

## POLICY NOTE

# Agricultural overtime law cuts farmworker income and pushes up food prices

By Pam Lewison, Director, Center for Agriculture

March 2023

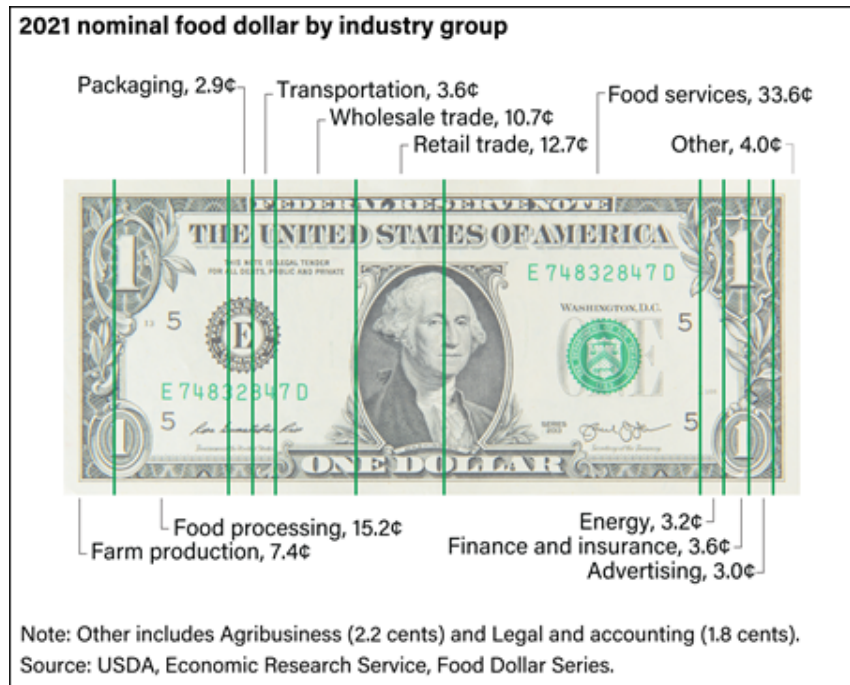
### Key Findings

1. Farms in the United States earn \$0.07 of every food dollar spent. A food budget of \$300 puts \$21 back into on-farm operations.
2. Washington state has the highest hourly wage for farmworkers anywhere in the U.S. at \$20/hr., which equates to \$30/hr. in overtime pay.
3. Farmworkers are the people who suffer most from overtime pay requirements because they will continue to earn less in overall income.
4. Washington state's farms would operate in a \$2.6 billion deficit if farmworkers work schedules were returned to a 55-hour workweek.

### Introduction

Year-over-year increases in food production and grocery costs differ dramatically. Between 2020 and 2021, the cost of food production increased 50 percent from one year to the next. During that time, grocery costs to consumer increased four percent. The 46 percent of “leftover” on-farm costs had to be covered by adjustments in how farms operated including an altering in farmwork schedules.

What does the disparity between on-farm costs and consumer food prices mean? It means farmers in the United States earn just \$0.07 of every dollar consumers spend on groceries. A family of four with a moderate food budget spends approximately \$300 each week; the share of that expense that goes back to farms is just \$21.



### West Coast salaries are the highest in the U.S.

There are approximately 332 million people in the United States and about 2.6 million people are directly employed on farm, or 1.3 percent of the total population.<sup>1</sup> This reflects the astonishing productivity of

<sup>1</sup> U.S. Department of Agriculture, Economic Research Service. Ag and Food Sectors and the Economy. Updated Jan. 26, 2023. <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/ag-and-food-sectors-and-the-economy/>.

American farming. A small fraction of the population produces enough nutrition to feed the county and export food to markets around the world.

Food budgets, as estimated by the U.S. Department of Agriculture, can be averaged to a weekly total of \$273.80 per family of four, or \$19.17 returned to farms. That is an income from food sales of \$1.6 billion per week, or \$82.7 billion annually.<sup>2</sup>

With those numbers in mind, it means the average income for every person employed in farming is only \$2,651.85 a month or \$31,822.20 a year. However, farm income and farmworker pay are complex systems. Wages for farmworkers in the U.S. vary dramatically based upon region.

Farmworkers, based on a 50-hour workweek, in Southern states are paid an average of \$13.50 an hour, while the same person working in the Midwest earns \$12.55 an hour or \$15.53 an hour in the Northeast. On the West Coast, however, the average farmworker salary is much higher, at \$20 an hour.

### **Farmworkers are harmed by Washington state's labor policy**

The recent shift in how farm work is viewed has created laws in seven states for agricultural overtime pay at time-and-a-half. The move toward overtime pay in agriculture has hurt the income outlook for many farmworkers. Two years ago, Washington state became the first state in the U.S. to force agricultural work into an urban white-collar schedule – mandating a phased in approach to overtime thresholds that required time-and-a-half at 55 hours in 2022, overtime pay at 48 hours in 2023, and 40 hours in 2024.

When viewed through the lens of other wage averages, the other three regions of the U.S. could pay \$20.25, \$18.83, and \$23.30 an hour respectively, should they enact overtime legislation, while West Coast states will pay \$30 an hour in time-and-a-half.

In recent testimony to the Washington state senate, farmworkers asked lawmakers to give their employers the flexibility to pay their regular hourly wage during a 12-week harvest period. The flexibility would allow agricultural employers to pay the regular \$20 an hour until a farmworker had worked for 50 hours in a week. There are approximately 187,000 farmworkers in Washington state. If every farmworker in the state earned 10 hours of overtime pay during the proposed 12-week flexibility window, that would represent labor costs of \$673.2 million to agricultural employers. The next step would be higher food prices to consumers as fewer farms existed to produce food.

The bottom-line income change for farmworkers is the most problematic part of the phase-in of overtime rules in Washington state. Before the overtime law, farmworkers working approximately 60 hours a week earned \$4,800 a month. At the 40-hour threshold in 2024, those same farmworkers will earn \$3,200 for the same type of work, a pay cut of \$1,600 a month, or \$19,200 less in a year.

---

<sup>2</sup> Williams, Geoff. "How much should I spend on groceries?" Published Aug. 17, 2022. Accessed Feb. 21, 2022. U.S. News & World Report. <https://money.usnews.com/money/personal-finance/saving-and-budgeting/articles/how-much-should-i-spend-on-groceries>.

## **Overtime pay in Washington state could create an operating budget deficit for our farms**

Agricultural employers are willing to pay overtime, but it cannot be a perpetual state of wage earnings because farms do not have the income available to cover that cost increase along with the additional cost increases of property taxes, fertilizer, pesticides, equipment and component parts, fuel and oil, water, electricity, and more. If Washington state's farms paid every farmworker in the state overtime pay for 15 hours a week, to bring the total hours worked to 55 for 52 weeks a year, Washington state's farms would pay approximately \$4.4 billion annually in overtime wages alone. When added to the approximately \$7.8 billion in regular wages, that makes a total of \$12.2 billion in annual wage costs.

The disparity in wages paid versus on-farm income available is best outlined by the USDA. The most recent Ag Census shows total market value of all crops in Washington state were \$9.6 billion, making for an operating deficit of about \$2.6 billion.<sup>3</sup>

When Washington state's agricultural community says it cannot afford to pay overtime wages to restore a 55-hour work week to farmworkers, it is not because there is no desire for paying overtime wages, it is because there is no money to do it.

### **Conclusion**

There are no easy answers to debates about wages earned. Every farmworker in Washington state is an integral part of producing our local food supply, a human need people depend on every day. Collectively, we must be careful to weigh what can be shouldered by agricultural employers and farmworkers, and how consumers will be affected by the pressures of our state's labor decisions.

Stealing the ability of employers and employees to determine income and schedules that best suit the needs of both parties serves only to undermine the ability of both to earn a living. If Washington state must legislate the needs of agricultural labor, it should be approached with the heading of "do no harm." Because the current approach to agricultural labor cuts farmworker earnings and pushes up food prices, our current system is a far cry from the "do no harm" ideal.

---

<sup>3</sup> U.S. Department of Agriculture National Agriculture Statistics Service. 2017 Ag Census Washington State Profile. Accessed Feb. 22, 2023. [https://www.nass.usda.gov/Publications/AgCensus/2017/Online\\_Resources/County\\_Profiles/Washington/cp99053.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Online_Resources/County_Profiles/Washington/cp99053.pdf)



**Pam Lewison** is the Director for the Washington Policy Center Initiative on Agriculture and is based in the Tri-Cities office. She farms in Eastern Washington and is a tireless advocate for agriculture both in Washington state and around the country. Before entering the public policy world, Pam spent nearly a decade as a journalist in the Northwest and got her feet wet as the coordination clerk for the Odessa Groundwater Replacement Program. She holds a Master of Science from Texas A&M University (Gig ‘em!) and a Bachelor of Arts from Washington State University (Go Cougs!). When she is not in the office, you can find her helping with irrigation and other work on her family farm, shuttling kids to 4-H meetings, or working as the superintendent for the agriculture building at the Grant County Fair.

*Washington Policy Center is an independent research organization in Washington state.*

*Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.*

*Published by*  
Washington Policy Center  
© 2023

**washingtonpolicy.org**  
**206-937-9691**