

The Rise of Farm Labor Contracting in California

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Over the past ten years California agricultural employment has been characterized by a steady decline in direct employment by farm businesses and a corresponding increase in the use of intermediary employers.¹ By 1987 Farm-Direct Hire employment accounted for only 60% of cash wages paid for work on California farms and 40% was attributable to these intermediaries. The most rapidly increasing segment of this "indirect" farm employment is the Farm Labor Contractor (FLC) segment. In 1987 about 15% of all California farm wages were paid by FLCs. Since the wage rates paid by this type of employer are lower than rates paid for direct hire employment, the actual share of all farm work performed by these employers is substantially greater.²

From 1978 through 1987 reported annual average FLC employment rose by 74% (Figure 2). The greatest annual increase occurred in 1987. Final data for 1988 is not yet available.

We have examined San Joaquin Valley (SJV) FLC employment in some detail because this region accounts for the largest share of the state total. In the period 1983-1987 vegetable production showed a significant increase while fruit production remained somewhat steady. In this context, direct hire employment on SJV vegetable farms declined significantly during peak season (Figure 3). Peak season direct hire employment on SJV fruit farms declined as well but not by so large a factor as was the case for vegetable farms (Figure 4). Corresponding to these significant declines there has been a sharp increase in peak season FLC employment (Figure 5).

Aggregate Quarterly employment totals for SJV Vegetable and Fruit Farm direct hire in 1983 was 271,881. In 1987 it was 227,812, a net decrease of 44,069 in the five years. The corresponding figures for SJV FLC aggregate quarterly employment are 156,744 in 1983 and 196,285 in 1987. The net FLC increase of 39,541 nearly matches the decrease of 44,069 found for fruit and vegetable farm direct hire in this interval. The amount of the mis-match is just 4,528, or roughly 10% of the net change. Of course, it is not possible to take account of differences in job duration or other factors in comparing changes in direct hire and FLC employment.

Among factors that need to be examined in understanding why these changes are occurring we suggest the following (in no particular order of importance): reduction of direct labor costs, avoidance of labor union representation in the work force, reduction of administrative costs associated with labor, and assuring a reliable labor supply.

1. D. Villarejo, Farm Restructuring and Employment in California Agriculture, Working Paper #1, Working Group on Farm Labor and Rural Poverty, California Institute for Rural Studies, Davis, CA, 1988.

2. R. Mines and P. Martin, A Profile of California Farmworkers, Giannini Information Series No. 86-2, Giannini Foundation of Agricultural Economics, University of California, Division of Agriculture and Natural Resources, Berkeley, CA, July 1986, see Table IV-7, p. 63. Grower weekly wages were found to average \$210.50 while FLC wages averaged \$166.98 per week.

FIGURE 1

CALIFORNIA FARM WORK CASH WAGES BY TYPE OF EMPLOYER, 1987

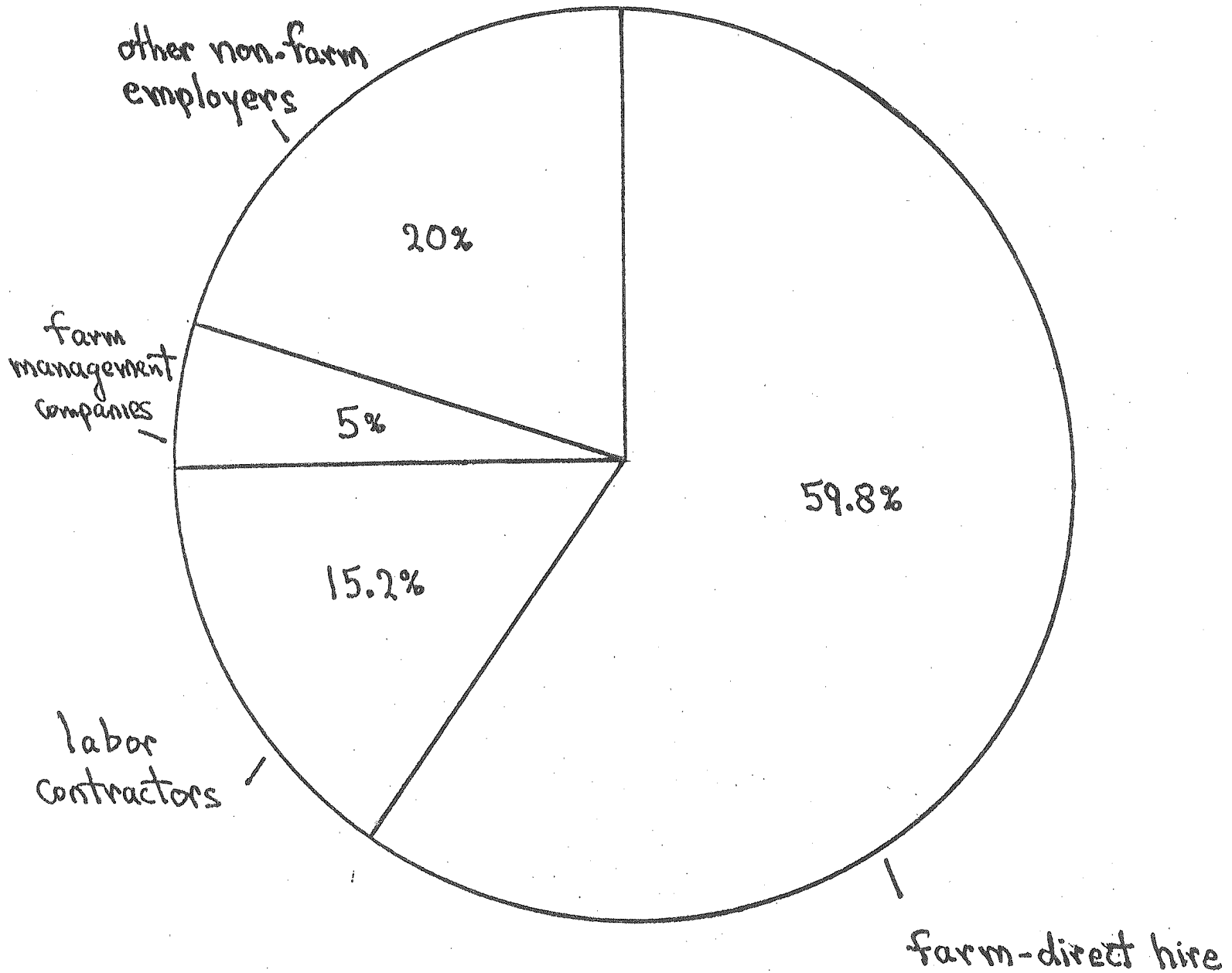


FIGURE 2

Farm Labor Contractor Employment

California, Annual Average, by Year

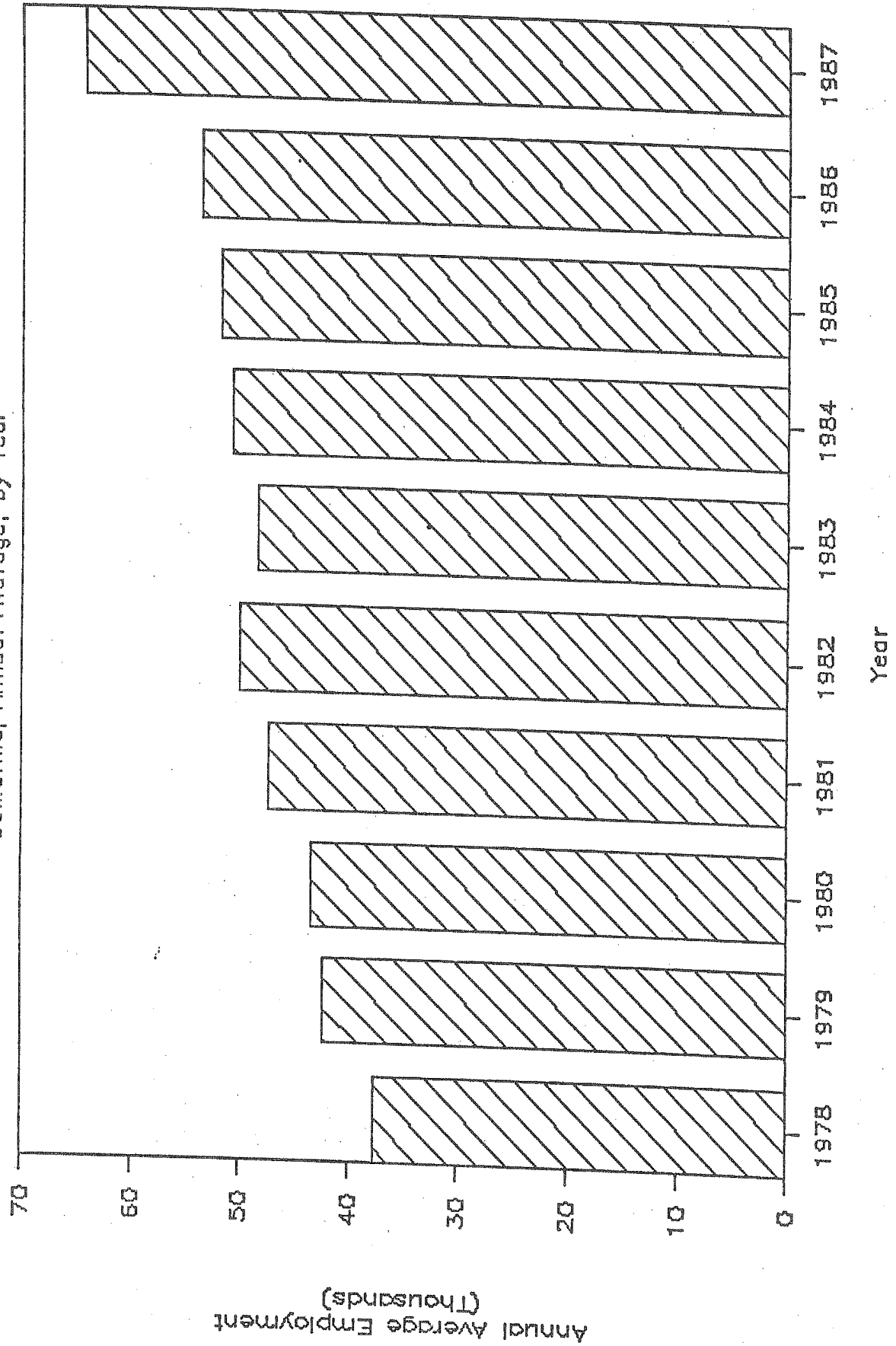


FIGURE 3

EMPLOYMENT, SAN JOAQUIN VALLEY

3rd Quarter, Monthly



FIGURE 4

EMPLOYMENT, SAN JOAQUIN VALLEY

3rd Quarter, Monthly

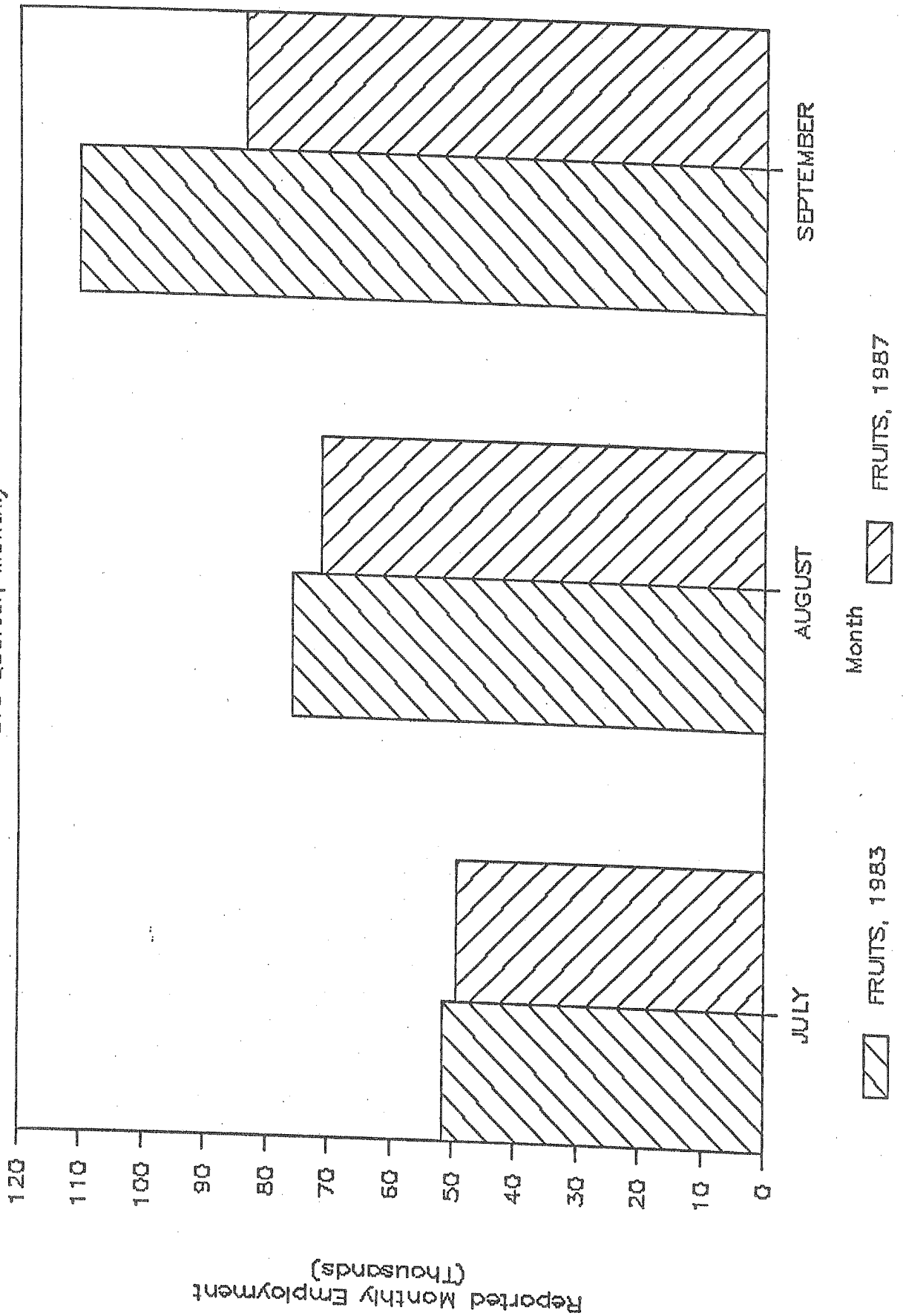


FIGURE 5

EMPLOYMENT, SAN JOAQUIN VALLEY

3rd Quarter, Monthly

