

THE WALL STREET JOURNAL.

SHRINKING SHROOMS? LABOR SHORTAGE HITS PENNSYLVANIA'S MUSHROOM COUNTRY

In the heart of Pennsylvania's mushroom country, where almost half of America's mushrooms are grown, production is being strained by a labor crunch

By Scott Calvert
May 13, 2017

WEST GROVE, Pa. – Nine-plus hours into his shift, Marcos Pantoja was still plucking white button mushrooms off peat-moss beds, trimming stems with the flick of a knife. He had another hour of work left in the cool, windowless growing house.

The 39-year-old is toiling longer than usual these days amid a labor crunch that is straining the more than 50 growers in Chester County, Pennsylvania's mushroom heartland, where almost half of America's mushrooms are produced.

"This is the worst it's ever been," said Tim Hihn, Mr. Pantoja's boss and co-owner of C.P. Yeatman & Sons, Inc., which supplies Whole Foods Market stores under the Mother Earth brand. Mr. Hihn says he has 20 percent fewer workers than he needs to fully harvest his crop.

To try to solve the labor shortage, growers have been increasing wages. Yeatman & Sons in January raised piece rates at one of its farms to \$1 for every five-pound box of mushrooms from 82 cents for large mushrooms and 80 cents for medium.

Phillips Mushroom Farms recently upped the bonus harvesters get after picking 55 pounds in an hour from 11 cents a pound to 16 cents, said general manager Jim Angelucci. Good pickers, who start at \$8.75 an hour, can collect 100 pounds an hour, he said, so the extra nickel can yield a \$2.25 bump to \$15.95 an hour. The change helped Phillips fill five jobs and resume full production, he said.

Still, Mr. Angelucci worries it may not be enough to stop workers from peeling off for summer landscaping or construction jobs. "It's one of the things that keeps you awake at night," he said. "Are you going to go in the next day and find nobody's there?"

Labor is **an issue across the agricultural industry**, where seasonal work often dissuades employees from looking for a steady job in one place. Mushroom production is somewhat different: It is year-round and indoors. Some growers offer employees health and retirement benefits as well as paid vacation.

Even so, the pool of workers is tight – and has shrunk in recent months. Growers attribute this partly to the strong economy in Chester County, where unemployment fell to 3.5 percent in March. Another factor is fears over **the Trump administration's crackdown on illegal immigration**, which growers say has prompted some workers to leave the U.S.

The labor woes are dragging on production, which dropped 9 percent to 395 million pounds between the 2013-14 and 2015-16 growing seasons. Chester County's share of the U.S. market for Agaricus mushrooms, which include white button and Portobello varieties, fell to 43 percent from 49 percent over the same period, according to U.S. Department of Agriculture figures.

Mushrooms are a key economic driver in the sprawling county west of Philadelphia, even as it has become more suburban, sprouting technology and life-science jobs, said Gary Smith, chief executive of the county's economic development council.

The industry, which dates to the late 1800s here, has long relied on immigrant labor. In the early 1900s, Italian immigrants worked the farms, followed decades later by Puerto Ricans. Since the 1980s Mexicans have dominated the workforce, joined more recently by Central Americans.

But the Trump administration's more aggressive stance on illegal immigration has raised concerns even among documented workers, according to growers and immigrant advocates in Chester County. Growers say their workers are legal as far as they know, and each applicant must submit a federal I-9 form.

Last month, Immigration and Customs Enforcement agents arrested 12 people at Kaolin Mushroom Farms' Landenberg, Pa., site in what the agency called a targeted enforcement action. Mike Pia, Kaolin's president, said the agents told company officials they were looking for four people. None of those four was present or worked for Kaolin, he said, and the 12 who were arrested worked for a subcontractor.

Mushroom picker Mr. Pantoja said he can legally work in the U.S. but plans to return to Mexico after eight years with Yeatman & Sons because he misses family there. He is one of seven pickers who plan to return to Mexico, the company said. Five others recently moved back.

To help create a more stable labor base, the industry is advocating for the creation of a new [guest-worker program](#), as well as a legal pathway for undocumented employees. Because mushroom harvesting is year-round, growers aren't eligible for the H-2A visa program for foreign seasonal workers.

Most mushroom growers have failed in efforts to recruit local residents for harvesting jobs, which can bring in as much as \$50,000 a year but often requires workers to start by 5 a.m. and put in six days a week.

"We'd love to get people who live in this area," said Meghan Klotzbach, Mr. Hihn's daughter and regulatory manager for Mother Earth. "They graduate from high school, they just go to [Wal-Mart](#) to work. Why can't you come here and pick mushrooms?"

Even with the lower production in Chester County, U.S. consumers aren't paying more for mushrooms at the supermarket, thanks to rising output elsewhere, including in other parts of Pennsylvania, which supplies two-thirds of the country's mushrooms. But growers say that could change if harvests were to fall off significantly.

Grower Chris Alonzo, president of family-owned Pietro Industries, where one in 10 jobs is open, said continuing labor challenges could also force growers to sell an ever-larger share of mushrooms to canners instead of the fresh market, where they can fetch roughly four times more.

Because mushrooms double in size overnight, the optimal window for picking closes quickly. After that, mushrooms are deemed unsuitable for the produce aisle but are fine for soup, sauces and frozen dinners.

Yeatman & Sons now sends 15 percent of its mushrooms to processors, up from the usual 10 percent. While mushrooms can fetch about \$1.10 a pound on the fresh market, Mr. Hihn said processors lately are paying about 28 cents a pound – down from almost 60 cents – because of the glut.

“You’re picking more of the lower quality [mushrooms] and the price for it is less,” said Mr. Alonzo. “This is a spiral-down effect that is going to come crashing and burning on some growers.”