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MEMORANDUM TO: Clients

DATE: November 20, 2006

SUBJECT: 2007 Adverse Effect Wage Rates

The U.S. Department of Agriculture (USDA) released its fourth quarter farm labor survey results on Friday, November 17, 2006. This release also includes the 2006 annual average field and livestock worker wage rates. Under current U.S. Department of Labor (USDOL) regulations, the 2006 annual average field and livestock worker wage rates will become the 2007 Adverse Effect Wage Rates when published and made effective by the USDOL in the *Federal Register*. They are usually published on or about March 1 of the calendar year following publication.

The fourth quarter and annual average field and livestock worker wages are shown in the accompanying table. Fourth quarter wages showed some very extreme results, with double digit percentage increases in several regions. According to the USDA, these resulted from bad weather during the survey week in several regions, which reduced the hours worked by monthly and weekly paid workers, thus increasing their imputed hourly wage, while keeping many hourly workers off the job. However, in the Pacific Northwest, both wages and employment increased substantially.

Note that the annual percentage increase in the 2007 AEWs in many regions will substantially exceed both the annual percentage increase in the CPI-U and the 4% annual cap on increases in AEWs provided for in AgJOBS. With state minimum wage increase ballot initiatives passing in several states earlier this month, and the likelihood that Congress will enact an increase in the Federal minimum wage early next year, hefty increases in average farm wages, and thus the AEWs, are in prospect again next year unless legislation is enacted that changes the H-2A wage standard.

Please bear in mind that the 2006 average field and livestock worker wage rates do not become the AEWs until they are published in the *Federal Register* by the USDOL. Legislation (AgJOBS) currently pending in Congress could result in these AEWs being nullified. Therefore, H-2A applicants are advised to continue using the current AEWs in all applications until and unless the new AEWs are published by the USDOL in the Federal Register.