how to create a values-based government procurement policy, visit the Center for Good Food Purchasing: cfgfp.org.

To learn more about farm subsidies and national agriculture policy, efforts to direct more funds toward sustainable practices, and resources currently available to farmers, visit the National Sustainable Agriculture Coalition: sustainableagriculture.net.

To learn more about efforts to raise the wage for all workers in all states, visit: fairworldproject.org/campaigns/raising-the-minimum-wage.

WE WANT TO HEAR FROM YOU:

What kind of public investment would you like to see in our food system? Send us your thoughts for the “Readers Speak” section in our next issue. info@fairworldproject.org