

# CAFOs

*Concentrated Animal Feeding Operations*

## SOCIAL/ECONOMIC ISSUES

# Community Impacts of CAFOs: *Labor Markets*



**Roman Keeney**

*Agricultural Economics*

*Dean Jones, former Extension Educator, conducted the interviews for this survey information.*

This publication is one title in the *Concentrated Animal Feeding Operations* series. To view the entire series, visit <http://www.ansc.purdue.edu/CAFO/>.

### Introduction

Siting of confined animal feeding operations (CAFO) continues to be a source of rural community discord across the United States. Rural residents are increasingly suspicious of an industrialized agriculture typified by non-local management, and they are uncertain about the long run impacts on community well-being.

As a result, animal agriculture is often aggressively singled out among industries as communities organize opposition and propose regulation. This singling out is fostered by the livestock industry's narrow focus on developing agricultural opportunities while giving little attention to its potential contribution to rural development objectives, such as the creation of job opportunities (Farm Foundation, 2006).

The objective of this publication is to provide information on the interaction of CAFOs with local labor markets.

### Overview of Labor Market Impacts

Using the results from a pilot survey of farm operators in two Indiana counties (Benton and Jasper) as well as information collected by the Bureau of Economic Analysis (BEA) for these two counties, we find that livestock's expansion as a share of agricultural output has increased farm employment during the period from 1969 to 2005. On average, a three percent increase in livestock and milk sales as a percent of total farm sales will increase farm hired labor expenses by one percent (Keeney, 2008). Moreover, when this labor expansion occurs on CAFOs, the earned wages tend to be competitive with other opportunities in the two-county area.

Table 1 reports the average wage for all CAFOs surveyed as \$ 13.88/hr. The average wage in 2005 for the two-county area in non-farm jobs is \$ 14.20/hr (calculated

**Table 1.** *Wages and employment on CAFOs*

Variable	Average
Wage (all farms)	\$13.88/hr
Wage (dairy)	\$12.27/hr
Wage (swine)	\$15.54/hr
Wage (beef)	\$12.94/hr
Animal/Non-family worker (dairy)	93.37
Animal/Non-family worker (swine & beef)	1295.83

*Notes: Estimates are from pilot survey of CAFO operators in Benton and Jasper counties in Indiana. Explanation of estimates is provided in Keeney (2008).*

from BEA data and assuming forty-hour work weeks). Of the three farm types listed in Table 1, wage work in swine has the highest hourly reward, which is likely due to a combination of less favorable working conditions, demand for more diverse skills, and the higher ratio of animals per worker found on these type of farms (1300:1 for swine operations as opposed to 94:1 on dairies). The similarity between farm and non-farm wages indicates that CAFO creation of jobs is consistent with community standards for earnings, though non-farm employment in some cases will offer more non-wage benefits (Farm Foundation, 2006).

Using the data in Table 1, we can see that a 1500 cow dairy CAFO would be expected to use 16 employees. If the employees work an average of 50 hours per week, this represents a contribution of nearly \$500,000 to annual local wage earnings. Under similar assumptions on weeks worked and hours, a 5000 head swine finishing facility could be expected to annually contribute over \$150,000 in local wage earnings. Assuming nothing else changes, this represents an increase in the income tax base and consumption to be fed into the local economy. However, rural communities must consider more than just income growth and comparable wages when considering the impacts of CAFOs on their communities.

### Related Local Labor Issues

Table 2 reports estimates from the producer survey regarding labor turnover on CAFOs. The total hired labor force on CAFOs from the survey was 92 individuals,

with 26 hired in the last two years. Nearly all of these new hires were made to replace someone leaving the operation.

Employers indicated that 60 percent of those leaving the workforce were terminated due to performance, with the remainder of departures split between higher wage opportunities and a desire to no longer work at a CAFO. The high level of terminations is an indicator of both a need for reliable employees and some specialized skills required for CAFO jobs while the number departing for higher wages indicates that some of the skills might be transferred to other opportunities. Departures for other reasons point to work conditions that some employees consider unsuitable.

Relative working conditions (as well as low wages and benefits) are increasingly associated with jobs that attract immigrant workers. Over two-thirds of the hired labor on the CAFOs surveyed and some 30 percent of U.S. farm workers are currently immigrants of legal or non-legal status. A recent Farm Foundation report (2006) identifies the increasing trend in rural immigrant employment as a source of challenge (demands for social services and English training) and opportunity (rural population and income growth).

The integration of immigrant workers and their families into rural community life represents an important undertaking for which both the community and the hiring industry must make coordinated efforts.

**Table 2.** Labor Turnover on CAFOs

Variable	Total or Percent
Total non-family labor force	92 individuals
New employees (2 years)	26 hired
Replace departing employee	92 %
Regulation compliance	4 %
Reasons for leaving	
Terminated for ineffectiveness	60 %
Seek higher wage/benefits	20 %
No longer work in a CAFO	20 %

Notes: Estimates are from pilot survey of CAFO operators in Benton and Jasper counties in Indiana. Explanation of estimates is provided in Keeney (2008).

## Concluding Comments

Fruitful debate over the local siting of CAFOs must take into consideration labor market impacts. Potential CAFO operators could focus efforts on providing economic benefits to rural communities.

In addition to competitive wages, providing assistance with programs that develop work and language skills for employees and work conditions that limit turnover can ease community acceptance as well as integrate workers into the community.

Community leaders can clearly identify economic development priorities with respect to local labor markets. This will improve information for both potential CAFO operators as well as residents leading to more meaningful discussions of tradeoffs of siting CAFOs as well as expectations of a particular CAFO's obligation to the community.

## References

Keeney, R. 2008 (forthcoming). "Confined Animal Feeding Operations: A Survey of Local Economic Issues."

Farm Foundation. 2006. *The Future of Animal Agriculture in North America*.