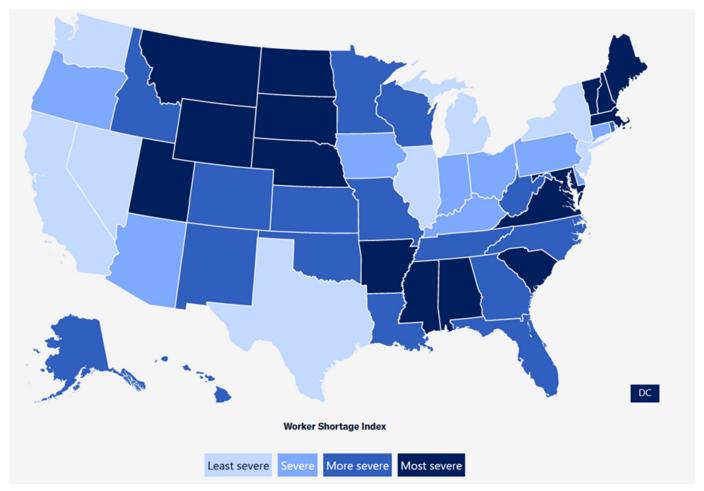


Cornhusker Economics

Why is Workforce Development Such a Big Deal Now?

Talk to any business or organization these days and you will probably hear them lamenting about hiring employees. Often there are very few applicants and those that do apply do not have the skills and experience needed. This holds true for all industry sectors, including agricultural businesses.

Some of you may be thinking, "it can't be that bad, can it?" Well, then take a look at this online interactive <u>map</u> or just scan the graphic below. The map, which was developed by the U.S. Chamber of Commerce, is based on 2023 data for all labor. It is a real revelation. Nebraska is listed in the most severe labor shortage category with fifteen other states.

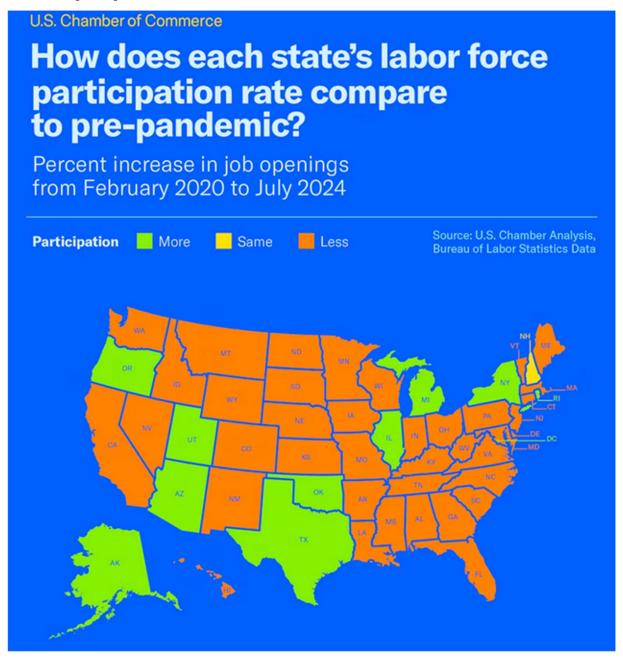


https://www.uschamber.com/workforce/the-states-suffering-most-from-the-labor-shortage?state=



The pandemic seems to be a benchmark for many things and labor force participation is one of them. Getting back to pre-pandemic levels is often stated as a goal. So how does Nebraska compare nationally?

This same data set was used to compare pre-pandemic rates to current post-pandemic rates by percent increase in job openings from 2020 to 2024. As a state, Nebraska has a lot of company in this space. Many of the states are showing less participation than before the pandemic. If you consider the pre-pandemic time as a "normal" benchmark, then our labor force participation rates are still not back to normal.



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Labor fuels the economic engine of our country and when that flow slows down, it has huge ramifications for every sector of our economy.

There are lots of reasons why the national worker shortage is showing up now. Historically the workforce environment has evolved over time. But the recent pandemic, the rapid changes in technology and the on-going silver tsunami of baby boomer retirements are just a few of the major influences that have made this time and place different than the past.

For the agricultural sector, there is still *another* influence that has impacted the on-farm workforce that other sectors have not had to manage – the dramatic change in size and composition of the workforce.

Specific Changes Impacting the Agricultural Workforce

Size and composition of the workforce has shifted dramatically over time. According to the USDA Economic Research Service...

"The U.S. agricultural workforce has long consisted of a mixture of two groups of workers: (1) self-employed farm operators and their family members, and (2) hired workers. Both types of employment were in long-term decline from 1950 to 1990, as mechanization contributed to rising agricultural productivity, reducing the need for labor. Since 1990, employment levels have stabilized."

Family and hired farmworkers on U.S. farms, 1950-2000



Note: Family farmworkers include self-employed farmers and unpaid family members. Hired farmworkers include direct hires and agricultural service workers employed by farm labor contractors.

Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, Farm Labor Survey (FLS). The FLS stopped estimating the number of family farmworkers beginning in 2001. As of 2012, the survey no longer counts contracted agricultural service workers.

Family and hired farmworkers on U.S. farms, 1950-2000

Brought to you by USDA's Economic Research Service

The graphic says it all when it comes to the evolution of who works on the farm. Yes, family members are still a significant component of the on-farm labor force but it is a different mix of agricultural labor than it was in the past. If you are involved in agriculture, they have seen this happening over time but the graphic makes it crystal clear.

For those linked to agriculture or agri-business, you are not only dealing with the national constraints of the current workforce, but if you are involved specifically in production agriculture, you are also hit by the changing size and scope of on-farm workforce trends. These are just a few of the reasons why workforce development in general, and especially in the agricultural sector, is a *big deal now*.

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