

Farm labor contractors

Suzanne Vaupel □ Philip L. Martin

They provide about a fifth of all farmworkers in California

For over a century, the farm labor contracting system in California has brought workers and jobs together in an often structureless labor market. The agricultural labor contractor is a specialized middleman who assumes any or all of the employer's tasks of recruitment, supervision, keeping payroll records, paying payroll taxes, and paying workers. Perhaps the most essential service is providing communication between growers and workers who do not speak the same language. Farm labor contractors sometimes also provide the basic needs of the workers, such as housing, transportation, and meals. In this report, we review the history of farm labor contractors in California, current trends in contractor activity, and federal regulations.

Historical overview

In the 1870s, Chinese "boss men" or contractors were the first to act as intermediaries between workers and employees who spoke no common language. The Chinese contractor was an entrepreneur who maintained a fairly well-organized crew of workers. Employers were pleased with the system, since it provided workers when needed, who then disappeared when the work was done.

Japanese contractors, who filled the gap after the exclusion of the Chinese in the 1880s, acted more as trade unions than independent entrepreneurs. Once established as the main suppliers of labor, they collectively set their prices to employers and wages to workers, and used tactics such as strikes and boycotts to maintain their prices. Anti-Japanese sentiment and the success of the Japanese in becoming landowners led to the virtual disappearance of Japanese contract labor by 1919.

After World War I, Mexican contractors emerged, acting as entrepreneurs as the Chinese had done earlier. Workers were dissatisfied with the system and complained of being deprived of their full

wages by contractors. Beginning in 1928 in the Imperial Valley, workers called strikes against contractors and demanded an end to the contracting system. Eventually, in a nonbinding settlement, growers agreed that certain contractor abuses enumerated by the Confederation of Mexican Labor Unions should be eliminated.

Between 1920 and 1930, many Filipino workers found employment in California agriculture, and Filipino contractors established themselves by underbidding Mexican labor contractors. Filipino crews proved to be a very disciplined, reliable source of labor, but their costs to growers rose after they became established. Since the early 1950s, it appears that the majority of farm labor contractors in California are Mexican and Mexican-American.

The relationship between labor contractors and other farm employment institutions has remained the same. Labor contractors and the public employment service are responses to the same need to match workers and jobs. Labor contractors have been far more successful, however, because they serve broader functions and are less constrained by regulations, such as the law prohibiting the public employment service from making referrals to a farm where a strike is in progress.

Labor contractors and unions often compete to provide similar services and usually remain hostile to one another. In 1953, in *The Harvest Labor Market in California*, Lloyd Fisher predicted that unionization of seasonal workers would destroy the contractor system. Contractors have continued to increase in importance, however, despite the recent development of a state-regulated system of collective bargaining.

Labor contractor activity

Today, contractors provide about one-fifth of the agricultural employment in California. In 1982, more than 40,000 Cali-

fornia farms hired workers directly and 18,000 farms relied on contractors for some or all of their farm work, according to the 1982 U.S. Census of Agriculture. These farms paid contractors and contract workers \$414 million, or 19 percent of the total \$2.2 billion California farm wage bill. In 1983, there were approximately 4,600 federally registered farm labor contractors and their employees (foremen hired by the contractors to perform labor contracting functions) in California.

Labor-contracting activity is increasingly concentrated on fruit, vegetable, and horticultural farms, which paid 82 percent of the contract wage bill in 1982, up from 71 percent in 1974 (table 1). Contractors are also concentrated on the 3,400 farms that pay the largest contract wage bills, \$20,000 or more each. These farms paid 86 percent of the contract wage bill in 1982. The concentration on large farms is also increasing. In 1974, farms with gross annual sales of \$500,000 and more paid 54 percent of contract wages; by 1982, their share had increased to 63 percent.

Census of Agriculture figures also indicate that labor contractor activity is increasing faster than other farm employment. Between 1974 and 1982, the number of farms using contractors rose 36 percent and contract wages increased 123 percent, compared with a 28 percent increase in direct farm employers and a 74 percent increase in direct wages.

Statistics from the California Unemployment Insurance Program describe the distribution of the 776 active farm labor contractors, their 61,000 workers, and the \$273 million annual contract wages in California. (California Unemployment Insurance wage figures differ from wage bill estimates by the U.S. Census of Agriculture cited previously.) Statewide statistics are dominated by two regions — the San Joaquin Valley for its high percentage of labor contractors and contract workers, and the South Coast Region (Ventura, Santa Barbara, and San Luis Obispo counties) for the highest contract wages.

In the third quarter of 1983, 560 of the 776 active contractors were operating in the San Joaquin Valley, and they hired 44,500 workers, accounting for almost three-quarters of the state's farm labor contractors and workers. San Joaquin contractors paid 66 percent of total contract wages in 1983, or an annual average wage of \$5,340 per job slot (table 2).

The South Coast region paid the highest average annual contract wages in the state — \$8,392 per job slot, 65 percent higher than average contract wages of \$5,100 in southern California. (Because of turnover, the average wage per job slot is

usually shared by several workers moving in and out of a job.) Contract wages are below the average agricultural wage in every region, as indicated by Unemployment Insurance data.

Federal regulation

Farm labor contractors have had a reputation for abuse of workers. Congressional committees, governmental agencies, presidential commissions, and church and civic organizations have studied the plight of migrant workers and abuses by farm labor contractors since the 1930s.

The federal government has regulated contractor behavior for 20 years, beginning with passage of the Farm Labor Contractor Registration Act of 1963. In Congressional hearings before the bill's passage, the U.S. Department of Labor documented many abuses of migrant farmworkers and growers by labor contractors, including withholding wages from workers, abandoning workers without paying them, paying workers less than the wages offered and making improper deductions, giving the employer inflated production figures, overcharging workers for transportation or collecting for transportation expenses from both employers and workers, and abandoning crews far from home.

The 1963 act required farm labor contractors who recruited 10 or more migrant workers for interstate farm work to register with the Department of Labor. Registration certificates were issued to applicants who carried the minimum amounts of insurance and agreed to be fingerprinted. Registered contractors were required to disclose wages and working conditions to workers who were being recruited, to keep accurate records on each worker's production, and to issue written wage statements that itemized deductions. Contractors were prohibited from hiring undocumented workers. Violations of the 1963 law could result in loss of the registration certificate, a \$500 fine, or both.

The 1963 act had minimal effect, because it was not enforced. Contractors learned that the Department of Labor would register them in the field if they were discovered operating without a certificate and that inspections were infrequent. Only 2,900 of the estimated 5,000 to 8,000 farm labor contractors in the United States who should have registered actually were registered in 1971 (Department of Labor, "Review of the Rural Management Service," 1972).

At 1973 Congressional hearings, the Department of Labor agreed with farmworker supporters that there was no effective enforcement of the act. The number of compliance officers for the United

States had fallen from 40 in 1965 to 5 in 1972. Insufficiencies in the 1963 act and its enforcement measures were also blamed. A 1972 lawsuit against the Department of Labor for inadequate services to farmworkers led to an internal reorganization of the department. Enforcement was transferred to the 1,100 inspectors who enforced minimum wage laws.

The act was amended in 1974 to broaden its coverage and enforcement capabilities. Small and intrastate farm labor contractors were required to register, as were many farmers, food processors, and other "fixed-situs" employers and their foremen. Civil monetary penalties of up to \$1,000 per violation were added, and criminal penalties were escalated to a maximum of three years' imprisonment and a \$10,000 fine. Contractors could be fined for knowingly hiring undocumented

workers, and farm employers were required to ask contractors for their registration certificates. Additionally, farmworkers were permitted to sue violating farm labor contractors in U.S. district courts.

The 1974 amendments were interpreted to mean that any farm employer who did not recruit workers in person had to register as a farm labor contractor, as did foremen who recruited or hired employees on more than an incidental basis. Full-time ranch foremen who handled recruitment were thus considered contractors, as were most farm corporations and partnerships. The number of registered labor contractors jumped to almost 12,000 in 1977 and peaked at almost 19,000 in 1982.

The requirement that fixed-situs farmers and packing shed operators register led to pressure to amend the act again. Negotiations between farmworker and

TABLE 1. Farm employment, 1974-1982

California	1974	1982	Percent change
Farm employers-direct hire	31,268	40,057	+28.1
- wages (\$ million)	1,043	1,819	+74.4
Farms hiring farm labor contractors (FLCs)	13,330	18,149	+36.2
- wages (\$ million)	186	414	+122.6
Large employers-direct hire*	3,360	5,825	+60.5
- wages (\$ million)	789	1,541	+95.3
- percent of direct hire wages	75.6	84.7	
Large employers of FLCs*	3,104	3,438	+10.8
- wages (\$ million)	142	355	+150.0
- percent of contract wages	76.3	85.7	
Large farms-direct hire†	2,688	4,743	+76.5
- wages (\$ million)	668.5	1,363	+103.9
- percent of direct hire wages	64.1	74.9	
Large farms hiring FLCs†	1,026	1,868	+82.1
- wages (\$ million)	99.9	260	+160.3
- percent of contract wages	53.7	62.8	
FVH farms,‡ direct hire	18,458	27,713	+50.1
- wages (\$ million)	657	1,240	+88.7
- percent of direct hire wages	63.0	68.2	
FVH farms‡ hiring FLCs	8,492	13,671	+61.0
- wages (\$ million)	131.8	341	+158.7
- percent of contract wages	70.9	82.4	

Source: U.S. Bureau of the Census, Census of Agriculture, 1974 and 1982.

* Farms in the highest farm wage category. This was \$50,000 and more for direct-hire employers in 1974 and 1982; \$10,000 and more for FLC employers in 1974; \$20,000 and more for FLC employers in 1982.

† Farms in the highest annual gross sales category, which is \$500,000 and more.

‡ Fruit and nuts, vegetables and melons, and horticultural farms.

TABLE 2. Farm labor contractors (FLCs), crew members and wages in California by regions, 1983

Region	Active FLCs 3rd qtr*	FLC employment July†	Avg. employees per FLC July	1983 FLC wages \$000	Avg. monthly employment‡	Avg. annual FLC wages per job slot§
Southern CA	50	4,202	84	28,973	5,683	5,098
South Coast	47	4,572	97	31,984	3,811	8,392
Central Coast	45	4,041	90	19,947	3,082	6,472
San Joaquin	560	44,449	79	180,039	33,712	5,340
North Coast	15	304	20	2,127	316	6,731
Sacramento	59	3,490	59	9,507	1,852	5,133
STATEWIDE TOTAL	776	61,058	79	272,577	48,456	\$5,625

Source: State of California Unemployment Insurance Records.

* FLCs reporting wages in third quarter.

† A worker employed by two FLCs in the same month would be counted twice.

‡ Calculated by adding workers employed each month for 12 months and dividing by 12.

§ Calculated by dividing total 1983 FLC wages by average monthly employment. Because of the seasonal nature of the work, this wage may be spread among several workers.

farmer groups in the early 1980s yielded one of the few consensus farm labor bills in history, the Migrant and Seasonal Agricultural Worker Protection Act of 1983. This act switched the emphasis from registering farm labor contractors to protecting migrant and seasonal farmworkers. It distinguishes between labor contractors and fixed-situs farm employers, but requires both groups to disclose and post wages and working conditions, keep complete payroll records, itemize each worker's production and deductions, insure vehicles used to transport workers, and have housing and vehicles inspected for health and safety. Only farm labor contractors, however, must register, and

only they are prohibited from knowingly hiring undocumented workers.

Enforcement

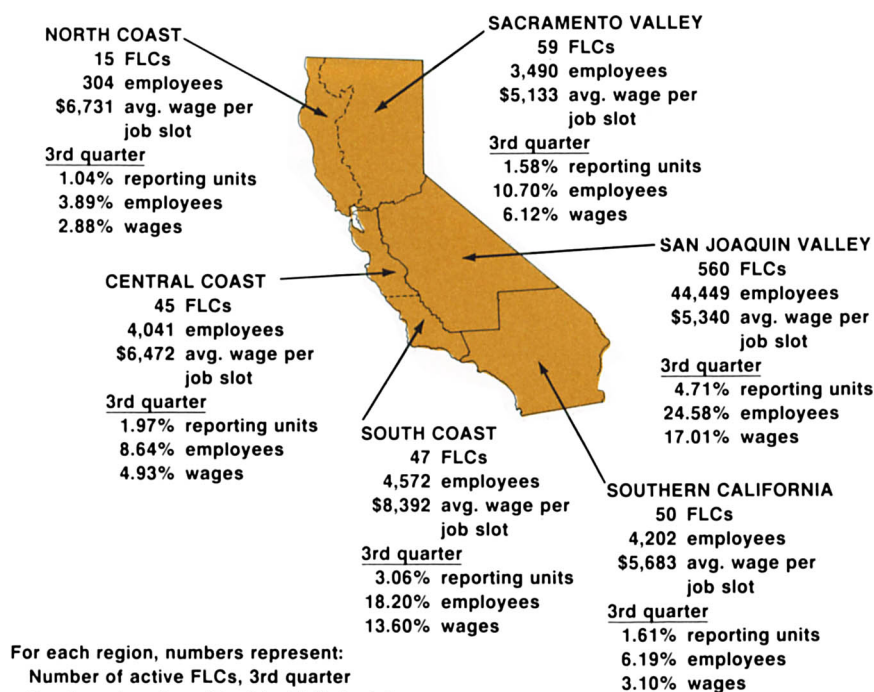
Although enforcement has increased greatly since 1975, the vast majority of workers, 90 percent in 1983, have been unaffected by Department of Labor investigations, and noncompliance has been high. In recent years, the Department of Labor has devoted 22 to 32 "person-years" to enforcement of the act, an effort that yields 3,100 to 3,700 investigations annually. Of the investigations conducted nationally since 1980, 53 to 65 percent have revealed violations. Contractors and employers investigated and found not in

compliance averaged three violations each. The most common violations include "paperwork" infractions such as failure to register, keep records, or post wages and working conditions. Common substantive violations include failure to comply with housing, health, and safety standards; failure to disclose wages to workers; and failure to give workers a wage statement with itemized deductions.

The Department of Labor Region IX office in San Francisco, which covers California, Nevada, and Arizona, devoted 3.7 person-years to 595 investigations in 1984. Noncompliance with the 1983 act was significantly more frequent than the national average, with nearly 80 percent of the investigations revealing one or more violations. In Region IX, each 7.8 hours of enforcement activity generated one violation in 1982, compared with a national average of 9.1 hours, indicating that Region IX had more violations, more efficient investigations, or both. Most California violations were found by the Sacramento and Glendale/Los Angeles offices (table 3).

Region IX includes 4,600 registered farm labor contractors and foremen. The U.S. Immigration and Naturalization Service estimated in 1975 that 30 percent of California's farmworkers were illegal aliens, and representatives of farm organizations have asserted in congressional testimony that 50 to 60 percent of the work force was undocumented in the early 1980s. It is clear that some contractors are dependent on illegal alien workers; the Immigration and Naturalization Service apprehended 180 workers employed by a single contractor in the Fresno area within five months. However, under the 1983 act, which prohibits contractors from knowingly hiring undocumented workers and imposes a fine of up to \$1,000 for each violation, an average of only 21 contractors were cited for hiring an average of 15 undocumented workers each from 1980 to 1983. In 1984, the Department of Labor found 23 contractors hiring undocumented workers in the Sacramento area, 24 in the Glendale area, 4 in the Santa Ana area, and 1 in the San Francisco area, which covers the Salinas Valley. Nationwide, contractors were fined

REGIONAL ANALYSIS OF FLCs, FLC WORKERS, AND FLC WAGES, 1983



Source: State of California unemployment insurance records

TABLE 3. FLCRA and MSPA investigations and selected violations in region IX, 1983-1985

Region IX	FLCRA/MSPA compliance actions	FLSA compliance actions	Failure to disclose conditions to workers	Failure to provide wage statement	Failure to ensure housing safety & health	Failure to provide safety transportation	Failure to obtain ins coverage	Failure to register	Hired illegal aliens
Fiscal year:									
1983	629	5,048	20	50	14	4	6	11	17
1984	595	5,766	117	164	88	30	13	16	55
1985 (6 months)	313	3,187	57	77	57	13	9	9	20

Source: U.S. Department of Labor, Region IX

\$426,000 for hiring 1,072 illegal aliens in 1983.

The Immigration and Naturalization Service can remove illegal aliens from a work place, but only the Department of Labor levies fines on contractors who knowingly hire undocumented workers. This two-agency enforcement mechanism has not prevented contractors from hiring undocumented workers; indeed, their activity with such workers appears to be expanding, according to a 1983 survey by the University of California and the California Employee Development Department. This experience with employer sanctions indicates that, without greatly expanded enforcement, federal sanctions will make little difference in the number of undocumented workers hired.

Conclusions

Farm labor contractors have been important in California for over a century. Today, they provide about one-fifth of agricultural employment in California, and contract employment is increasing faster than the employment rate of workers hired directly by growers. Three-quarters of California's farm labor contractors and contract workers are employed in the San Joaquin Valley.

Average contract wages are lower than average agricultural wages in every region in California. The South Coast region pays the highest contract wages at \$8,400 per job slot — 65 percent higher than the southern California average of \$5,100.

Contractors have been subject to federal regulation since 1964. Progressively stricter regulation was expected to diminish contractor activity. It has been expanding, however, despite enforcement efforts indicating that more than half of all contractors investigated are violating at least one provision of the most recent (1983) federal act.

Since 1965, farm labor contractors have been prohibited from knowingly hiring undocumented workers. Despite criminal fines of up to \$10,000 and three-year prison terms and civil fines of \$1,000 per undocumented worker, estimates indicate that many contract crews are 30 to 60 percent illegal alien workers. However, the Department of Labor cited an average of only 21 contractors for hiring an average of 15 illegal alien workers each in California, Arizona, and Nevada in the early 1980s. It appears that, without greatly increased enforcement, employer sanctions laws would make little difference in the hiring of undocumented workers.

Suzanne Vaupel is Visiting Agricultural Economist, and Philip L. Martin is Professor, Department of Agricultural Economics, University of California, Davis.



Jack Kelly Clark

Counting populations of the tiny citrus red mite and predator mite on orange trees to determine if control treatments are needed can be a time-consuming task.

Presence-absence sampling of citrus red mite

Frank G. Zalom □ Lloyd T. Wilson □ Charles E. Kennett
Neil V. O'Connell □ Donald L. Flaherty □ Joseph G. Morse

The speed and simplicity of the system make it highly practical

Relating pest abundance to changes in productivity or quality is a basic element of the grower's decision-making process. Where reliable decision rules have been applied in a pest management system, the result is often a reduction in pesticide use and less risk of damage. Control action thresholds are an integral part of a pest management system, but using them requires monitoring of pest abundance. The lack of an efficient and reliable monitoring scheme is often the limiting factor in a grower's ability to use research that has been developed on pest management.

One method that has proved acceptable to California growers and pest management consultants is presence-absence sampling. This technique is possible because of the ecological relationship between the proportion of sampling units containing a pest or natural enemy and the numbers of the organism per sampling unit. Presence-absence sampling is especially useful where the organism be-

ing recorded is small, abundant, and difficult to count. We have found a significant reduction in the time it takes to reliably sample the abundance of such organisms as mites, aphids, and their predators. The following is an application of presence-absence sampling for the citrus red mite, *Panonychus citri*, and a predatory mite, *Euseius tularensis*, on San Joaquin Valley orange trees, a situation that heretofore required exhaustive counts of both mite species for use of UC-recommended decision rules.

We collected the initial data for this study every two weeks at Lindcove in Tulare County for an eight-year period. During the 1968-69 through 1971-72 seasons, we selected eight leaves from two groups of four trees each. One leaf was selected from the upper and lower portions of the tree at each compass direction. During 1972-73 through 1975-76, we selected 16 leaves from each of two groups of four trees each, taking two leaves from the