

Less Surface Water, More Fruit & Vegetable Production and Hired Labor Impacts

Don Villarejo, Ph.D.

Conference on California Agriculture: Water, Labor
and Immigration

April 15, 2016

University of California, Davis

Farm Cash Receipts for F-V-N Crops Increased 3-yr Pre-Drought vs. 3-yr Drought Annual Averages, 2009-11 vs. 2012-14

Source: California Agricultural Statistical Review, Cash Income by Commodity Groups 2009-11 and 2012-14. CDFA. Adjusted to 2014 dollars.

- Fruit and Nut crop cash receipts **increased** by 38% to \$20.4B
- Vegetable and Melon crop cash receipts **increased** by 1.7% to \$7.7B
- Nursery and Floriculture crop cash receipts **decreased** by 12% to \$3.3B
- Overall, F-B-N crops were more than 62% of total farm cash receipts, a substantial increase over the corresponding figure for 1974, 39%.
- *Note: Excluding nut crops, for **labor-intensive** crops: the combined berry, grape, nursery, tree fruit and vegetable crop cash receipts **increased** by 9.5% to \$23B.*

Figure 1. Farm cash receipts, CA, F-V-N Crops (billion 2012 \$)

Source: Census of Agriculture, 1987-2012, and corrected

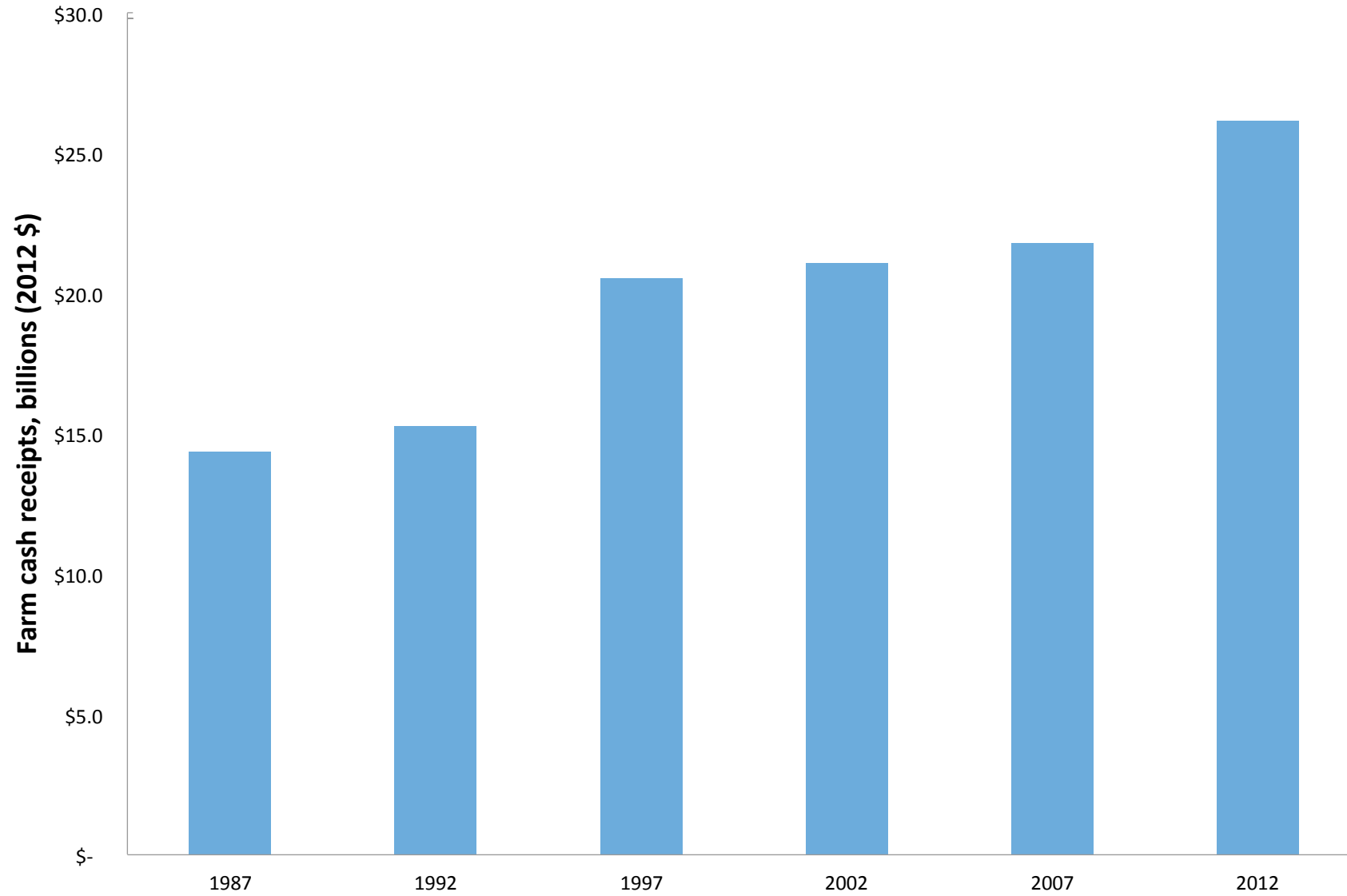
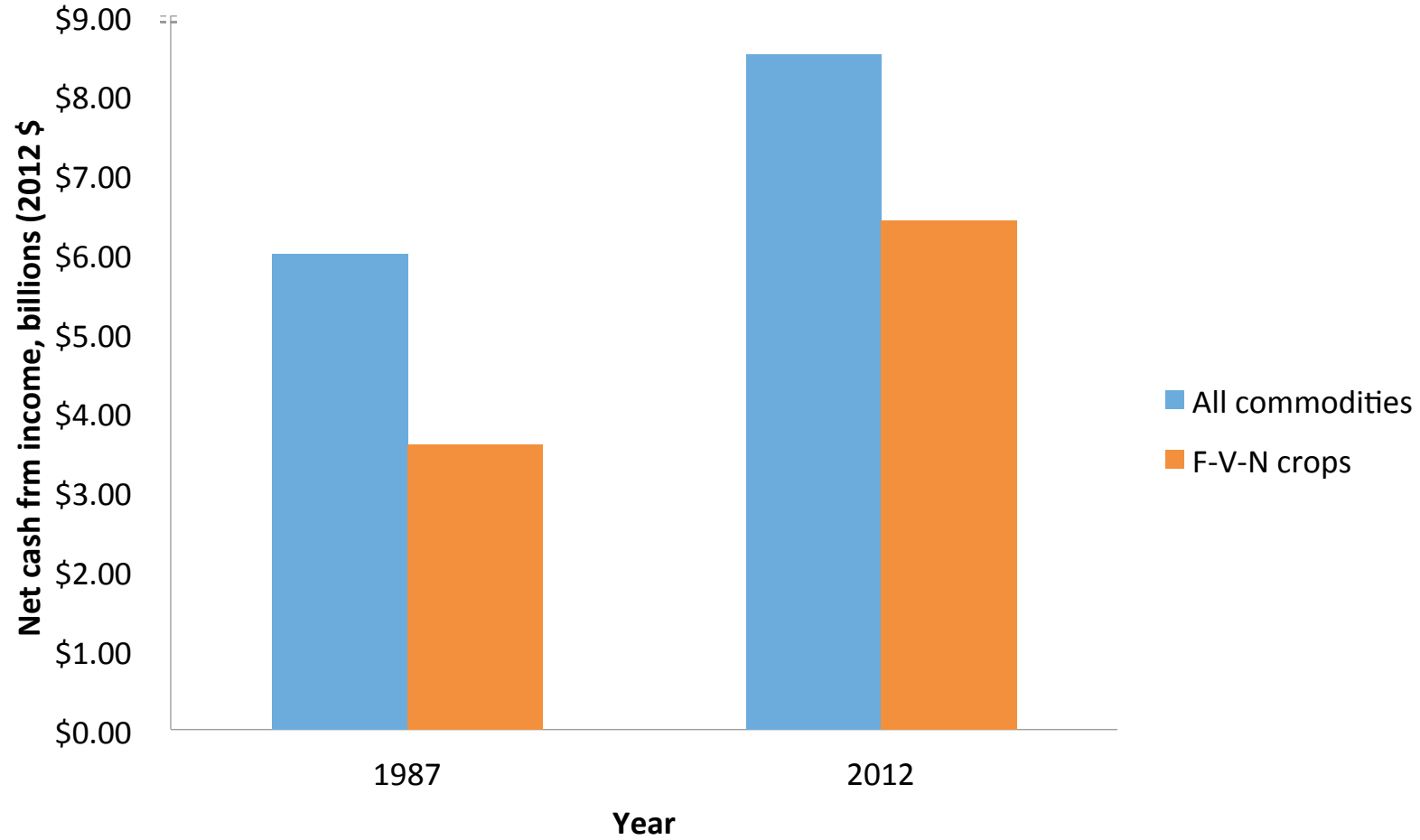
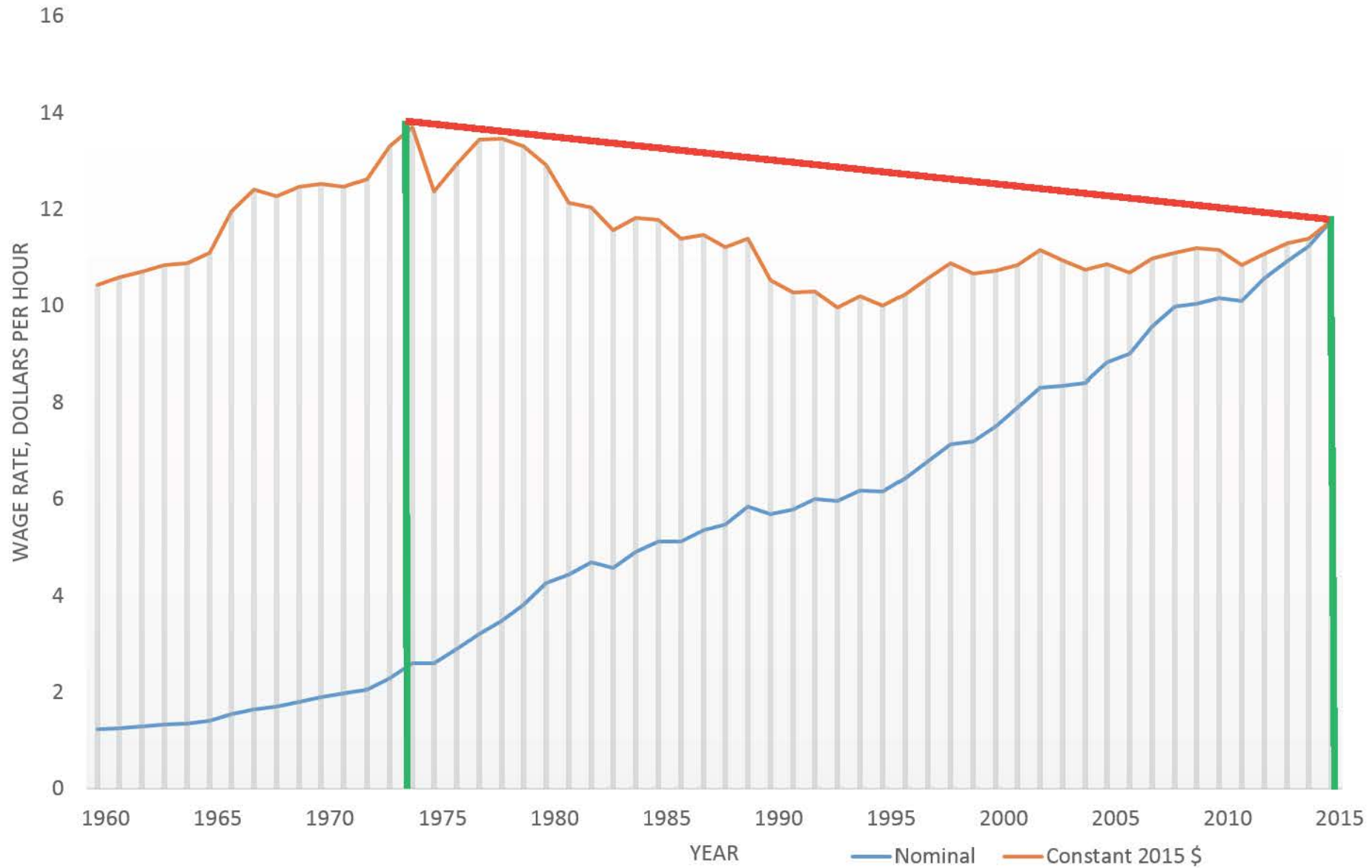


Figure 2. Net Cash Farm Income, 1987 & 2012 (billion 2012 \$)

Source: Census of Agriculture, 1987 & 2012



Annual Average Hourly Wage Rate (Nominal and Constant 2015 \$)
Field Workers, California, 1960-2015
Source: USDA "Farm Labor" & CA DIR (CA-CPI)



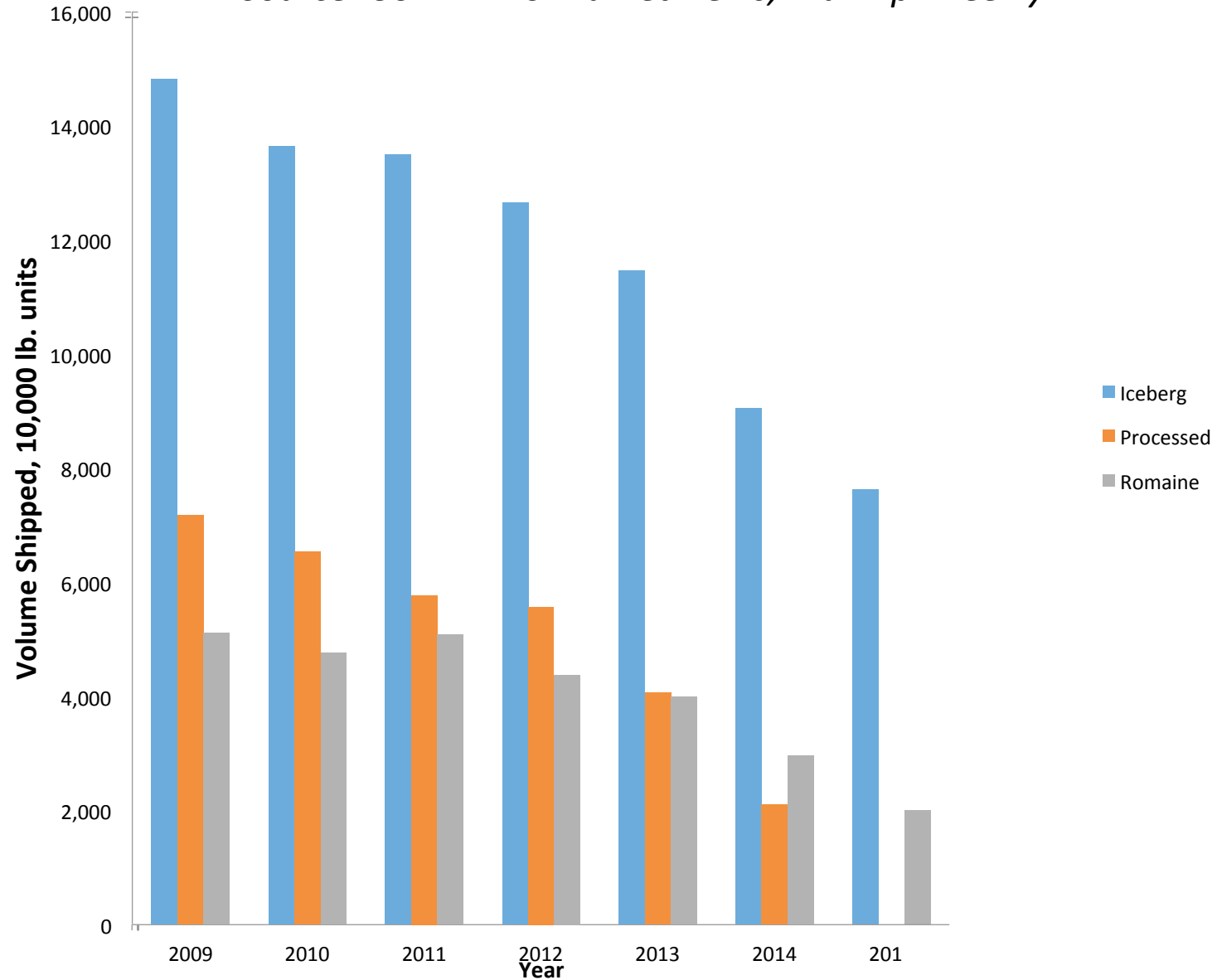
Tulare County, Top County in U.S. Farm Production and California's Top County in Poverty

Source: 2014 Tulare County Annual Crop and Livestock Report; Census Bureau ACS PUMS

- Tulare County, **“Leads the nation in agricultural production - \$8.1 billion...an increase of \$737,750,400, or 10%, over 2013’s value...”**
- Tulare County **harvested acreage declined by 275,635 acres** in 2014 as compared with 2013, but harvested acreage of **Fruit & Nut crops increased** by 19,615 acres, or 5%.
- County-wide **poverty among families was 22%**, making the county the state leader in poverty, as it has been for the last three decennial Censuses.
- Outside of the principal cities (Tulare, Visalia & Porterville), the **poverty rate was 33.4%**.

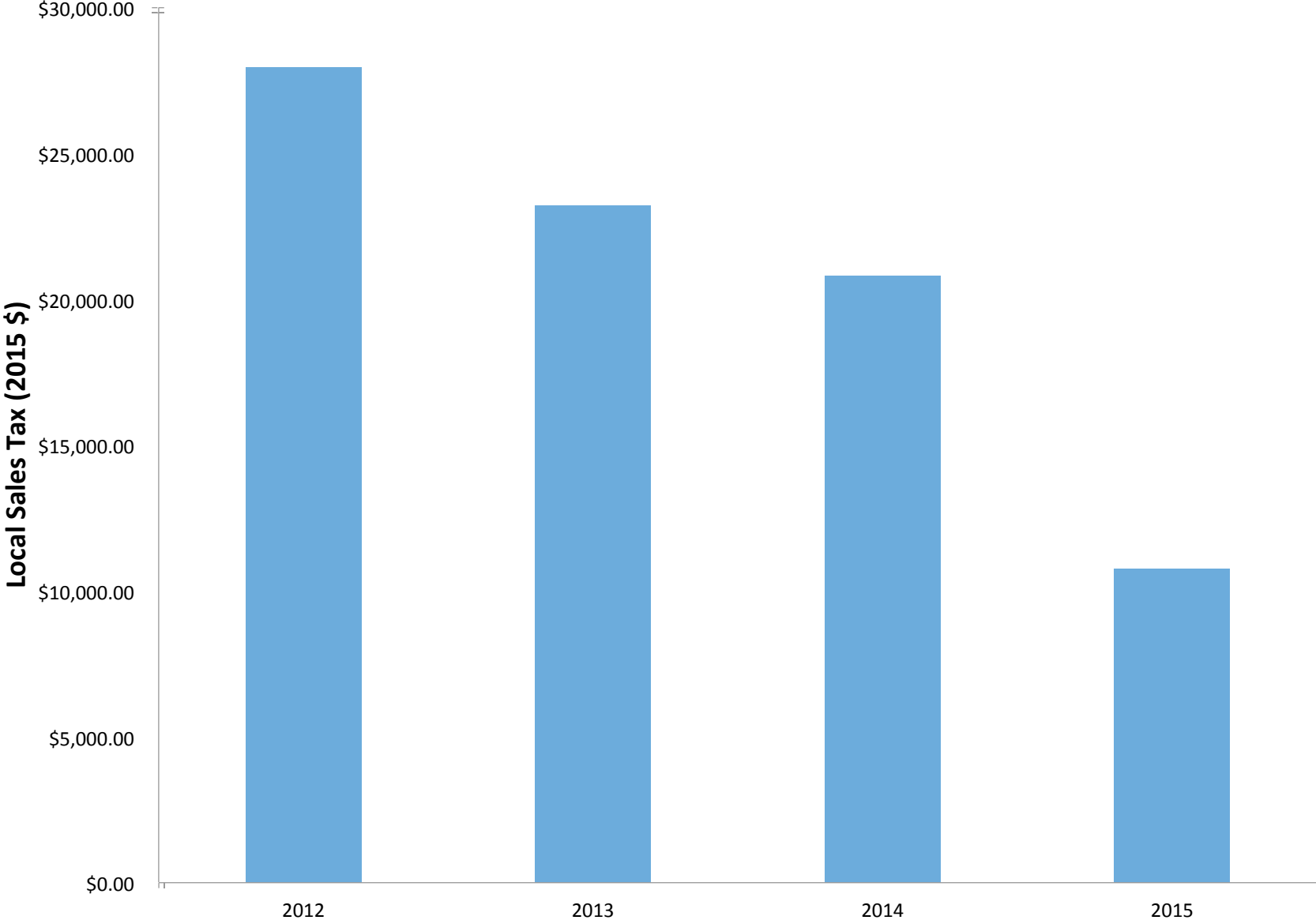
Huron Lettuce Shipments, Spring Season (10,000 lb. units)

Source: USDA AMS Market News, Mar-Apr weekly



Local Sales Tax Allocations, Huron, CA, March-April, by Year (2015 \$)

Source: California, Bureau of Equalization, Local Tax Allocations, 1% Sales and Use Tax



Are increases of the California minimum wage associated with changes in farm employment?

Source: California EDD/LMID Agricultural Employment; USDA NASS Farm Labor

- Increases of California's minimum wage from 1998 to 2014 were associated with an average of +4.7% increase of average wage rates for all direct-hire farm labor, as measured by wage rates just before and just after the minimum wage went up.
- California's minimum wage increased from \$8.00 to \$9.00 per hour, effective July 1, 2014. Adjusted to 2015 \$, the minimum wage increased by 6.0%.
- From 2013 to 2015, the annual average of reported monthly employment in California agriculture increased from 408,000 to 441,000 (p), or +8.1%.
- During the same period, annual average wage rates (2015 \$) for **all** direct-hire farm labor increased by 6.6%.
- Effective January 1, 2016, the California minimum wage increased to \$10.00 per hour. Will agricultural employment now decline?

Conclusions

- Continuation of increased specialty crop production, and associated net cash income, for many growers, despite drought.
- Average wages for farm labor declined significantly since peaking in 1974, but recent modest increases were associated with substantial changes in California's minimum wage.
- West San Joaquin Valley farmers, workers and communities were adversely affected by irrigation supply cutbacks associated with ill-advised Federal law and environmental policy, and the drought.
- New research is needed. First, how have farmers, workers and communities been affected by irrigation water cutbacks, particularly on the west side? Second, how have farm operations adjusted to increases of California's minimum wage, especially among smaller operations?