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ATTRACTING AND HOLDING LABOR IN COLORADO AGRICULTURAL COOPERATIVES

Ву

Forrest E. Walters and Larry Marks*



*Professor and former Graduate Research Assistant, respectively, Department of Economics, Colorado State University, Fort Collins, Colorado

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Colorado agricultural cooperatives have a unique problem in acquiring and holding labor, at all levels, due to competition from growing Front Range industry and other agricultural sectors of Colorado. The Colorado labor situation suggests that monitoring wage and employment levels of the competing Front Range industries and evaluating employee benefits are probably necessary. As indicated by a sample of 21 cooperative firms in rural areas, two-thirds of the cooperative firms outside the Front Range Area of Colorado were having labor problems that were to some extent disruptive to normal business activity. Of the seven cooperative firms who did not indicate that they had disruptive labor problems, six either used contract labor or offered a program of employee benefits.

The increasing size of the Front Range labor market is shown in Table 1. Employment increased roughly 58 percent from 1965 to 1972.

TABLE 1 Front Range Employment, 1,2 1956-1972. (Thousands of Employees and Employing Units)

Year	Reported Employees	Reporting Units ³
1965	289	24
1972	457	28
% Increase*	58%	15%

¹Includes Adams, Arapahoe, Boulder, Denver, El Paso, Jefferson, Larimer, Pueblo, and Weld Counties.

The increase in employment by the Front Range area was above national trends. Further, other studies indicate that the Front Range draws employees from rural areas of Colorado. 1

As employment in the Front Range industries has increased, rural employment in Colorado has also increased, as shown in Table 2.

TABLE 2
Employment in Rural Colorado, 1,2 1965-1972.
(Thousands of Employees and Employing Units)

Year	Reported Employees	Reporting Units
1965	10.2	16.4
1972	14.1	15.8
% Change ³	37%	-3.5%

 $^{^{1}}$ Includes Baca, Cheyenne, Mesa, Moffat, Montezuma, and Sedgwick Counties.

As demand for rural labor has increased, the qualification of the rural labor force has increased as indicated by comparative educational levels. During 1967, the average rural laborer's educational level was 8.6 years; by 1972, it had reached 10.7 years of formal educational. The increased educational level may lead to additional employment alternatives. For that reason, rural labor drawn into cooperative employment may not feel committed.

Monitoring Wage and Employment Levels

With the increased demand for labor in Front Range industries, a gap has developed between the average wage rates paid to laborers in agricultural cooperatives as compared to Denver union rates or hourly earnings of laborers by categories. Responses from the survey indicated that agricultural cooperatives were paying about \$2.38 per hour during 1973/74. A more inclusive survey by the Colorado Cooperative Council indicated an average rate of \$2.45 during the same period. As shown by Table 3, the sample of the same 21 firms taken in 1975 indicated an average rate of \$2.75 per hour.

TABLE 3
Wage Estimates for Colorado Manufacturing
Workers and Agricultural Cooperative Workers
(Dollars Per Hour)

Year	Colorado Agricultural Cooperatives	Year	Production Workers Colorado Manufacturing ¹
1973/74	\$2.38~\$2.45	1973	\$4.15
1974/75	\$2.75	1974	\$4.40-\$4.70 (estimated)

¹Employment and Earnings, 1964-74, Bureau of Labor Statistics, U.S. Department of Labor.

A gap of as much as \$.75 per hour could probably exist. Workers located in rural areas would probably be reluctant to move due to higher living costs in the Front Range area and probably undesirable living conditions. However, the current gap will probably encourage movement to the Front Range area. Employees of five cooperatives indicated that they would move if wages in the Front Range area were higher. However, they were reluctant to specify an exact amount. They indicated that \$.75 per hour might be enough to encourgage them to move.

Table 4 shows Denver union rates and Table 5 shows hourly earnings by type of worker for the Denver area. Earnings in Table 5 are for 1972 and are taken directly from the Area Wage Survey, Denver, Colorado Metropolitan Area, December 1972. Rough estimates can be made for 1975 by adding 20 percent to each rate shown in the Area Wage Survey (Table 5). Attitudes of workers with lower paid skills in the \$2-\$3 per hour range indicate that rural employers must match the Denver rates to discourage movement to Denver. But, as noted above, workers with skills in the \$4-\$5 will accept as much as \$.75 per hour less in order to remain in the rural area.

²County Business Patterns, 1966-1973: U.S. Summary, Volume 1, and Colorado Volume 7.

³Firms that return sales and income tax forms.

[&]quot;Accounts for rounding of data.

²County Business Patterns, 1966-1973: Colorado, Vol. 7.

³Accounts for rounding of data.

¹Colorado Rural Development.

²Earm Labor Developments, 1968, U.S. Dept. of Agriculture.

TABLE 4 Selected Colorado Wage Rates

	Denver Average	Union Rates ¹	•
Year	Helpers and Laborers	Local Truck Drivers	Production Workers Colorado Manufacturing ²
964	\$2.95	\$2.85	\$2.83
965	3.15	3.01	2.84
966	3.31	3.18	2.89
967	3.48	3.35	3.05
968	3.62	3.48	3.24
969	3.82	3,66	3.47
970	4.02	4.02	3.57
971.	4.35	4.55	3.87
972	4.37	4.81	4.05
1972	T . U . 3	3	4.15

¹U.S. Department of Labor, Bureau of Labor Statistics, <u>Handbook of Labor Statistics 1973</u>, Bulletin 1970, Table 96, p. 218.

Tables 3 and 4 are taken from the Area Wage Survey for Denver and the Handbook of Labor Statistics. They are published annually and the wage rates reported are for one and two years prior. Table 6 is taken from the Employment and Earnings report and can be used to indicate all the changes in wage levels on a current basis--up roughly 20 percent from 1972, the time of the Area Wage Survey.

In short, it is suggested that the Area Wage Survey be used to provide the base wage for an occupation. Employment and Earnings could then be referrred to periodically to detect current trends, and the Handbook of Labor Statistics would be used at the end to verify the position of the agricultural cooperative.

Monitoring Employee Benefits

Benefit programs are usually necessary to encourage laborers to consider their "job" as a career. Retirement programs are especially useful to promote employment longevity. Some boards of directors tend to discourage retirement programs because most members are farm producers, and farm producers do not for the most part maintain formal retirement programs. However, nearly all farm producers accumulate appreciating assets in land and whole life insurance programs that can be used for retirement if they desire and that can be inherited by the next generation. They also carry Social Security programs.

Agricultural cooperatives are currently building employee benefit programs as shown by Table 7.

The employee benefits offered by agricultural cooperatives are not at the levels of national averages yet. However, compared to farm workers, agricultural cooperative workers are in an enviable position. Table 8 shows the national levels in terms of percentage of employees receiving benefits.

Publications provided on employee benefit programs have been available for some time. Two publications published by the Farmer Cooperative Service of the U.S. Department of Agriculture are: Employee Incentive Programs, General Report 104, August 1962; and Retirement Plans of Farmer Cooperatives, FCS Circular 21, September 1957.

An Alternative

A possible method of alleviating the labor problem burden on managers and allowing them to concentrate on the operations of the cooperative would be for the cooperative to affiliate with a larger association. That association would cope with the recruiting, training, and other problems of personnel management.

This would allow compensation and incentives to be standardized in a system that could be responsive to changes and trends in the field of employee relations. It would also allow employees to anticipate a continuous career in cooperatives, yet would allow them some mobility through transfers which would be made possible by a system such as this. Furthermore, it would allow for a centralized agency which could advertise for, and recruit, labor on a statewide basis. That convenience alone would allow an infinite advantage in the competition for labor.

Summary

A number of the Colorado agricultural cooperatives have some difficulty in acquiring and maintaining acceptable labor. It appears that major reasons for this are the strong, competitive demand for labor in the growing Front Range industry sector and the greater use of hired labor on farms and agriculture-related industries in rural Colorado.

The drawing power of Front Range industries and other agricultural employment suggests that agricultural cooperatives in Colorado should monitor wage rates and employee benefit programs of their competitors for labor. Through monitory efforts, agricultural cooperatives can be more successful in offering wages and benefit programs that will hold current employees and be attractive to job seekers. This report provides information about and a procedure for monitoring wage rates paid to employees in Colorado.

²As reported in Employment and Earnings, 1964-74.

³Not available at the time of this writing.

TABLE 51
Custodial and Material Movement Occupations: Hourly Earnings (Average Straight-Time Hourly.
Earnings of Workers in Selected Occupations by Industry Divison, Denyer: Colorado, December 1972)

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an Decompation and Jacks two Diviction	Number				5	.70 \$11.	80 \$1.5	90 \$2.0	00 \$2.20	0 \$2.40	\$2.60	\$2.80	\$3.00	\$3.20	\$3.40	\$3.60	\$3.80 \$	\$4.00 \$4	4.20 \$4	.40 \$4	.60	80 \$5.	00 \$5.	20 \$5.	40 \$5.	.60
ca, occupation, and engages attack	5°	Mean	Median	Middle Range	Under \$1.70 \$1.	.80 \$1	90 \$2.0	00 \$2.2	20 \$2.40	0 \$2.60	\$2.80	\$3.00	\$3.20	\$3.40	\$3.60	\$3.80	\$4.00 \$4	4.20 \$4	1.40 \$4	.60 \$4	\$5	00 \$5,	20 \$5.	40 \$5.	60 \$5.	.80
Men Men Cleaners, and Cleaners Manifocuting Menifocuting Manifocuting Public Utilities Retail Trade	2,577 429 2,148 362	\$2.58 3.51 2.40 3.68	\$2.55 2.56 2.56 2.56 2.56 2.56	\$2.09-\$2.84 3.29-3.93 2.07-2.49 3.55-3.88 2.09-2.93	55.00.00	0 100) 1	66 153	534		800 28 772 14	25. 118	93 22 53 53 53 53	76 43 43 32	20 4 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	22.23	33 40 40	35.	E 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	vs 1 ss.⊷ et	91011			00111	1 1 5 4 1	1 1 5 5 1	क । क्या
Laborers, Material Handling Namufacturing Nombaufacturing Nombaufuring Retail Trade	2,216 1,753 460 460	3.62 2.62 2.53 2.53 2.53 2.53	2.6.4.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.2.	3.33-4.50 3.33-4.50 5.71-5.77 2.61-3.63	eriji.	200 1 mm 1 mm		2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	14 1 14 1 14 1 14 1 14 1 14 1 14 1 14		4.827 1 60	25 E 1 4	225 33 192 46	1,7485	215 225 190 190 162	28 28 87 28 26 26	278 191 2 25	319 1 76 7 7 1 36 3	137	73		11111	2,22,	உ ட்டு (அ.)	च चर्च १०००-४५	476 476 476
Order Fillers Nanufacturing	1,931 540 1,391	3,90	4.01 3.85 4.01	3.33- 4.15 3.55- 4.18 3.14- 4.11	3 3 F		1 / 1	99 99	2 - 25		5 15.	8,75	150	168 145	228 170 58	22	39 4 88	635 2	269 12 257	m in	9:9:	& & .	1 1 1		£ £ £	1 8 3
Packers, Shipping	620 303 317	3.55	3.53	2.88- 4.28 2.95- 4.26 2.87- 4.72	r # 3	į T 3		13 22		0.64 1	6 85 ±	98	29	400	98 4 86	20.0	24 24		120	32.2	96. 196	· · · ·	i 1 1	1 1 1-	4 1 K	111
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Truck Drivers, Light (Under 1-1% Tons)	613 51 562	3.30	3.03	2.75- 3.52 3.19- 4.86 2.74- 3.20	1 1 1	f 1 1) 1 i	13.3	22	22 22	73.5	71 64	173	- 1-	8.1.8	ww i	R. 4	Wistr I	8 + 72	1 + 1	10 F 10	44:	F + +	r + +		9 ' 9
Truck Drivers, Medium (1% to and Including 4 Tons. Amnincturing. Noomsanfacturing. Retail Trade.	1,563 1,565 985 238 238	. 46. 3.7.46. 2.7.46. 3.7.46. 3.7.46.	4, 3, 36, 53, 70, 28, 28, 28, 28, 28, 28, 28, 28, 28, 28	3,44-5,71 2,90-4,01 3,47-5,72 4,56-5,75 2,96-3,49	; ; ; ; f ,	E # # E 1	1 1 1 1 1		0 0 1	99 99 18	₩, ₩, ₩	105 70 35 25	27-12 8	00 E 100	901	57 80 4 E. Q.	201 202 20	92.64.0	\$ 1 0 0 m	69.	2 22 2	44111	F F F F F			502 502 502
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¹U.S. Department of Labor Statistics, Area Mage Survey, Denver, Colorado, Metropolitan Area; December, 1972, Bulletin 1775-35, March 1974, p. 14.

TABLE 6^1 Establishment Data—State and Area Hours and Earnings (Gross Hours and Earnings of Production Workers on Manufacturing Payrolls, by State and Selected Areas)

Production Workers on	manuract	uring rayr	oils, by	State	and Se	lected	Areas)		nikanakan kanan kana
State and Area	Av	erage Week Earnings	ly	Aver	age We Hours			rage Ho Earning	
	June	May	June	June	May	June	June	May	June
	1974	1975	1975P	1974	1975	1975P	1974	1975	1975P
Alabama	\$152.93	\$160.34	\$159.54	41.0	39.3	39.2	\$3.73	\$4.08	\$4.07
Birmingham	177.80	192.57	194.93	40.5	39.3	39.7	4.39	4.90	4.91
Mobile	180.13	209.32	196.49	41.6	43.7	40.1	4.33	4.79	4.90
Alaska	272.00	270.29	THE PARTY OF THE P	40.0	35.8		6.80	7.55	
Arizona	172.73	184.70	186.05	39.8	38.4	38.6	4.34	4.81	4.82
Phoenix	175.71	188.47	189.44	40.3	38.7	38.9	4.36	4.87	4.87
Tucson	183.82	187.02	189.24	40.4	38.8	39.1	4.55	4.82	4.84
Arkansas Fayetteville-Springdale Fort Smith Little Rock-North Little Rock Pine Bluff	133.32 123.82 129.69 147.02 160.74	136.64 125.45 133.92 154.01 156.08	138.84 129.35 135.42 157.19 168.39	39.3 40.5	38.6 38.6 37.2 38.6 37.7	39.0 39.8 37.0 39.2 38.8	3.30 3.02 3.30 3.63 3.93	3.54 3.25 3.60 3.99 4.14	3.56 3.25 3.66 4.01 4.34
California Anaheim-Santa Ana-Garden Grove Bakersfield Fresno Los Angeles-Long Beach Modesto Oxnard-Simi Valley-Ventura Riverside-San Bernardino-Ontario Sacramento Salinas-Seaside-Monterey San Diego San Francisco-Oakland San Jose Santa Barbara-Santa Maria-Lompoc Santa Rosa Stockton Vallejo-Fairfield-Napa	188.94 176.99 195.21 162.33 180.63 179.10 163.17 190.48 197.51 173.82 187.78 218.96 196.18 160.65 180.85 199.36 188.18	201.88 188.65 200.85 176.73 192.18 189.00 177.45 203.94 212.80 183.55 189.88 235.39 215.67 173.18 182.66 211.14 219.85	203.97 191.68 199.56 176.32 192.57 192.79 181.43 205.88 220.38 184.61 194.43 239.78 218.79 176.18 186.50 218.79 206.45	40.5 39.4 40.5 38.6 39.7 40.7 38.5 38.8 39.7 39.1	39.2 39.8 39.0 39.1 39.3 37.5 39.0 39.6 38.4 37.6 38.4 39.0 38.4 39.0 38.4 39.0	39.3 40.1 38.9 38.0 39.3 38.1 39.7 39.9 38.8 38.5 38.8 39.0 38.3 37.3 39.0 37.4	4.70 4.37 4.82 4.12 4.46 4.64 4.11 4.68 5.13 4.48 4.73 5.60 4.88 4.25 4.59 5.06 4.85	5.15 4.74 5.15 4.52 4.89 5.04 4.55 5.15 5.60 4.78 5.05 6.13 5.53 4.51 4.95 5.47 5.58	5.19 4.78 5.13 4.64 4.90 5.06 4.57 5.16 5.68 4.82 5.05 6.18 5.61 4.60 5.00 5.61
Colorado Denver-Boulder	181.65 186.80	196.21 195.50		40.1 40.0	39.8 39.1	van de la composita della composita della composita della composita della comp	4.53 4.67	4.93 5.00	
Connecticut Bridgeport Hartford New Britain New Haven Stamford Waterbury	183.90	188.25	191.68	41.7	39.8	40.1	4.41	4.73	4.78
	181.86	182.46	184.28	42.0	40.1	40.5	4.33	4.55	4.55
	197.86	209.80	214.56	43.2	41.3	41.5	4.58	5.08	5.17
	192.04	187.53	191.97	42.3	39.9	40.5	4.54	4.70	4.74
	174.53	182.28	188.73	40.4	39.2	39.4	4.32	4.65	4.79
	198.37	200.88	199.58	41.5	40.5	40.4	4.78	4.96	4.94
	167.84	161.95	164.40	42.6	39.5	40.0	3.94	4.10	4.11
Delaware	183.37	192.94	196.21	40.3	38.9	39.4	4.55	4.96	4.98
Wilmington	205.77	213.62	216.16	39.8	38.7	38.6	5.17	5.52	5.60
District of Columbia: Washington SMSA	196.86	213.38	216.19	38.3	37.5	38.4	5.14	5.69	5.63
Florida Fort Lauderdale-Hollywood Jacksonville Miami Orlando Pensacola Tampa-St. Petersburg West Palm Beach-Boca Raton	152.25	156.81	160.78	40.6	39.3	39.7	3.75	3.99	4.05
	154.09	157.56	157.60	41.2	39.0	39.5	3.74	4.04	3.99
	181.01	189.20	198.13	41.9	40.6	41.8	4.32	4.66	4.74
	139.91	143.56	144.34	39.3	38.8	38.8	3.56	3.70	3.72
	159.51	162.41	162.81	40.9	40.4	40.6	3.90	4.02	4.01
	181.12	182.05	193.39	44.5	38.9	40.8	4.07	4.68	4.74
	164.41	168.70	178.09	41.0	39.6	40.2	4.01	4.26	4.43
	179.86	186.41	190.28	40.6	40.7	40.4	4.43	4.58	4.71
Georgia	144.18	147.81	150.86	40.5	39.0	39.7	3.56	3.79	3.80
Atlanta	164.61	177.87	180.85	39.1	38.5	39.4	4.21	4.62	4.59
Savanah	176.36	181.75	193.66	42.6	41.4	42.1	4.14	4.39	4.60

¹Employment and Earnings, Vol. 22, No. 2, Bureau of Labor Statistics, Department of Labor, July 1975, June data is preliminary (1975P).

TABLE 7
Agricultural Cooperative Employee Benefit Programs

Kind of Benefit	Percentage Offering
(1) Retirement	67%
(2) Health Insurance	71%
(3) Life Insurance	57%
(4) Paid Vacation	62%
(5) Sick Leave	38%
(6) Overtime Pay	43%
(7) Bonus	43%

Percentage of plant and office workers in all industries who were employed by establishments which provide health, insurance, or pension benefits in 1969 and 1970.1

,	Plant Workers	Office Workers
Life Insurance Hospitalization	93% 95%	97% 96%
Sickness and Accident Insurance and/or Sick Leave Retirement	77% 77%	87% 84%

Percentage of all U.S. workers receiving paid vacation in 1969-70.2

	Plant Workers	Office Workers
One Week or More After: One Year	98%	99%
Two Weeks or More After: One Year Two Years Three Years Five Years	26% 54% 78% 95%	79% 95% 98% 99%

Percentage of U.S. workers receiving five or more paid holidays per year in 1969-70.3

<u>Plant Workers</u>	Office Workers
93%	99%

¹Handbook of Labor Statistics 1972, Table 113, p. 263-64.

²Ibid., Table 115, p. 266.

³Ibid., Table 116, p. 266.