

ECONOMIC CONDITIONS IN THE FARMING AND FOOD PROCESSING
INDUSTRIES, WEST SAN JOAQUIN VALLEY

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INTRODUCTION

Out of the 57 counties in California, the seven covered in this study (Fresno, Kern, Kings, Madera, Merced, Stanislaus, and Tulare) include some of the most important agricultural counties in the state. Fresno, Tulare, and Kern are the three most significant counties in California based on the value of their farm production (Table 1). Kern is the largest county in California, based on land in farms (crops plus pasture), and is also the largest of the seven counties (5.2 million acres). Fresno has the largest population (413,329). Kings County is geographically the smallest of the counties, and Madera has the smallest population (Table 1). Population is growing in all of these counties. Madera's population grew the fastest (52%) and King's the slowest (11%) between 1970 and 1980 (Table 1). According to these figures, most of the land in Kings (90%), Merced (89%) and Stanislaus (81%) is devoted to farming (Table 2). Between 48% and 60% of the land in Fresno, Kern, Madera and Tulare counties is in farms.

ECONOMIC CONDITIONS: FARMING

Farm product sales range from a worth of \$277 million in Madera to almost \$1.5 billion in Fresno (Table 2). A comparison of Table 10 with Tables 2 through 9 shows that the number of farms and farm employees in these counties, are in general, far more than these same paramaters for the manufacturing, or non-farm industries. For example, in Fresno, there are 3,109 farms (Table 3) compared to 686 manufacturing establishments. The number of farm employees in Fresno is 32,324 compared to manufacturing employment of 21,200 for the county. This pattern holds true in all of the counties except for Stanislaus, where there are 1,156 farms compared to 348 manufacturing establishments, but reportedly only 8,508 farm employees compared to 21,900 employees in manufacturing. Reported farm payroll ranges from \$37 million in Madera to \$267 million in Fresno (Tables 3-9). Average farm employment ranges from a bit less than 5000 employees in Kings and Madera, to over 32,000 employees in Fresno.

ECONOMIC CONDITIONS: FOOD PROCESSING AND AG SERVICES

In California, there are 2,530 food processing firms. The number of food processing firms in the study counties reported in 1986 ranged from 15 in Kings to 89 in Fresno (Table 12). This represents a low percentage of the total number of firms in these counties (Table 11). On the other hand, Table 11 also shows that food processing is financially one of the most important non-farm industries in most of these counties. The value of shipments by food processors makes up a share of 84% of all non-farm shipments in Merced and 60% in Fresno (Table 11). The number of employees in the food processing industry as a percent of total county manufacturing employment ranges between 18% (Kern) and 85% (Merced), showing that food processing is indeed a significant industry in most of these counties (Table 12).

Data for the agricultural service industries is scarce. Employment and payroll figures are shown in Table 13. Included under the heading: "livestock and crop services" in Table 13 are: soil preparation; crop planting, cultivation and protection; crop harvesting; crop preparation service for market; cotton ginning; veterinary services; farm labor contractors and crew leaders; and farm labor and management services. These are the items considered by the SIC coding system, to be "agricultural services". Table 13 also includes three additional types of agricultural services -- agricultural chemicals; agricultural machinery and equipment; and warehousing and storage of agricultural products. The total number of agricultural services establishments ranges from 43 in Madera, to 240 in Fresno.

FINANCIAL CONDITIONS: AG LOANS AND FARM LAND SALES

The agricultural sector throughout the United States and in California is suffering an economic depression. The California Bankers Association released a survey this year of ten banks responsible for 80% of California commercial farm lending. The survey revealed that 46.7% of agricultural borrowers were experiencing problems. This was up from 35.5% and 28.4% in 1985 and 1984 respectively. Of these problem loans, 23% (worth \$594 million) were nonperforming (19).

The Farmers Home Administration made 775 farm loans in California in 1986 worth nearly \$67.5 million. At the end of the year, 45% of the borrowers had one or more loans which were delinquent (4). The farm loan delinquency rate in California is the highest in the nation according to the American Bankers Association. As a result of such uncertainty, lender financing for crop production and land purchase is much restricted. The rate of new loans has decreased by over 25% since 1985.

Farm foreclosures were also on the rise in 1986. The Federal Land Bank foreclosed on 230 farms in 1986, up from 200 in 1985. The commercial banks surveyed by the California Bankers Association foreclosed on 57 farms in 1986 and 49 in 1985.

Two major auctions of farm land occurred in California in late 1986. The Bank of America auctioned off 17 properties in Central and Northern California. The properties sold at an average price of 76% of their appraised value. The Farm Credit System auctioned off 41 farms at an average of 72.2% of their appraised value. These two auctions represent only a fraction of the farmland controlled by banks, insurance companies and the Farmers Home Administration in California (3).

Farm land sales in the San Joaquin Valley are considerably behind the situation of several years back. The value per acre of agricultural land has declined 60-70% over the last six years and 5-10% in 1986 (2). Most sources expect the decline to

continue in 1987. Table 14 shows the patterns in land value from 1977-1986 in the San Joaquin Valley. In general, land values rose sharply until 1982-1983 when they started dropping. For many types of land, prices had dropped in 1986 to the same level they were in 1980 or before.

Reports for 1986 by the Agricultural Commissioners of the seven counties included in this study show that the gross production value of agricultural products was up in 1986 compared with 1985. Gross value rose 0.1% in Stanislaus, 0.49% in Kings, 2.3% in Tulare, 3.46% in Merced, 3.49% in Fresno and 11.5% in Madera, and 12% in Kern. These values do not reflect net income and thus may shed very little light on the actual financial conditions of San Joaquin Valley farmers. Changes in agricultural income since 1966 were shown by the Agricultural Commissioners in their annual reports, for several of the counties. In general, income showed a sharp increase from 1967-1979 with a leveling off since 1979.

Table 1. General County Statistics.

	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE
Population, 1970	413,329	331,100	66,717	41,519	104,629	194,506	188,322
Population, 1980	515,013	406,400	73,738	63,116	134,560	265,902	245,751
% pop change 70-80	24.6	22.7	10.5	52.0	28.6	36.7	30.5
Total area (million acre)	3.8	5.2	0.9	1.4	1.3	1.0	3.1
County rank based on value of farm production	1	2	12	15	6	7	3

Source: 7

Table 2. Number of Farms, Land in Farms and Farm Product Sales, (1982 Census)

	CA TOTAL	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE
# of farms	82,463	7,394	2,133	1,187	1,704	2,951	4,611	5,568
Land in farms (1000 ac)	32,156.9	2,072.2	3,142.1	808.1	665.3	1,163.1	807.2	1,337.0
Land in farms (%)	33	55	60	90	48	89	81	43
Crop sales* (Million \$)	8,158.5	1110.2	946.7	341.7	191.1	252.5	232.5	599.1
Livestock sales (Million \$)	4,333.0	385.5	127.4	136.7	85.7	402.9	322.9	363.9
Total farm sales (Million \$)	12,491.4	1,495.7	1,074.1	478.4	276.8	655.4	555.4	963.0

* Gross market value before taxes and production expenses. Includes greenhouse and nursery crops. Does not include farm services.

Source: 14

Table 3. Farm Employment and Payroll, Fresno County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
# firms	2,879	230	3,109
Employment in quarter:			
1	20,780	2,362	23,142
2	29,421	2,704	32,125
3	44,127	3,348	47,475
4	24,023	2,529	26,552
Average employment	29,588	2,736	32,324
Payroll (\$1000) in quarter:			
1	40,623.8	7,730.4	48,354.2
2	59,436.3	8,606.0	68,042.3
3	75,895.5	10,733.7	86,629.2
4	54,679.8	9,101.0	63,780.8
Annual payroll (\$1000)	230,635.4	36,171.1	266,806.5

Source: 5

Table 4. Farm Employment and Payroll, Kern County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
# firms	590	106	696
Employment in quarter:			
1	10,056	827	10,883
2	13,293	845	14,138
3	16,730	789	17,519
4	10,693	818	11,511
Average employment	12,693	820	13,513
Payroll (\$1000) in quarter:			
1	29,190.8	3,109.1	32,299.9
2	36,761.0	3,140.1	39,901.1
3	44,584.3	2,755.9	47,340.2
4	32,321.4	3,049.2	35,370.6
Annual payroll (\$1000)	142,857.5	12,054.3	154,911.8

Source: 5

Table 5. Farm Employment and Payroll, Kings County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
# firms	280	131	411
Employment in quarter:			
1	3,109	670	3,779
2	4,340	778	5,118
3	4,197	711	4,908
4	3,868	730	4,598
Average employment	3,879	722	4,601
Payroll (\$1000) in quarter:			
1	11,009.8	2,171.4	13,181.2
2	13,357.3	2,299.7	15,657.0
3	13,183.5	2,361.6	15,545.1
4	14,299.6	2,491.8	16,798.6
Annual payroll (\$1000)	51,850.2	9,324.5	61,174.7

Source: 5

Table 6. Farm Employment and Payroll, Madera County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
# firms	423	85	508
Employment in quarter:			
1	3,416	421	3,837
2	2,984	411	3,395
3	5,331	379	5,710
4	3,739	456	4,195
Average employment	3,867	417	4,284
Payroll (\$1000) in quarter:			
1	6,252.7	1,214.4	7,467.1
2	7,092.7	1,251.7	8,344.4
3	10,141.1	1,168.1	11,309.2
4	8,590.4	1,436.0	10,026.4
Annual payroll (\$1000)	32,076.9	5,070.2	37,147.1

Source: 5

Table 7. Farm Employment and Payroll, Merced County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
LIVESTOCK			
# firms	577	320	897
Employment in quarter:			
1	3,146	1,434	4,580
2	4,801	1,611	6,412
3	7,247	1,586	8,833
4	5,401	1,503	6,904
Average employment	5,149	1,534	6,683
Payroll (\$1000) in quarter:			
1	8,066.7	4,307.5	12,374.2
2	12,355.6	4,838.9	17,194.5
3	16,246.9	5,002.6	21,249.5
4	12,723.5	4,987.4	17,710.9
Annual payroll (\$1000)	49,392.7	19,136.4	68,529.1

Source: 5

Table 8. Farm Employment and Payroll, Stanislaus County, 1986.

	CROPS	LIVESTOCK	CROPS + LIVESTOCK
LIVESTOCK			
# firms	765	391	1,156
Employment in quarter:			
1	3,836	3,094	7,671
2	4,720	3,169	9,442
3	7,959	3,152	11,959
4	5,086	3,018	8,439
Average employment	5,400	3,108	8,508
Payroll (\$1000) in quarter:			
1	9,349.9	11,278.6	20,628.5
2	12,668.9	11,403.1	24,072.0
3	17,978.1	11,853.5	29,831.6
4	13,428.2	12,826.3	26,254.5
Annual payroll (\$1000)	53,425.1	47,361.5	100,786.6

Source: 5

Table 9. Farm Employment and Payroll, Tulare County, 1986.

	CROP	LIVESTOCK	CROP + LIVESTOCK
# firms	1,111	284	1,395
Employment in quarter:			
1	8,340	1,700	10,040
2	13,007	1,809	14,816
3	16,473	1,783	18,256
4	10,844	1,766	12,610
Average employment	12,166	1,765	13,931
Payroll (\$1000) in quarter:			
1	20,037.3	5,333.3	25,370.6
2	30,074.1	5,847.2	35,921.3
3	40,605.7	5,642.9	46,248.6
4	29,428.9	6,430.3	35,859.2
Annual payroll (\$1000)	120,146.0	23,253.7	143,399.7

Source:5

Table 10. Total Employment, Payroll and Value of Shipments for all Manufacturing Industries (1982 Census).

	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE	CALIF
# establishments	686	348	60	77	107	348	281	46,318
# employees	21,200	8,400	3,000	3,500	7,600	21,900	10,800	2,061,622
Payroll (million \$)	364.2	173.1	60.0	66.6	108.4	414.3	170.9	50,166.3
Value of shipments (million \$)	2,710.2	2,275.0	652.8	485.4	1,017.1	3,369.3	1,326.3	--

Source: 15

**Table 11. Food Processing: Number of Establishments, and
 Economic Indicators (1982 Census).**

	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE
# of establishments (1982)	108	27	16	17	28	79	28
Food processing firms as est. % total firms in county	3	8	7	7	5	5	3
Value added by manufacturer (Million \$)	422.0	78.7	53.4	39.6	152.6	760.4	181.1
Cost of materials (Million \$)	1,219.1	153.2	209.9	153.7	701.4	1,713.1	452.5
New capital expend- itures (Million \$)	49.7	12.7	3.9	17.7	35.1	61.2	13.2
Value of shipments (Million \$)	1,627.1	224.1	264.2	270.7	857.3	2,461.7	635.6
Value of shipments by food processors as % of total value of shipments in county	60.0	9.9	40.5	55.8	84.3	73.1	47.9

 Source: 15 and 16

Note: These data are for the two digit SIC code 20: Food and Kindred Products. They include meat, poultry and eggs (201); dairy (202); canned and preserved fruits and vegetables (203); grain mill products (204); bakery products (205); sugar and confectionary products (206); fats and oils (207); beverages, including wine and distilled products (208); and miscellaneous (209).

Note: The number of establishments reported here is for 1982. In table 12, the number is for 1986. The 1982 data was included since it was used as a denominator for calculation of percentages.

Note: In California as a whole, there are 2,530 food processing establishments.

Table 12. Food Processing: Employment and Annual Payroll, 1986.

	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE
# of establishments (1986)	89	27	15	16	28	66	32
Employment in quarter:							
1	5,694	1,621	711	1,206	5,579	10,646	2,383
2	6,407	1,506	606	1,440	5,948	11,787	2,482
3	7,972	1,494	1,078	1,435	8,172	17,206	2,267
4	7,246	1,513	795	1,435	6,048	12,619	2,466
Average # employees	6,830	1,534	798	1,379	6,437	13,065	2,400
Food processing emp. as est.% of total county manu- facturing employment	32.2	18.3	26.6	39.4	84.7	59.7	22.2
Payroll (\$1,000) in quarter:							
1	31,575.8	7,645.7	5,246.9	6,762.0	24,852.2	58,787.0	14,047.8
2	34,181.6	8,597.0	3,330.4	8,420.0	24,529.4	63,738.8	14,477.2
3	38,959.1	7,244.4	5,402.4	7,918.3	39,673.9	92,230.7	12,892.8
4	37,390.5	7,206.1	4,189.3	8,985.9	32,222.0	69,421.8	13,230.9
Total annual payroll	142,107.0	30,693.2	18,169.0	32,086.2	121,277.5	284,178.3	54,648.7

Source: 5

These data are from the aggregate two digit SIC code 20. See Note on Table 11, above.

Table 13. Agricultural Service Industries: Employment and Annual Payroll, 1982.

	FRESNO	KERN	KINGS	MADERA	MERCED	STAN.	TULARE
# of establishments:							
livestock and crop services (1)	156	151	59	33	73	75	122
ag chemicals	7	6	--	--	--	--	--
machinery and equipment (2)	72	46	17	10	19	38	43
warehousing and storage	5	6	5	--	--	--	--
Total establishments	240	209	81	43	92	113	165
Employment:							
livestock and crop services (1)	2863	2229	313	100-249*	250-499*	415-914*	2352
ag chemicals	442	76	--	--	--	--	--
machinery and equipment (2)	1438	868	230	84-163*	252-411*	456	513
warehousing and storage	97	108	93	--	--	--	--
Total employment	4840	3281	636	184-412	512-910	871-1370	2865
Annual payroll:							
livestock and crop services (1)	46,793	27,371	7,017	A	A	A	24,585
ag chemicals	11,745	1,755	--	--	--	--	--
machinery and equipment (2)	28,039	17,646	4,026	A	A	8,948	10,014
warehousing and storage	2,154	2,121	2,222	--	--	--	--
Total payroll	88,731	48,893	13,265	NA	NA	8,948	34,599

Source: 16

1) Soil preparation, other crop services including cotton ginning, livestock services, farm and labor management services (SIC codes 071,072,074,075 and 076)

2) Includes production and wholesale trade (SIC codes 3523 and 5083)

A) Data withheld in original source to avoid disclosing figures for individual companies.

* Data reported in original source by employment size class.

**Table 14. Market Value of Farm Real Estate Per Acre,
 1977-1986, San Joaquin Valley.**

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
irrigated truck and vegetable	1900	2265	2650	3545	4190	4570	4660	4360	3230	2650
irrigated pasture	1080	1165	1550	1970	2140	2420	2530	2310	2090	1650
unirrigated cropland	680	800	960	1210	1480	1710	1600	1560	1170	1000
unirrigated pasture	570	570	775	845	1050	1310	1210	1120	950	770
almonds	3500	4500	5600	8050	8300	8570	7390	6520	5630	4800
peaches	3100	3900	5750	7800	8300	8570	7410	6850	5870	5300
navel oranges	3150	3550	4850	6350	6950	7410	7510	8070	7880	8250
raisin grapes	3500	4950	6900	10150	10200	10840	9460	6580	4520	4000
table grapes	3450	4650	6500	9300	9350	9560	9920	7810	5550	4850
wine grapes	3200	4200	6400	7900	8250	9770	8060	6380	4680	4000

Source: 17

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