

QSS20 S21 Final Project Memo 1

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1 What I learned

Overall, I was quite surprised to read how there's only 1.1% probability that a farm employer would be investigated in a given year; however, when there is an investigation, they find violations approximately 70% of the time. While they may just be pinpointing employers with violations, they may also just be missing a significant number of violations in this process. As the report explained, a major factor for this is the under-funding and understaffing of the WHD (evidenced by the fact that in 2018, there was one investigator for every 175,000 workers). Regarding H-2A violations, one data point that stood out to me was that in 2019, when at least one H-2A violation was found, the average number of violations was 34. Once again, this seems to suggest that violations are extremely prevalent and the WHD may be missing a lot of them. Further, we can see from Table 2 in the report that the number of H-2A violations has (generally) increased steadily since 2000 despite the fact that the average back wages per employee and the civil monetary penalties assessed peaked in 2013. This suggests that these penalties are not causing a material, long-term change in industry behavior.

One factor that may pose a challenge to measuring employer compliance is the prevalence of "ghost" workers. These are workers who are not on the employer's payroll. Another factor impacting compliance could be under-reporting of violations. This is particularly a problem with the H-2A program because these workers' visas are tied to their employment, so they may not report their employer for fears of being fired/blacklisted. Finally, the under-funding of the WHD (as described above) definitely makes measuring employer compliance more difficult because they can't identify all instances of violations.

2 Questions

1. Are there any material differences in the effectiveness of the monetary penalties (i.e., back wages and civil monetary penalties) in preventing H-2A violations across industry and/or region? I think this information could help the WHD allocate their limited resources most effectively.
2. In the cases where investigations are conducted and violations are not found, how often do these employees remain compliant? In other words, is there any incentive for these employees to remain compliant for long periods of time?