



Testimony in Support of Lowering the Overtime Threshold for Farm Workers in New York State to 40 Hours Per Week

Labor Farm Laborers Wage Board

My name is David Dyssegaard Kallick, and I am director of Immigration Research Initiative, a nonprofit, nonpartisan center based here in New York, and I teach a class in regional economics at the Pratt Institute's Graduate School of Planning and the Environment. I have over 15 years of experience with in-depth research on immigrants and the impact of immigration on U.S. communities.

Daniel Costa submitted testimony about the experience with overtime pay in California. Let me say a little about our experience in NY.

What we've seen as the state implemented the 60-hour OT standard is right in line with what Maggie Gray, Olivia Heffernan and I predicted in a 2019 report written for the Fiscal Policy Institute.

- Workers see less extreme overtime hours.
- Weekly take-home pay is higher.
- Farm owners can manage with the regulation.
 - Some added workers.
 - Some invested in farm equipment, boosting productivity.
 - Some found better management practices that could make more efficient use of workers' time.

I'd like to just expand a little on the idea of productivity gains, since it is often underappreciated.

There is undeniably some cost to farm owners when they are required to pay overtime. But, it is not a dollar-for-dollar cost. The reason is increased productivity.

As we have seen in many other instances, when employers are required to pay higher wages they make a bigger effort to increase the efficiency of the workplace. We've seen this when the minimum wage has been increased. We've seen it in unionized businesses. And we've seen it already over the past year on New York's farms even with the minimally binding 60-hour overtime threshold.

What does an increase in productivity on farms look like?

Farm owners may invest in equipment that makes work easier and faster for workers. That could be buying lifts for apple pickers, or conveyor belts that reduce the amount of lifting and carrying. It could be gradually moving to investing in advanced equipment that helps in milking. And, knowing what the rules are for overtime in the future provides a stable environment in which long-term investments make sense and can be amortized.

Farm owners may also find ways to organize time and work that is more effective. Paying overtime provides a real incentive for that.

And, overtime pay will reduce the cost of recruitment and training, because it will reduce turnover. I know some farm owners and even some of their employees have questioned this idea, but I'm sorry you just can't tell an economist that better wages will lead to fewer job applications.

I was asked to talk a little about a report you are also hearing about tonight, from professors Christopher Wolf, Rich Stup and Jason Karszes. I have to say, I am a little a little surprised about how that study is being represented. In fact, the data that they report, about past experience, shows the same picture as what I am saying now and what we predicted in 2019.

Strangely, the part of the Wolf, Stup and Karszes report that's getting more attention are some highly speculative and melodramatic claims about the future. The professors asked farm owners what they would do if they have to meet a 40-hour overtime threshold. Unsurprisingly, many farm owners predicted disaster.

It's fine to ask this question, but, it's not right to suggest that the answer predicts how farm owners will actually respond. Econ 101 distinguishes clearly between stated preference and revealed preference – which is just a jargony way of saying: people don't always do what they say they are going to do.

Think about the surveys of workers who said they would quit if they were required to be vaccinated. And, remember that farm owners just two years ago said that a 60-hour threshold would be catastrophic.

Given that farm owners knew they were essentially being asked if they could manage with a 40-hour overtime threshold, it is perhaps more surprising how many said they would be just fine. In fact, you've heard from some of those farm owners here, too—those who want to do the right thing might even be better off if they were playing on a level playing field and other farm owners had to do the same.

So let me say again: yes there is a cost to farm owners. And, even if the owners were to absorb all of the cost of overtime it would be a manageable share of their profits, as we showed in the 2019 report. But farm owners, like other good business people, will not absorb all of the cost. They will invest in equipment and management practices that will increase worker productivity.

And, this will not only be better for workers. In the long run, it will also make New York's farm sector more competitive. Picture New York farming in 20 or 30 years.

How will it be a stronger landscape:

If farm owners can be competitive only with a business model that requires very long hours and low pay?

Or:

If they have a steady incentive to invest in better management, better equipment, and more sustainable labor conditions?

I think the answer is obvious: a future of higher productivity is brighter for the entire farm sector: farm workers, farm owners, the communities they live in, and all of us who enjoy local produce and New York's beautiful bucolic landscapes.

David Dyssegaard Kallick

Kallick is director of Immigration Research Initiative, a nonprofit, nonpartisan think tank that looks at immigration issues.