Research for Novel Approaches in Sustainable Agriculture: Focus Group Report

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Executive Summary

Introduction:

Collaborative farm labor models offer an innovative solution for both farmers and farm workers. Working together, farmers could attract a more qualified workforce, share the costs of training and compliance, and streamline HR operations. Collaborating could create consistent, attractive employment opportunities for farm workers, including upward mobility through ownership interests.

The adoption and success of collaborative farm labor solutions require extensive research, including direct input from farmers and farm workers regarding goals, needs, and preferences. This project marks the first extensive feasibility study conducted. This report synthesizes feedback from six focus groups conducted in four New England states.

Summary of Findings:

Of the many comments that were shared, participants' comments fell into the following categories most frequently:

- Administration and Finances
    - i.e., viability of proposed labor rate or start-up membership fees, Board control and qualifications, manager's workload and compensation, expertise in managing schedules with an understanding of agricultural operations

- Complexity/Time Commitment
    - i.e., level of involvement in organizational management

- Recruitment
    - Where workers come from, geographical bounds for farm participation, vocational stigma, wage competition

- Responsiveness to Changing Labor Demands
    - i.e., ability to accommodate on-demand labor needs, conflicts in timing of labor needs

- Worker Quality/Retention
    - i.e., training needs of workers, incentives to retain workers from season to season, establishing strong relationships and shared culture among workers on the farm and the farm operator, differences in skills needed across different farms

- Equitable Decision Making/Conflicts of Interest
    - i.e., potential for larger farms to dominate the organization, division of available labor among member farms, geographical bounds for farm participation, member adherence to procedural requirements

- Worker Justice
    - i.e., ability to pay living wage, quality of work environment, housing availability, grievance resolution

Background

This project involves a collaborative effort between Farm Commons, the New Entry Sustainable Farming Program, the Northeast Organic Farming Association (NOFA), the Sustainable Agriculture Research and Education program (SARE), Cornell University Small Farms Program, the Cooperative Development Institute, and agricultural extension agents from three New England states. Project consultation is provided by an advisory board consisting of active farmers, representatives of government and non-profit organizations, and one attorney.

The goal of this project is to explore how farmer or worker owned cooperatives or other collaborative structures can be part of the solution to an identified shortage of farm labor in the northeastern states. The project involves an initial round of focus groups with northeastern specialty crop producers and farm workers to discuss and provide feedback on three of four prospective business models including: 1) a farmer-owned LLC to lease labor to member farms; 2) a farmer-owned labor cooperative; 3) a worker-owned labor cooperative; and, 4) an independent temporary labor agency. This report reflects the findings of the initial round of focus group interviews.

Protocols

The initial interviews consisted of six ninety-minute focus groups recruited through outreach by extension agents, industry association representatives, the New Entry program, and the Northeast Organic Farming Association.

Focus groups convened at the following locations:

- January 11, 2020 - Worcester, MA
- March 3, 2020 - Millbrook, NY
- March 7, 2020 – Connecticut
- March 19, 2020 - Vermont
- March 26, 2020 – Vermont
- April 5, 2020 – Beverly, MA

Participant Demographics

Each focus group engaged between three and ten participants representing diverse farming experiences. For example, the first focus group included primarily early-stage farmers participating in the New Entry program and selling produce to boutique customers interested in locally grown products. By contrast, the second focus group involved experienced farmers with larger operations selling primarily to wholesale markets. Overall, participants tended to represent established small farm operations, and many had experience both as farmers and farm workers.

Methodology

Four of the focus group discussions were captured as recorded audio. The two sessions in Vermont were recorded as transcribed minutes. Group facilitators received a Facilitator's Guide in advance of the sessions. Participants received a Focus Group Workbook that presented four different collaborative labor models and a hypothetical scenario involving five farmers – the "Sun Town Five" – each facing different labor challenges. Participants were asked to reflect on their own farming goals and labor challenges and to consider how three of the four labor models may or may not address the labor challenges identified in the hypothetical scenario.

Different facilitators varied to some extent in how they presented the workbook materials and whether the facilitator or the participants chose which labor models to discuss. Four focus groups chose three out of the four models to discuss, but two groups appear to have considered all four models equally. Despite the variability, in general participants were asked the following questions.

With respect to the hypothetical scenario:

1. Do you share similar or different labor related challenges on your farm? Rate the following challenges on a scale from 1 (least challenging) to 5 (most challenging):
    a. Recruiting and hiring
    b. Administration
    c. Scheduling
    d. Training
    e. Transportation
    f. Other

2. What primary labor goal do you have for your farm business?

3. Looking at your primary labor goal, would you pay $17 per hour for labor if it meant you could achieve your goal?

With respect to each prospective labor model:

1. Will this model succeed or fail, why or why not?

2. How might this model support and/or limit your career goals in farming?

3. How do you feel about working under this Model? Why?

Audio recordings were reviewed by Farm Commons staff to summarize responses, transcribe select quotes, and identify common themes. This report first summarizes common themes expressed by focus group participants, then reviews responses to the specific business models presented and, finally, concludes with recommendations for business models and facilitation for a second round of focus groups.

Common Themes

<u>Administration and Financing:</u>

1. *Hourly Wage Rate:*

Although different focus groups varied in their approach to discussing the hourly labor rate set forth in the proposed models – which identified $17/hour as a labor cost to farmers with $11/hour going to workers – all six groups discussed the feasibility of the labor rate. Most groups identified potential issues with the rates as proposed.

Participants in the Connecticut cohort considered the proposal in the context of the farmer-owned LLC business model and stated that actual labor costs are typically double the hourly wage rate. They questioned whether the proposed rate would generate enough profit to pay a manager's salary.

Participants in the Massachusetts cohort also questioned whether the proposed rate would be sufficient to provide for a manager's salary and discussed the need for a critical mass of workers and billable labor hours to make any of the models financially viable. One participant noted that a larger worker pool, with sufficient demand, might generate enough revenue to sustain the organization, but there might also be increased costs associated with a larger worker pool, such as a need to provide health insurance under state law.

Participants in the New York cohort focused more on the wage payable to workers, with one noting that they already have to pay higher than $11/hour to attract workers. Another participant stated that he paid workers $12 to $13 per hour as "contract workers" and did not withhold taxes. A third participant stated that he paid $11.80 per hour, but also provided regular overtime and free housing. A fourth participant said, "In the area we're in, people all pay $15/hr because no one will bite at a lower wage."

Participants in the two Vermont cohorts expressed no particular opposition to the $17/hour labor rate but questioned whether that rate would cover all additional expenses beyond the base rate, such as tax withholdings, unemployment insurance, and workers' compensation insurance. They also questioned how costs would be apportioned for expenses such as protective equipment. One participant stated, "I don't know really how much time I'd really save –I've been doing this so long it just sort of flows now – maybe for some farmers just starting out these types of models would be a good way to break into farming—of course they'd have to have the money." Another stated, "Compared to H2A it probably would be about the same amount of money." Another said, "We pay $12 to start now – sometime a little less for folks with no work history – but I guess I could see throwing $17 into the pot as long as everything else was covered." Another participant felt that non-member farms should pay "a lot more" for labor contracted through the organization.

By contrast, participants from the New Entry cohort - who predominantly sold to markets that could command a higher price point for the added value of locally produced products – seemed to care less about the hourly labor rate itself than the productivity and sustainability of their farming operations. One participant recounted his experience with significant crop loss as a result of hiring lower wage, less committed workers to manage his farm operations while he commuted to continue working a day job in the city. In his opinion, it would be worthwhile to pay $18 or even $19 per hour to have a reliable, experienced employee who could increase productivity. On the other hand, another participant said that he works on a farm that pays only $12/hour. Although they had experienced difficulty recruiting in previous years, since the outbreak of the COVID-19 pandemic they had seen an influx of "impressive" candidates willing to work at that wage. In his opinion, $15/hour seemed like the maximum wage rate for skilled farm workers, which is still not enough to provide a living wage in the communities where they farm.

2. *Startup and Entry Costs:*

The proposed business models varied in the amount of minimum initial investment required of interested participants. For the Farmer-Owned LLC model, the minimum required investment was $1,000 with the option to contribute more in exchange for a larger ownership interest. For the Farmer-Owned Cooperative, the proposed membership fee was also a minimum $1,000 contribution. The model did not explore whether additional contribution would impart additional benefits, such as additional ownership shares, increased dividends, or extra voting rights. The Worker-Owned Cooperative model anticipated a membership fee of $1,000 for each worker-owner. The Temp Agency model anticipated that startup costs would be assumed by the agency founder(s) and that neither farmers nor workers would need to invest in order to participate.

No participants raised any concerns about the proposed $1,000 entry cost for the Farmer-Owned LLC or Cooperative models, but some participants expressed general concerns about farmers' interest and capacity to invest. When thinking about the Farmer-Owned Cooperative model, one participant stated, "[I]f we all had to have a financial stake in the business as well that might cut down on the number of folks interested." Another said, "I'd be inclined to favor the farmer-owned coop, but it would depend on what the startup money would be and the time commitment." A third participant said, "I like the farmer-owned models, but I agree… it would all depend on the numbers. I don't have a lot of cash, but I have even less time." One participant also expressed that a $1,000 membership fee for the Worker-Owned Cooperative would likely be a barrier to entry for most prospective farm workers.

3. *Management:*

In general, focus group participants liked the idea of having a central manager to recruit and train employees and handle administrative tasks. Participants in five of the six focus groups, however, expressed concern about the ability to recruit and retain a quality manager. One participant summarized those concerns by saying, "The LLC or the coop model would work if you had the right manager – but it seems like a lot depends on having the right people in the right positions." Two participants noted that the manager would be in a challenging position trying to communicate between and satisfy the interests of both farmers and workers.

Several participants felt that successful management would require leadership from someone with experience in farming. One participant said, "We have some really great farmers in the area – if one of them took leadership of any of these models it could work." A second participant agreed, saying, "I'd feel more comfortable if a farmer with some experience were doing the managing but that would be a big job for anyone."

Based on participants' comments, further development of the business models should include discussion of the following concerns:

- Financial projections that identify the "sweet spot" for the minimum number of labor hours at which each model breaks even at different employee wage and hourly labor rates.

- Financial projections that identify the minimum individual investment necessary to fund startup and initial operating costs for varying numbers of participating farms.
- A managerial salary sufficient to attract and retain a well-qualified candidate.

<u>Complexity and Time Commitment</u>

Overall, participants saw the potential for a centrally managed organization to reduce their own administrative burdens. As one participant put it, "I like the idea of writing one check a month and having a crew guaranteed." Another said, "I just think it would be interesting to not have to get into the weeds of hiring, interviewing, trying to find the right number of folks that are all willing to do the work."

Nonetheless, one participant questioned the benefit of centralized workforce administration, saying "I don't know really how much time I'd really save. I've been doing this (hiring workers) so long it just sort of flows now." Others wondered whether the farmer-owned organizational models would simply result in a shift from their own administrative tasks to oversight of the organization. Two participants from the New Entry cohort thought the Farmer-Owned LLC model sounded like more work for the farmers involved, even with a manager to handle the day-to-day operations. One described it as, "One more thing to pull you away from the farm." One participant in the Connecticut focus group thought the LLC model involved "too many moving parts." Another said, "It seems like it's just as much work as having your own workers." A third participant commented that she couldn't see how involvement in either farmer-owned model would be less of a time commitment than her current administrative workload. She would want to be regularly involved in decision making in order to feel adequately committed and participatory. With respect to the Farmer-Owned Cooperative model, a participant in one of the Vermont focus groups noted, "[I]f the farmers have to staff the Board I think that would cut into the time savings."

Further development of the business models should involve discussion of the following:

- Explanation of the time commitment and operational involvement farmers could expect in each of the different models.
- Projections of the time farmers could expect to save through reduced administrative requirements in recruiting, hiring, and payroll management.

<u>Recruitment</u>

Although each focus group identified worker recruitment and hiring as among their top labor challenges, most groups did not discuss a general shortage of workers interested in farm labor. Most cohorts questioned how labor would be divided among participating farms if their collective labor needs at any time exceeded the amount of labor available through the organization, but only three groups addressed labor shortages as a systemic issue.

A participant in one of the Vermont focus groups said, "The last five years or so recruiting has been really challenging. We just don't have any young folks in our region that want to do this type of work." A participant from the second Vermont group echoed that sentiment, saying, "I still wonder where these workers would come from. I feel like we offer a pretty sweet deal on our farm and every year it gets harder and harder to find a full crew." Yet another said, "I like feeling like I'm creating jobs for my community, but more and more I'm hiring from outside my town."

Participants in the New York focus group had a more robust discussion about labor challenges. One participant questioned where the agency would find workers when the farms themselves are struggling to do so. He said that as much as he would like to source labor locally, “it’s just not there”, meaning that his farm has to rely on H2A workers to meet their labor needs. Although one participant noted that a collaborative employment organization could serve as a steppingstone to grow the local labor pool, the group as a whole generally discussed a trend in disinterest among younger people toward farming as a “respectable job.” They noted that among those who are interested, there appears to be a disproportionate preference toward organic/small farm production as opposed to more conventional operations.

The participants identified a need, as a critical step toward building a sustainable labor force, for programs that engage youth as to the importance of farming. They also noted that there may be a misperception about the nature of labor in a farm environment such that young people tend to prefer the idea of working in a coffee shop over farm work.

One participant suggested that a greater emphasis on identifying the role of technology in farming may increase its appeal among youth. Another noted that her best employees tended to be athletes and people with an individual interest in working outdoors, but as it is, it seems more likely that one of her H2A workers will end up getting a green card and staying to work locally than it is that a local high schooler would choose to do so. Another participant suggested that an organization’s attractiveness to workers would depend a lot on the quality of opportunities and working conditions among member farms. A participant agreed that success in attracting, retaining, and reliably assigning workers would hinge on the collective values of the member farmers, but also felt it would most likely be “impossible” to put together any group of farmers aligned in their goals and expectations.

As a footnote to the discussion, another participant suggested that rather than trying to expand the available labor pool, the lack of sufficient labor may end up being a driving factor for farms to modify their operations – either through technology or different farming practices – to simply reduce the amount of labor needed overall.

Participants also identified geographical challenges to recruitment including population density, housing availability, and the logistics of transporting workers between farms. For example, a participant in the New York cohort noted that her farm is located in a wealthier community where colleges provide a source of workers interested in organic production. By contrast, a participant in one the Vermont focus groups questioned, “I’d need to know how big a region are we talking? I just don’t see that there’s enough farms in my [area] to make this work.” A participant in the Massachusetts cohort expressed a similar sentiment, noting that even when she is able to find workers interested in coming from other areas, there is a lack of available housing in her rural community.

Further development of the business models should include discussion of the following:

- Explanation of the types of incentives that could be offered to attract and retain workers, such as patronage dividends, employee stock sharing, health insurance, or tiered wage structures.

Responsiveness to Changing Labor Demands

A common theme among all six focus groups centered on the distribution of labor across farms during times of high demand. Participants disagreed on the elements that would factor into equitable distribution. Some participants believed that success would depend on having an association comprised of farms with similar operations to fairly divide labor hours and minimize individualized training demands. Others believed a diversity of farms would be preferable to avoid competing needs, such as harvesting, at the same time. As a participant in one of the Vermont focus groups put it, “I need help when I need it – every farm needs help with the same types of jobs at about the same time.”

In the New York focus group, participants discussed the model of putting in labor requests 60 days in advance of requested dates. They raised concerns about lack of flexibility to adapt to changing conditions (weather, etc.). One participant noted that although they have a consistent planting schedule, “harvest can happen at any time.” Another participant gave an example of an unexpected need for extra labor demand after a tornado. She worried that the scheduling models could not respond to events that could not be anticipated in advance. In her opinion, even the ability to submit adjusted requests on a weekly basis is “not really last minute.” One participant suggested that committing a certain number of workers to each farm while allowing shorter-notice demand for a pool of “floaters” might help address that issue.

Another participant in the New York cohort suggested that the distribution of labor might also be affected by the workers themselves developing a preference for particular farms based on working conditions. The manager would be in a challenging position trying to satisfy the interests of both workers and farmer owners. He felt that a common goal among all participating farms and workers, such as supplying a particular local coop, might make it more palatable for workers to transition frequently between farms and in-demand tasks. By contrast, a participant in the Connecticut focus group pointed out that the existence of a highly skilled worker in the labor pool might lead to competition between farms over that worker’s time allocations.

Further development of the business models should include discussion of the following:

- Equitable distribution of labor among participating farms.
- Policy approaches for redistributing labor on an on-demand basis as needs vary among participating farms.

Worker Quality/Retention

1. *Worker Retention*

In each of the six focus groups, worker retention ranked among the top labor challenges. Overall, Participants’ interests in retaining workers from season to season involved practical concerns, such as workers’ skillsets and reduced training needs, but also involved personal concerns including strong relationships between farmers and farm workers, and the ability to develop a shared culture and vision for farm goals. As one participant in the Vermont focus groups explained, “I wonder how we’d get along without that sense of ‘family’ – by the middle of the season these workers all feel sort of like my kids – I don’t see making that kind of bond with a crew that’s only here a few hours at a time.”

Different farms described different experiences with worker retention. For example, one participant in the Vermont focus groups said, "Our problem mostly is that our employees tend to leave before the season ends which leaves us really shorthanded for a lot of our harvest season. If I had a solution to that it would be an attractive option"

Other participants described somewhat better success with worker retention across seasons, but still expressed difficulties retaining long-term employees. One participant said, "Every once in a while, I get someone who really wants to stick around but since I can't offer a year-round position it never quite works out. We've had a handful come back for two or three seasons." Another said, "Eventually they get on with their lives. They need more money than I can pay, or they need benefits. I get it. I just can't afford it." A participant in the New York cohort reflected a similar experience. "People are hitting ceilings and they need to go elsewhere unless the business continues to grow."

At the other end of the spectrum, one participant in the Vermont focus group reported having retained employees over the course of several seasons. "I love our H2A workers –we've had some come back now for probably 7-8 years – they feel like family and they know how to work." Another said, "We've had employees on the farm for over 20 years –I'd like to think we have a good reputation as fair and fun folks to work for."

Just as different participants described different experiences with worker retention, they also differed in their opinions about how a collaborative labor model might affect worker retention.

A participant in the Massachusetts focus group acknowledged the importance of career advancement opportunities for worker retention and questioned whether those opportunities would be supported by a collaborative labor model. "In any labor pool where people are moving around a lot, you lose the ability to promote people up. For people who wanted more experience, education, and training we promoted them up to different positions, but that becomes difficult if they're moving from farm to farm."

On the other hand, another participant thought that a collaborative labor model might promote worker retention by providing opportunities for individual workers to request assignments that expand their skill sets. Though he also noted that it might cause discontent and negatively impact worker retention if everybody makes the same wage regardless of skill sets.

Other participants focused more on opportunities to increase wages and benefits rather than opportunities for career growth or job diversity. A member of the Connecticut cohort recommended addressing worker retention by diverting a portion of the premium labor rates paid by non-member farms directly to workers. In his opinion, the portion retained by the business should be used for administrative expenses rather than flow to the member farmers as profit shares.

In the New Entry focus group, one participant thought that the Worker-Owned Cooperative model might provide the best incentives for worker retention because it would enable worker-members to negotiate their own wages and benefits.

Further development of the business models should address the following topics:

- Opportunities to maximize the time individual workers spend on the same participating farm.
- Opportunities to provide year-round employment.
- Wage and/or training structures that provide opportunities for career advancement.

2. *Worker Quality and Training*

Another common theme among all six focus groups focused on whether a collaborative labor model could sufficiently train workers in the diverse systems and skill sets that might be required across different farms. A participant in one of the Vermont cohorts questioned whether a centralized training program could accommodate the specific operations of each individual farm. Likewise, a participant in the Massachusetts focus group said, "We have serious systems in place that require a considerable amount of training that's very different from other farms in the area." Another participant said, "Each farm is so quirky, you couldn't have one manager to train for all the farms as every farm does things differently. It's a lot." A participant in the Vermont focus groups echoed that sentiment. "My farm is a pretty tight operation. I don't know that I'd want a crew trained by someone else coming in. It seems like a big risk."

Overall, although participants generally liked the possibility that central management could reduce their own time commitments to administrative tasks, they tended to perceive their own farm operations as highly specialized and tended to be skeptical that a common training curriculum could address their individual needs. As one participant put it, "I like to train my crew myself – I want things done a certain way so I stick pretty close to them when they first get started – we sort of all follow one another around. It's probably not the most efficient way but once they get rolling everything works pretty well." Another said, simply, "The truth is I like doing the training. I kind of like having folks who have no prior experience because then I can train them exactly the way I want – they have nothing to unlearn, you know?"

Participants also disagreed about the scope of training that might be necessary to accommodate the needs of diverse farms. A participant in the Massachusetts focus group felt that success would require every worker to be a jack-of-all-trades, while another imagined that in a robust organization, you would attract workers with a variety of skills such that no one person would need to be a jack-of-all-trades.

One possible solution to training concerns came up in two different focus groups. Participants in those groups suggested that at least some portion of the available labor pool should be assigned to specific farms for longer time periods – potentially for an entire season – rather than be rationed out to different farms based on varying demands. That type of structure might be responsive to the comments of certain participants regarding their willingness to hire from a third party organization. For example, a participant in the New York focus group indicated that she would be willing to hire from a collaborative labor organization if she were able to contract workers for an entire season and would not mind if she had to train new employees from season to season.

Other participants felt they would only want to hire from a collaborative organization on an occasional basis. A participant in the Connecticut cohort said that she would only use the collaborative as a supplement to her existing labor force as needed to fill in last-minute labor gaps. A participant in the Vermont focus groups said, "I guess if I could have a core crew of employees and then maybe use a team for special projects, that might work." Another Vermont participant said, "I think this is a control thing mostly, but I'd be a little uncomfortable going into a season without my own employees."

Further development of the business models should address the following topics:

- Opportunities to maximize the time individual workers spend on the same participating farm.
- Opportunities to coordinate training in skills common across farms while accommodating on-farm training specific to each farm's individual needs.

Equitable Decision Making/Conflicts of Interest

A theme that arose in three of the six focus groups centered on the structure of the LLC model, in which member farms would have voting power equivalent to their percentage interest in the business. Participants in the New York cohort worried that members with larger interests might eventually try to "take over" which could also result in uncertainties for workers in terms of assignments and learning opportunities. If one farmer starts making more money from the model than others, why wouldn't that farmer continue to invest in a larger ownership share and the opportunity for more favorable control over operations?

A participant in one of the Vermont focus groups said, "The way I'm reading this it looks like with the LLC some farmers would have more invested than others. The more you pay the more control you have. I don't see that working well with the farmers I know around here. There are a few farmers – the big ones – that might take advantage, but I'd worry that it would cause friction over time."

In the Connecticut cohort, a participant felt that success for either of the farmer-owned models would probably require that all participating farms be roughly the same size. Whereas in the LLC model, bigger investment interests have a bigger say in decision making, in the cooperative model, larger farms could get frustrated by the one-member-one-vote system wherein the specific interests of larger farms could get outvoted by a number of smaller farms.

Overall, each of the focus groups, in one form or another, addressed a concern raised by a member of the New Entry cohort, who said that trust among the farmer owners would be essential for any of the farmer-owned models to succeed. Several participants, however, questioned whether the requisite level of trust could be achieved and maintained.

Another member of the New Entry cohort said his biggest concern was whether member farms would adhere to the procedural requirements for labor requests and how conflicts of that nature would be resolved. Still another member of the New Entry cohort said, simply, "I always say don't start a business with your friend." She worried that internal conflict could turn "your neighbor farmers into enemies".

A participant in the Vermont focus groups expressed a similar sentiment. "Most farms in my area are pretty well set in their ways. I can see there might be some turf battles over who gets what and when… and then there's the issue of 'I want it done this way and they want it done that way'."

As one participant expressed the theme of trust, success in the farmer-owned models would depend on "the ability to put aside competition and maintain a unified vision."

Further development of the business models should involve discussion of:

- Structures for equitable decision making and preservation of investor interests.
- Policies/practices for resolving conflict in organizational decision-making.

Worker Justice

To varying degrees, concerns about worker welfare arose in five of the six focus group discussions. In fact, in one of the Vermont sessions, a participant felt that none of the proposed models adequately addressed worker justice. “Our farm has educational and social justice mission. It’s important that we try to pay living wages and that we operate from a transparent and open space. I just don’t see how any of these would really work in our business model.”

More commonly, though, participants’ visions for a just workplace tended to resemble the stated aspirations of another Vermont participant. “I like the idea of a fair day’s work for a fair day’s wage. We try to treat our employees well – they get veggies, we try to be flexible with scheduling, we try to make sure everyone gets at least one weekend a month off.”

Overall, focus group participants expressed a desire to be able to provide a living wage and decent working conditions for farm workers. Though some viewed that goal through the lens of worker retention, others viewed it as a fundamental social justice issue. For the most part, participants who specifically expressed concerns about worker justice tended to direct those concerns toward the Temporary Agency model.

Participants in the New Entry focus group discussed personal perceptions and anecdotal evidence that farm labor agencies tended to divest both farmers and farm workers of the opportunity to negotiate wage rates and tended to pay workers below living wage. One participant said that she did not like the idea of paying money to a company that might not be paying a living wage to its employees. Another agreed that he would not be willing to pay a third party where the worker is doing “harder work than any other job.”

A participant in the Connecticut group worried that he would have no influence over the conditions for employees, such as wage rates. The Temporary Agency model might absolve farmers of responsibility for those concerns or exclude them from having influence over those concerns.

A participant in the Vermont focus groups said, “I’d want to be sure the employees were not being exploited – so I think I’d be more worried about that with the temp agency model.” Another participant summarized the general sentiment by saying, “I really don’t like employment agencies. They just seem kind of shady. At any rate, I’d want a system that was really fair to both the farmers and the workers.”

In general, participants with the greatest interest in worker justice issues tended to favor the cooperative labor models, although those models also raised concerns about transparency and equitable management. For example, a participant in the Connecticut focus group worried that in a Farmer-Owned Cooperative, the interests of the board may not align with the interests of workers, even though other farmer members may prioritize workers’ rights. A participant in the New York cohort preferred the Worker-Owned Coop model because it would provide the opportunity for workers to define their own working conditions and would first serve the needs of its members rather than being driven by the needs of farmers.

Further development of the business models should discuss the following:

- Opportunities to give workers sufficient influence over business operations to prevent financial exploitation and promote living wage structures.

Reactions to Business Models

<u>Farmer-Owned LLC:</u>

1. *Potential Benefits:*

In general, at least one participant in each focus group identified as a potential benefit time savings associated with the central administration of hiring, payroll, and other administrative tasks. The majority of participants preferred the idea of being able to spend more time engaged in actual farming activities rather than administration.

One participant also saw potential benefit in the opportunity for member farms to generate additional income through labor leases to non-member farms.

2. *Potential Concerns:*

The most commonly raised concern related to equitable decision making. Participants worried that majority owners could dominate the organization and skew labor and dividend allocations to their own interests. They also worried that competing labor demands, failure to adhere to operational procedures, and differing goals for the organization could create internal conflict.

From a financial standpoint, many questioned whether the proposed labor rate and employee wage would be sufficient to support a manager's salary and attract a reliable worker pool. In a similar vein, a significant number of participants expressed concern over being able to recruit and retain competent management. A number of participants believed that they might have to actively participate in organizational management to an extent that would offset any time savings related to the delegation of administrative tasks.

Participants tended to disagree as to whether the model would be more likely to succeed if comprised of only large farms versus small farms; if comprised of farms with diverse operations as opposed to similar operations; or if comprised of farms with similar goals or values rather than diverse, individualized desires and expectations.

<u>Farmer-Owned Labor Cooperative:</u>

1. *Potential Benefits:*

In general, participants tended to favor cooperative models in terms of core values and equitable voting structures. One participant said, "I like either of the coop models. I guess I'm more familiar with them… The coop model is a good fit for our farm's mission." That sentiment seemed generally reflective of participants' attitude toward cooperative structures on the whole. As with other models, participants also recognized the potential for time savings associated with centralized administration.

One participant thought the cooperative model had potential to generate a consistently available year-round labor force but felt that the Worker-Owned Cooperative model offered greater incentives for worker retention. In his opinion, "This is great for getting people into the labor pool, but it's not great for keeping people in the labor pool." He expressed concern that a Farmer-Owned Cooperative could ultimately devolve into a "for profit thing that is run off the exploitation of laborers."

2. *Potential Concerns:*

The most commonly raised concern centered on the degree to which individual farms would have to commit resources to the cooperative. A participant in one of the Vermont focus groups said, "I'd be inclined to favor the farmer-owned coop, but it would depend on what the startup money would be and the time commitment." As with the LLC model, a number of participants believed that they might have to actively participate in organizational management to an extent that would offset any time savings related to the delegation of administrative tasks.

Also, as with the LLC model, participants emphasized that the success of the organization would depend heavily upon the quality of management. A typical sentiment was, "I guess if you had the right folks running it, it could work."

In the cooperative model, participants tended to feel that success would require an association of farms of roughly similar size. One participant felt that larger farms would not be satisfied with equal voting status in the cooperative structure, which could lead to the larger farms becoming competition for attracting workers.

An additional concern raised by one participant related to the balance of power between farmer-members and employees of the cooperative. He expressed concerns about a lack of accountability for the board of directors and misuse of board authority, as well as the potential for conflict between the interests of the farmer-members and the interests of workers. His decision to participate in either the LLC or the Farmer-Owned Cooperative models would depend on checks and balances for organization governance, equity in decision making, and the interest of the board/members in worker justice over profit generation.

<u>Worker-Owned Labor Cooperative:</u>

1. *Potential Benefits:*

In the Worker-Owned Cooperative model, some participants saw potential to incentivize worker retention through the opportunity to provide good wages and self-ownership. One participant thought the model could create new employment opportunities in a community. Another thought the model would also benefit recruitment efforts since members would need to be passionate about the nature of the work in order to form a coop in the first place. Another participant liked the idea of getting reliable labor from an organization where workers are getting decent pay and "having each other's backs." Another said, "It would be kind of fun to have a worker-owned coop… just make a phone call and a crew shows up, I write one check, and then they all move on." Although some participants questioned the capacity of their local labor pool to effectively organize and manage a cooperative, more than half the participants in the New York focus group said they know or had known a farm worker who they thought would have the drive to organize a coop.

A participant in the New Entry focus group also thought that hiring labor through a worker-owned cooperative could improve marketing opportunities for participating farms. He believed that farmers may be able to command a higher price for their products if they are able to distinguish themselves as promoting fair labor practices. Another participant saw potential for farmers to form small associations to collectively purchase labor from the cooperative and allocate workers based on individual needs.

2. *Potential Concerns:*

As with other models, some participants identified the need for competent management as a critical element of success. One participant responded that it sounds even more complex than the LLC model because now you need a manager not only to coordinate the workers but also to communicate with all the farms to identify their needs. Some participants also anticipated that labor demands would still be seasonal, and at certain peak times would outstrip the capacity of the coop. One participant thought it would require a small group of diversified farms in order to effectively spread labor demand across seasons.

Some participants also questioned the ability of the cooperative model to recruit and retain workers over time, regardless of potential incentives. One participant said, "I'd like to think it could work, but in my area, I just don't see it. They're mostly college students here for a summer. They aren't really looking to make a career out of farm work." Another said, more generally, "I think of the workers that apply and I wonder if they could manage something like that."

Temporary Agency:

1. *Potential Benefits:*

Certain focus groups saw a potential role for a temp agency in filling out their labor needs. One participant anticipated addressing worker quality concerns through longer-term placements on particular farms. Another anticipated using temporary labor to address last-minute labor needs. Other participants thought it could serve as a useful connection between interested workers and on-farm opportunities, potentially serving as a steppingstone toward creating a dedicated labor pool. Another participant thought it could be especially helpful to beginning farmers who don't know where else to turn, such as other local farmers, for short term labor help. One participant identified the relative ease of terminating a temporary employment assignment as a potential benefit.

Participants also noted that the temp agency model requires no start-up investment from the farmers who might want to hire laborers. One participant said, "Well from my point of view the employment agency would be the easiest. Maybe not the best for the employees but the least amount of planning and organization. Not to mention less time and money up front." Another said, "I don't like it much, but I will say that I think it would be the most streamlined system. And if the owner was a farmer or someone who really understood our work and was committed to treating workers fairly, it could work. But it's not my favorite." Another thought this model might address worker quality and retention concerns and would hire labor through the agency as long as the hourly rate made financial sense.

2. *Potential Concerns:*

The most common concerns with the Temporary Agency model, expressed by several participants, were concerns over perceived worker rights abuses and the stigma associated with temp agencies. Others simply preferred to pay workers directly rather than contribute to the profits of a third party. One participant also saw potential for "negative dynamics" between temporary workers and permanent employees. Another worried that it might be exploitative to set up a situation where people who are already working full time might take on extra hours through the temp agency to their own possible detriment.

The second most common concern was the financial viability of a temp agency specializing in farm labor. One participant felt that workers, and therefore the temp agency, could make more money doing landscaping than farm work. She questioned why the agency owner would focus on agricultural labor rather than more profitable occupations. Another simply concluded, "I don't see there being enough profit for a temp agency to be viable." One participant questioned where the agency would find workers in the first place when the farms themselves are struggling to do so.

Some participants who were receptive to the idea of a temporary labor agency nonetheless expressed reservations about the quality of available workers. Several indicated that they would initially be willing to give the temp agency a try only for smaller, less complex tasks or as a stopgap to fill last-minute labor needs. One participant, however, expressed interest in retaining workers for a full season in the interest of developing valued skills.

Overall Impressions

Participants' attitudes toward the proposed collaborative labor models broke down, roughly equally, into three categories: those who would be willing to commit resources toward implementing one of the models; those who would not be willing to commit resources toward implementing a model; and, those who would consider committing resources but would want to see more details.

The participants who indicated a willingness to commit resources tended to favor the Worker-Owned Cooperative, Farmer-Owned Cooperative, and Farmer-Owned LLC models, respectively. The participants who expressed unwillingness to commit resources were those who thought that participation in any of the farmer-owned models sounded like more work than they already committed to their own workforce administration. This group tended to be skeptical about the viability of any of the proposed models but expressed a tentative preference toward the Temporary Agency model. The undecided participants tended to favor the cooperative models based on core principles and familiarity.

Further development of the business models should discuss:

- Opportunities to structure the organization to allow for long-term assignments at individual farms while also providing a source of on-demand labor that could fill the role of a temporary agency.

- Financial projections supporting the organization’s ability to attract and retain quality management.
- Structures to preserve farmers’ investments and provide for equitable decision-making.

Recommendations for Second-Round Focus Group Discussion Models

The intended goal of this project is to develop and refine collaborative business models that are actionable by farmers. Because discussions of the temporary agency model have not identified any action steps that farmers can collectively pursue to implement the model, we have chosen not to advance the temporary agency model to the second round of focus group review. Given that the action-oriented focus group participants tended to favor the cooperative models and, potentially, a modified LLC model providing for more equitable decision-making, we hybridized the worker-owned and farmer-owned cooperative models in an effort to develop models that offer the perceived benefits of cooperatives in a fashion that seeks to balance organizational influence between farmers and workers.

After gathering consensus as to whether these two models are appropriate for further development, we we move into the second phase. The second phase is to draft out a more complete business plan and financial projections, including a review of the legal implications of the proposed business model. The second phase also includes a second round of focus groups to gather feedback on the proposed business models. This is a preview of what we propose to recommend as potentially viable.

<u>Cooperative Models:</u>

1. *Farmers as Community Investors:*

   The “Farmers as Community Investors” model represents a hands-off approach to establishing an entity that may improve availability of labor. This model best addresses participants’ concerns about committing time to organizational operations by making farmers passive investors with no obligation to participate in or purchase labor from the cooperative. At the same time, this model addresses concerns about worker justice, recruitment, and retention by giving workers a role in organizational decision-making and by returning patronage dividends to workers from operating profits. The inability for farmer investors to participate in organizational governance addresses concerns about the potential for farmers to dominate control of the organization to the possible detriment of workers.

   In this model, farmers would invest in preferred stock shares of a true Worker’s Cooperative. This initial investment would fund start-up costs and provide working capital for the cooperative. Community Investors would seek to recoup their initial investment through stock dividends paid at a fixed interest rate. Preferred stock dividends would be paid after operating expenses and before patronage dividends are allocated to Worker-Members. Worker-Member dividends would be allocated from net profits remaining after deducting operating expenses and preferred stock dividends from gross income. In some states, the cooperative may also be required to allocate a certain percentage of income after operating expenses to a reserve fund. If required, this allocation would need to be reserved before preferred stock dividends could be paid.

   The Community Investors would have an incentive for the cooperative business to succeed, both because it may facilitate their labor needs and because they hope to see a return on their investments. Community Investors would have no obligation to purchase labor from the cooperative and would receive no preference in distribution of labor available through the cooperative. In the interest of recouping their investments, Community Investors would have an interest (possibly an even greater interest) in the cooperative successfully marketing labor to as many farms as possible rather than seeking to prioritize labor to their own farms.

Preferred stock would not be transferable except back to the cooperative, by vote (optionally by vote of the members, the board of directors, or the majority of other preferred stock holders), or by probate assignment or execution of a legal judgment against a stockholder. The cooperative bylaws could, optionally, provide for put and call rights. Put rights would entitle a Community Investor, after a certain time period, to demand that the cooperative buy back her preferred stock share at purchase price plus accrued, unpaid dividends. The cooperative would have the option to structure buy-back payments over time, but interest would continue to accrue on the remaining, unpaid balance of the original purchase price. Call rights would entitle the cooperative, either at any time or after some specified time period, to buy back any or all preferred stock shares at purchase price plus accrued, unpaid dividends.

Community Investors would have no voting rights in matters affecting the business operations of the coop but would have authority to approve or deny any actions that would affect the value of preferred shares or the voting rights of Community Investors. All Community Investors would get one vote on matters subject to approval regardless of the number of preferred stock shares held. The cooperative bylaws could, optionally, allow Community Investor representation on the Board of Directors, but should provide for majority representation by Worker-Members.

At start-up, the cooperative would need to hire a Manager and would need to accept as Worker-Members at least as many individuals as are necessary to staff the Board of Directors. Thereafter, any new prospective Worker-Members would be subject to a candidacy period of a specified number of months or working hours. During this period, candidates would be employees of the cooperative, subject to termination at will by the Manager. At the end of the candidacy period, subject to recommendation by the manager, candidates would be accepted as Worker-Members by vote of the Board of Directors or by majority vote of the Worker-Members as provided in the bylaws.

Worker-Members would pay an annual membership fee that could be structured as a nominal, regular deduction from their paychecks. Workers would accrue interests in Patronage Dividends based on the number of hours worked or on the dollar value of labor provided through the cooperative. Patronage Dividends would be paid quarterly or annually as provided in the bylaws. The Board of Directors would have discretion to withhold Patronage Dividends as reserve operating funds, but the Worker-Members' entitlement to accrued dividends would carry over into subsequent dividend periods.

Worker-Members would be entitled to equal voting rights (one member-one vote) on all matters subject to member approval, including amendments to the articles or bylaws and election of the Board of Directors.

Day-to-day operations of the cooperative, including scheduling, payroll, financial administration, and hiring prospective members, would be handled by a Manager. The Manager would be an employee of the cooperative with no voting rights and would serve at the discretion of the Board of Directors.

The Manager would work with the Board of Directors to establish operating policies, set financial goals, review legal compliance, and determine wage and benefit structures for Worker-Members.

In some states, cooperative laws may not allow for separate classes of preferred stock shares. In those states, this model may be adaptable to form as a traditional corporation or as a benefit corporation with a profit-sharing structure and/or an Employee Stock Ownership Plan which would convey shareholder voting rights to vested employees.

2. *Farmers as Patron Members:*

The “Farmers as Members” model represents a hybrid cooperative model with two different classes of membership – the Patron Member and the Worker-Member. This model allows farmers to choose their own level of involvement by providing opportunities for farmer members to serve on the board of directors. By giving workers a role in the operations of the cooperative, this model also addresses worker justice, recruitment, and retention issues, but counterbalances worker control with the opportunity for farmer members to also participate in organizational governance. Giving equal voting rights to both farmer and worker members helps mitigate the potential for farmers to dominate control of the organization to the possible detriment of workers.

Patron Members would be farm businesses, farmers, or associations of farmers who invest in an initial lifetime cooperative membership at a rate that effectively funds start-up costs and provides initial working capital for the cooperative. Patron Members would receive priority in the allocation of available labor through the cooperative but would also be required to make a minimum annual purchase of labor through the cooperative. A Patron Membership could be terminated by vote of the Members or the Board of Directors, as provided in the bylaws, for failure to make the required minimum annual purchase. Patron Members would also have the right to terminate their membership at any time, but in either case, the initial lifetime membership fee would be non-refundable.

In this model, requiring farmer members to commit to a minimum level of patronage ensures that the coop will have a reliable baseline of labor demand and patronage revenue. Making the Patron Member fee non-refundable helps ensure a stable foundation of operating capital. By requiring that the coop prioritize Patron Members for labor distribution, this model ensures that Patron Members will have a reliable minimum baseline of available labor, while also reducing administrative time associated with hiring on-farm.

Patron Member voting rights would be equivalent to Worker Member voting rights and would be eligible to vote on all member-eligible issues. Patron Members would also be allowed to serve on the Board of Directors. Because directors would be elected by the vote of all members of both membership classes, it would probably not be necessary to limit the number of Patron Members relative to the number of Worker Members serving on the board.

Patronage dividends would be paid to each class of members based on an equal division of net profits after expenses and required allocations. Fifty percent of net profit would be allocated among Patron Members in proportion to the number or labor hours or the total value of labor purchased by each Patron Member. The remaining fifty percent would be allocated among Worker Members according to the number of hours worked or the dollar value of labor provided through the cooperative.

The role of the Manager and requirements for worker membership would be the same as in the "Farmers as Community Investors" model.

Ultimately, this model fundamentally represents a Workers' Cooperative that uses a non-traditional second membership class as a source of capitalization. However, some states have laws that limit the use of the name "Workers' Cooperative" to specific types of operating structures that may not allow separate classes of membership. In those states, the hybrid model may need to organize under the laws governing a different type of cooperative organization and may not be able to use the term "Workers' Cooperative" in the organization name.

Farmer-Owned LLC Model:

For the second round of focus groups, the LLC model would be slightly modified to address concerns about equitable distribution of decision-making authority. The basic framework would remain fundamentally the same, but the model would be adapted to a one-member one-vote structure similar to a cooperative. This could be accomplished in one of two ways. The articles of incorporation could establish a fixed number of equally valued membership interests and limit ownership of interests to one share per member. In other words, every member of the LLC would invest the same amount, would own the same percentage of the company, and would not be allowed to purchase or acquire any greater interest. In the alternative, the articles could simply allow for unrestricted ownership interests but authorize equal voting rights to all members regardless of the percentage interests owned. The equal investment model may be more responsive to the concerns expressed by focus group participants because the alternative model would still allow for the possibility that two or more members could collude to become a voting majority by buying out other members' interests.

Recommendations for Second-Round Focus Group Facilitation

Each of these three proposed organizational models seems likely to involve more nuanced explanation and discussion than the models presented in the first round of focus groups. For that reason, we recommend that second-round focus group discussions center exclusively on two questions:

1. Will this model succeed or fail, why or why not?
2. How do you feel about working under this Model? Why?

We also recommend that each focus group session begin with a story-format overview of each of the three models and that participants then be asked to choose two of the three models to review in greater detail.

We might also consider concluding each session with a survey ranking each model discussed with a numerical rating to indicate how well the model addresses each participants' interests or concerns in each of the common theme categories identified through the first round of focus groups. If we do decide to conduct a survey, we recommend that participants record their answers on paper and that group facilitators collect the responses in order to provide them to Farm Commons.

Conclusion

Undertaking this evaluative works speaks to the enthusiasm of Farm Commons and our collaborators to ask difficult questions and encourage self-reflection among the farming community. It reflects our commitment to developing actionable solutions that farmers can use to proactively address needs and reduce risks in order to build resilient and sustainable farm businesses.

We look forward to further developing these findings and recommendations into refined models that can offer farmers a tangible framework for establishing collaborative labor organizations in their own communities.

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