

Data Shows H-2B Wages May Be Skewed High By Sample Size

By **Stephen Bronars** (May 1, 2024)

To comply with the Immigration and Nationality Act, the U.S. Department of Labor requires that H-2B visa workers, who are employed in less-skilled seasonal work, must be paid at least the prevailing wage for their occupation and work location.

The prevailing wage for H-2B visas is the previous year's average wage for a detailed occupation and area, according to Occupational Wage and Employment Statistics, or OEWS, survey data.

The Office of Foreign Labor Certification, or OFLC, maintains an online wage library that will go public on July 1 with prevailing wages for the next year.[1]



Stephen Bronars

Because OEWS wage data tends to contain more noise due to greater sampling error in smaller cities and nonmetropolitan areas, the DOL mandates less precise and sometimes inflated H-2B prevailing wages in less populated areas where there is greater dependence on the H-2B program.[2]

A Prevailing Wage Preview

This article begins with a preview of what to expect in July when the OFLC wage library goes online for the coming year.

This preview is available because some OEWS data, upon which the OFLC wage library depends, were released in April. Even though the OFLC's library of updated prevailing wage determinations will not be available until July 1, next year's H-2B prevailing wages have already been determined for many jobs in many areas.

The OEWS defines 522 labor market areas, including 389 metro areas and 133 nonmetropolitan areas, that are considered to be the markets from which domestic workers are recruited for jobs.[3] Average wages are not calculated for every occupation in every area in the OEWS because some occupations have too few workers in some smaller areas.[4]

The prevailing wages presented in this article are limited to more common occupations for which the OEWS reported in April an average wage for at least 300 of 522 labor market areas.[5]

The latest OEWS data indicate the average H-2B prevailing wage will increase by 6.8% on July 1.[6] A single overall percentage increase oversimplifies the situation faced by employers because prevailing wages vary by job and area.

Based on the OEWS data released in April, and the pattern of H-2B worker requests in 2023, 25% of requests for H-2B workers will face at least an 8.71% increase in the prevailing wage increase and 10% of requests will face an increase of at least a 10.88% beginning July 1.[7]

Table 1 shows the range in both prevailing wages and the percentage change in prevailing

wages, effective July 1, across areas for each of 10 common H-2B jobs.[8]

For example, prevailing wages for landscaping and groundskeeping workers — the most common H-2B job — range from \$13.29 in Monroe, Louisiana, to \$24.95 in San Francisco, and the percentage change varies from a decline of 6.54% in Houma, Louisiana, to an increase of 26.46% in the southern West Virginia nonmetropolitan area.

Table 1 – Prevailing Wage Rate and Change Ranges for 10 Top H-2B Occupations

Occupation	Percentage Change		Prevailing Wage (July 1)	
	Minimum	Maximum	Minimum	Maximum
Landscaping and Groundskeeping Workers	-6.54%	26.46%	\$13.29	\$24.95
Maids and Housekeeping Cleaners	-4.29%	24.28%	\$10.67	\$26.21
Amusement and Recreation Attendants	-11.78%	44.83%	\$9.42	\$20.96
Construction Laborers	-14.18%	24.02%	\$15.01	\$35.45
Cooks, Restaurant	-2.09%	20.14%	\$12.40	\$24.58
Waiters and Waitresses	-11.97%	50.49%	\$9.77	\$30.70
Fast Food and Counter Workers	-8.61%	23.39%	\$9.88	\$19.68
Laborers and Freight, Stock, and Material Movers, Hand	-17.23%	19.08%	\$14.13	\$27.15
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	-8.33%	16.13%	\$11.56	\$22.86
Animal Caretakers	-12.19%	26.63%	\$9.80	\$22.35
Average	-9.72%	27.54%		

On average across the 10 jobs in Table 1, the percentage change in prevailing wages ranges from a decline of 9.72% to an increase of 27.54%.[9]

This is a remarkably wide difference in wage changes over a single year and indicates that on July 1 employers of workers in the same occupation may face very different changes in H-2B prevailing wages in different parts of the country.

Limitations of OEWS Data

OEWS data, taken at face value, implies wildly different rates of wage inflation depending on occupation and work location.

Much of this variation is likely due to sampling error and does not necessarily represent actual differences in wage inflation across jobs and areas. Two occupation and area combinations can have insignificantly different percentage changes in wages but face substantially different changes in sample average wages if sample sizes are small.

The OEWS survey attempts to measure wages for up to 830 detailed occupations and 522 labor market areas. It would be difficult for a single survey, even one as large as the OEWS, to gather enough information to generate precise estimates of the hundreds of thousands of area-occupation combinations in the U.S.

The H-2B visa program is helpful to businesses that must recruit workers from outside the area to work during their peak season. The data indicate that businesses rely relatively more on the H-2B program outside of the largest metro areas.[10]

The areas that rely more heavily on the H-2B program are typically less populated and have smaller sample sizes in the OEWS. This causes a problem because in areas where H-2B workers are demanded the most, OEWS sample sizes are smaller and prevailing wages will contain more sampling error and vary more substantially from one year to the next.

An Example

Differences between large and small areas are exemplified by comparing the New York, New York, and Panama City, Florida, metro areas.

Because of population differences, local area wages are more precisely estimated in New York. In Panama City, the number of H-2B workers requested for the 10 occupations in Table 1 represent about one-sixth of corresponding employment in these jobs.

This is almost 20 times larger than the corresponding ratio in New York. Panama City relies much more heavily on H-2B workers than New York.

Table 2 presents the current prevailing wage, the prevailing wage effective July 1, the percentage change in the prevailing wage, and employment for 10 of the top H-2B jobs in New York and Panama City according to OEWS data.

Across these jobs the average prevailing wage increase in New York is 5.61% with a range of 4.4% to 6.87% depending on occupation. In Panama City, the average prevailing wage increase is 8.76% with a range of 3.22% to 13.93%. [11]

The range of percentage changes in prevailing wages is four times higher in Panama City than in New York — more than 10% and less than 2.5%, respectively. Businesses in Panama City will face substantially different prevailing wage changes, depending on the jobs for which they are recruiting, because of greater sampling error in smaller cities.

Table 2 – Prevailing Wage Changes and Employment for 10 Top H-2B Occupations (NY Metro-Area and Panama City Metro Area)

Occupation	New York-Newark-Jersey City, NY-NJ-PA				Panama City, FL			
	Current	July 1	% Change	Employment	Current	July 1	% Change	Employment
Amusement and Recreation Attendants	\$16.30	\$17.42	6.87%	15,370	\$12.69	\$13.34	5.12%	310
Animal Caretakers	\$17.75	\$18.66	5.13%	11,870	\$13.78	\$14.78	7.26%	160
Construction Laborers	\$30.93	\$32.80	6.05%	46,390	\$17.14	\$18.73	9.28%	810
Cooks, Restaurant	\$19.55	\$20.41	4.40%	67,980	\$15.08	\$15.65	3.78%	1,440
Fast Food and Counter Workers	\$16.08	\$16.85	4.79%	183,050	\$11.81	\$12.81	8.47%	2,890
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$20.14	\$21.29	5.71%	181,600	\$13.72	\$15.40	12.24%	1,120
Laborers and Freight, Stock, and Material Movers, Hand	\$19.40	\$20.66	6.49%	130,180	\$16.15	\$16.67	3.22%	900
Landscaping and Groundskeeping Workers	\$20.81	\$21.87	5.09%	51,790	\$15.60	\$16.77	7.50%	640
Maids and Housekeeping Cleaners	\$21.40	\$22.62	5.70%	39,780	\$13.29	\$14.24	7.15%	740
Waiters and Waitresses	\$23.01	\$24.45	6.26%	136,960	\$15.07	\$17.17	13.93%	2,320
	Weighted Average			5.61%	Weighted Average			8.76%

The problem of imprecise OEWS wage estimates and the possibility of excessively large increases in prevailing wages occurs in many smaller areas, not just Panama City.

Table 3 presents the three labor market areas with the largest percentage increases in prevailing wages for the same 10 H-2B jobs.

All increases in Table 3 are above 14% with increases as high as 50.49% for waiters and waitresses in Burlington and 44.83% for amusement and recreation attendants in Atlantic

City, New Jersey.

The median row in Table 3 includes 625 employees in an occupation and area, or one out of every 230,000 workers in the U.S. It is difficult to obtain a precise estimate of the average wage for a group of employees this small and average wages for these small groups will vary substantially from year-to-year.

Table 3 – Prevailing Wage Changes and Employment in Highest Ranked Destinations for 10 Top H-2B Occupations

Occupation	Area	Current	1-Jul	% Change	Employment
Landscaping and Groundskeeping Workers	Southern West Virginia nonmetropolitan area	\$12.81	\$16.20	26.46%	360
	East Kentucky nonmetropolitan area	\$13.90	\$16.72	20.29%	320
	Southwest Alabama nonmetropolitan area	\$14.42	\$17.05	18.24%	700
Maids and Housekeeping Cleaners	Watertown-Fort Drum, NY	\$15.28	\$18.99	24.28%	240
	Sebring, FL	\$11.77	\$13.96	18.61%	220
	Kingsport-Bristol-Bristol, TN-VA	\$12.10	\$14.29	18.10%	700
Amusement and Recreation Attendants	Atlantic City-Hammonton, NJ	\$14.21	\$20.58	44.83%	440
	Northeast Nebraska nonmetropolitan area	\$11.08	\$14.28	28.88%	60
	South Nebraska nonmetropolitan area	\$11.60	\$14.35	23.71%	160
Construction Laborers	Gadsden, AL	\$14.07	\$17.45	24.02%	240
	Glens Falls, NY	\$22.12	\$27.38	23.78%	360
	Kingsport-Bristol-Bristol, TN-VA	\$16.80	\$20.52	22.14%	910
Cooks, Restaurant	Missoula, MT	\$14.55	\$17.48	20.14%	920
	Nashville-Davidson--Murfreesboro--Franklin, TN	\$15.20	\$17.78	16.97%	10,290
	Cleveland, TN	\$12.94	\$15.10	16.69%	340
Waiters and Waitresses	Burlington-South Burlington, VT	\$20.40	\$30.70	50.49%	1,800
	Anchorage, AK	\$13.47	\$18.45	36.97%	2,280
	Kahului-Wailuku-Lahaina, HI	\$18.97	\$25.86	36.32%	2,960
Fast Food and Counter Workers	Morgantown, WV	\$10.86	\$13.40	23.39%	610
	Parkersburg-Vienna, WV	\$10.70	\$13.07	22.15%	390
	Southern West Virginia nonmetropolitan area	\$10.94	\$13.33	21.85%	640
Laborers and Freight, Stock, and Material Movers, Hand	Grand Rapids-Wyoming, MI	\$16.14	\$19.22	19.08%	10,020
	Virginia Beach-Norfolk-Newport News, VA-NC	\$17.19	\$20.35	18.38%	11,770
	Sioux City, IA-NE-SD	\$17.02	\$20.02	17.63%	2,130
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	Champaign-Urbana, IL	\$15.75	\$18.29	16.13%	2,400
	Grand Rapids-Wyoming, MI	\$15.34	\$17.62	14.86%	10,100
	Missoula, MT	\$16.21	\$18.54	14.37%	1,180
Animal Caretakers	Athens-Clarke County, GA	\$12.92	\$16.36	26.63%	450
	Kahului-Wailuku-Lahaina, HI	\$17.70	\$22.35	26.27%	70
	Hawaii / Kauai nonmetropolitan area	\$17.18	\$21.47	24.97%	110

A Proposed Solution

While an inaccurately low prevailing wage does not allow businesses to pay workers less than the market wage, an inaccurately high prevailing wage will discourage the hiring of H-2B workers.

The low cap on H-2B visas makes the program too small relative to the U.S. workforce to adversely affect the wages and working conditions of U.S. workers, overall, regardless of the prevailing wage. However, some businesses are mandated to pay inaccurately high prevailing wages due to the sampling error in average wages in less populated areas.

Excessively high H-2B prevailing wages for some jobs in smaller areas do not protect U.S. workers but instead harm businesses who rely on H-2B workers in their peak season.

The harm due to excessively high H-2B wages is analogous to what would occur if retailers were required to pay artificially high wages for temporary workers during the holiday season. Increases in costs could be passed through to customers and could adversely affect

the job security of full-time workers in jobs that are complementary to the seasonal workforce.

Adjusting prevailing wages each year based on a wage index is a sensible alternative to the current system, instead of calculating thousands of average wage estimates at the detailed occupation and area level every year.

For example, once accurate wage levels by occupation and area are set for the few dozen occupations that account for a substantial majority of H-2B visas, the Employment Cost Index could be used to adjust H-2B wages from one year to the next.

Alternatively, OEWS data could be used to construct a wage index similar to the Employment Cost Index but limited to less-skilled jobs. This index would mitigate the statistical noise in the current system by not requiring separate annual wage rates for each of thousands of combinations of occupations and areas including many based on very small sample sizes.

Stephen G. Bronars is a partner at Edgeworth Economics LLC.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] The new wage rates will be effective for requests for prevailing wage determinations submitted on or after July 1.

[2] All sample averages contain statistical noise due to sampling error because of limited sample sizes – the smaller the sample the greater the noise; averages vary more from sample to sample with small samples.

[3] For example, Fairfax County, VA and Prince George's County, MD are both in the Washington DC labor market area so that employers in these counties will face the same H-2B prevailing wage for a given occupation. The 522 areas exclude the areas in Guam, Puerto Rico, and the Virgin Islands.

[4] For example, there are 2.17 million janitors in the U.S. and enough in each of the 522 areas for the OEWS to present an average wage in each area. Because there are only 138,300 Meat, Poultry and Fish Cutters and Trimmers in the U.S. the OEWS presents average wages in just 193 of 522 areas.

[5] If OEWS does not report an average wage for a detailed occupation and labor market area, the DOL will set the prevailing wage using state or national data or may calculate an average over an unspecified geography. For example, the OEWS reports an average wage for just 28 of the 522 labor market areas for Forest and Conservation Workers (because they estimate there are only 5,750 workers in this job in the U.S.) and the prevailing H-2B wage for this job is therefore based on either the national or state average wage for most work locations.

[6] This is a weighted average with weights equal to the number of H-2B workers requested and limited to occupations with average wages reported for at least 300 of 522 areas based

on the April OEWS data.

[7] 25% of H-2B requested workers will face a prevailing wage increase of 4.95% or less and 10% will face an increase of 2.90% or less.

[8] There are about 830 detailed occupations in the OEWS, the ten occupations in Table 1 account for about 65% of H-2B workers requested. 90% of H-2B workers requested are in 32 occupations.

[9] Across the ten occupations in Table 1 the highest prevailing wage is 122% more than the lowest prevailing wage. This is due, in part, to differences in the cost of living across regions and between larger and smaller areas.

[10] This is based on a comparison of the ratio of H-2B workers requested to corresponding employment across areas. This ratio overstates reliance on H-2B workers because many requests are denied, and the total number of requests greatly exceeds the limited number of H-2B visas issued.

[11] The averages presented are weighted averages using OEWS employment in the occupation and area as the weight.