

Farm Labor Contractors in California

Labor Market Information Division
California Employment Development Department

Summary

Farm labor contractors (FLCs) have become increasingly important in California's agricultural production. The number of farm workers employed by FLCs has more than doubled since 1978, and wages have nearly quadrupled (in nominal dollars). To increase our understanding of the roles, business practices, and concerns of contractors, this study was commissioned by the California State Employment Development Department (EDD), with primary funding from the U.S. Department of Labor (DOL).

The surveys for the study were conducted in five general areas of the state: Fresno County, San Joaquin-Stanislaus Counties, the Desert region (mainly Imperial County), the South Coast region, and the Central Coast region. Over 300 contractors, farm workers, and growers were interviewed based on samples of employer records belonging to the EDD, the U.S. Department of Labor, and the California Department of Industrial Relations (DIR). Other data, such as those relating to payrolls, were obtained from EDD employer files.

The following are highlights from the study:

. All regions of California included in this study have experienced the increasing influence of farm labor contractors. In some areas, such as the Salinas Valley, there is work through most of the year, and the workforce is more settled and highly paid. FLCs are being used increasingly there in seasonal and harvesting work. Citrus and vegetable workers in Ventura County also tend to be more settled in the community and find work there through much of the year. Where citrus packers once hired most workers through harvesting associations, FLCs now are working mainly under contract with the growers, although some are employed by the packing houses. In Fresno County, agricultural work is more highly seasonal and diverse; consequently, there are more FLCs and many are responsible for transporting workers to and from the fields.

. The payroll size among contractors varies significantly. Data from EDD employer tax files indicate that more than 57 percent of the contractors had 1990 payrolls of less than \$250,000, and aggregate pay from these employers amounted to less than 10 percent of total contractor payrolls. In contrast 14 percent of FLCs had payrolls of \$1,000,000 or more and over 60 percent of all contractor wages reported to EDD.

. More than 80 percent of the FLCs interviewed were male and Hispanic. Nearly half were born in the United States. Although they completed about an average of six years of schooling in the U.S. or an average of three years of school in Mexico, about a third had graduated from U.S. high schools and 23 percent completed some college courses.

. Those surveyed stated that they work as FLCs for an average of about nine months each year. About one-third work throughout the year as contractors. Nearly 32 percent own farms, 28 percent are engaged in custom harvesting, and 23 percent are in the business of transporting agricultural goods.

. FLCs operate differently throughout the state. Annual income for 1990 improved more in some regions than in others, and variations in peak season staffing and

worker turnover were also observed. Differences among the areas were also found in the employment of foremen and the handling of administrative tasks.

. Most FLCs employ foremen or mayordomos to supervise their crews; however, administrative tasks such as maintaining payrolls and other paperwork are handled by family members, hired office staff, and/or outside professionals. A minority of the contractors, usually only in the smallest operations, personally manage the administrative responsibilities.

. A few of the very large FLC operations concentrate their business with a small number of very large growers. The average number of customers served by contractors is 15; 70 percent of the FLCs reported 12 or fewer customers.

. Contractors state that growers employ FLCs primarily to reduce the amount of their paperwork, to help recruit farm workers, and to reduce their production costs. More than 80 percent of the contractors do not have written contracts with their customers.

. Competition for customers was expressed by many FLCs as a matter of increasing concern. Many stated that there is "cutthroat" competition, which includes other contractors charging commission rates below actual costs.

. Even though 80 percent of the FLCs contact some workers from the previous year to work in the current season, only eight percent make the effort to call their workers in the off-season. On the average, about half of a contractor's workforce is made up of returning employees.

. Hiring by contractors is mostly accomplished through referrals by employees and foremen/supervisors and by worker walk-ins.

. More than half of the contractors make most of the hiring decisions. The larger the operation, the more likely that foremen make the hiring decisions.

. Eligibility to work in the United States was the only hiring criterion cited as being very important by virtually all FLCs surveyed.

. Most contractors do not keep written records of worker performance.

. For 96 percent of the contractors, insurance companies were the primary source of information on workplace safety.

. The government agencies most contacted for information or assistance were the DIR and EDD.

. Many contractors state that the lack of governmental enforcement of rules and regulations puts honest FLCs at a competitive disadvantage since dishonest contractors are not caught. Some federal and state enforcement agencies surveyed admit that they lack the resources to maintain adequate workplace inspection programs.