

Day Labor in the Golden State

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SUMMARY

Day laborers who search for temporary employment on street corners, in front of home improvement stores, and at city-sponsored worker centers have captured the attention of city officials, policymakers, and many others in California. In general, day labor markets are part of the informal economy, meaning that workers and employers enter into agreements that are not usually reported to the government and do not conform to various labor regulations. The presence of day laborers in many communities throughout California and the nation has created conflict between community residents, employers, and day laborers. Concerns over day laborers range from community safety to the abuse of workers to the role that local government can play in mitigating the effects of this market.

Although day labor has become an ever-increasing topic of interest, a lack of data hampers the crafting of informed policies. This issue of *California Economic Policy* analyzes data from the 2004 National Day Labor Survey (NDLS) to address four questions: (1) How does the day labor market work? (2) What are the social and demographic characteristics of day laborers in California? (3) What are their working conditions? (4) How are local governments handling the presence of day labor markets in their communities?

The day labor market in California is highly visible, with many sites located on major thoroughfares and busy street corners—but survey findings suggest that it is not very big. Estimates show that approximately 40,000 workers are either looking for day labor jobs or employed as day laborers on any given day. This workforce represents only 3 percent of the state's male undocumented workforce and only 0.2 percent of its total workforce.

The NDLS reveals key characteristics about this relatively unknown population. For example, the average day laborer in California is a Mexican male in his early 30s, with seven years of schooling, who has been living in the United States for less than 10 years. In addition, the NDLS finds that 80 percent of California's day laborers are undocumented. On average, day laborers find work two to three days a week, although they look for work five days a week. Despite a relatively high hourly wage of about \$11, average weekly earnings are only around \$260, mainly because of the low average number of hours worked per week—about 23.

Despite the relatively small size of the day labor market, it attracts a great deal of public and policy attention. Direct and indirect side effects of the day labor market (such as littering) have generated differing community responses. Some communities have responded by passing

California Economic Policy is a series analyzing and discussing policy issues affecting the California economy.

ordinances or enforcing existing laws to eliminate or restrict day labor activity. Other communities have created day labor worker centers where workers and employers can transact their business, thus limiting their effect on the public.

California leads the nation in establishing such worker centers, with 24 operating throughout the state. Survey results indicate that day laborers who

frequent worker centers—30 percent of the California sample—generally experience better working conditions than those hired from informal sites. However, laborers hired at these centers work fewer hours per week than those hired from informal sites, even though workers at both kinds of hiring sites spend the same amount of time looking for work each week. This finding suggests greater congestion at worker centers—either because

these sites attract fewer employers or because they attract greater numbers of workers than informal sites do.

For many day laborers, worker centers may be attractive—despite the possibility of working fewer hours—because of the nonfinancial benefits, such as English as a second language (ESL) and vocational classes, that they offer. Policies to encourage more employer use of these centers not only may benefit workers but may also help local governments better manage day labor markets and reduce the stress of informal, open-air hiring sites on their communities.

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Introduction

In many cities across the United States, men—and in rare cases, women—gather in the early morning at street corners, parking lots, storefronts, and busy intersections in search of employment. Popularly known as day laborers, these men wait for employers seeking to hire temporary workers, turning otherwise common areas into open-air markets where labor services are exchanged daily. In most cases, employers and workers publicly negotiate terms of employment, including the type and length of task to be performed and the payment, typically in cash, for the work provided. The day labor market exists partly because both workers and employers benefit from its informal nature and partly because labor arrangements can easily be made.¹

The activities of the day labor market are not illegal in and of themselves, but questions of legality do arise if employers and employees do not follow standard labor regulations. In particular, workers and employers generally do not pay payroll taxes (Social Security) on their transactions, do not participate in the workers' compensation insurance system, and may not observe workplace laws that mandate overtime pay or safety and health requirements. However, employers in the day labor market may not be in violation of U.S. immigration laws that require employers to verify the employment eligibility of most people they hire, as explained below (U.S. Department of Justice, 1991; U.S. General Accounting Office, 2002).

Day labor markets are part of many communities across California and often generate a certain amount of local conflict. On the one hand, day laborers who seek work at informal sites—on street corners or near businesses—may be at odds with communities because their presence is seen as a nuisance, a threat to public safety, or simply undesirable—either because of their socioeconomic status (low-skilled, with limited English-language skills) or because they are assumed to be undocumented (Fine, 2006; Little Hoover Commission, 2002; Sifuentes, 2006). On the other hand, communities

may be concerned with the conditions in which day laborers toil and may wish to improve them.

Municipalities have responded to the presence of the day labor market in at least two ways: by discouraging it through the passage of restrictive ordinances or by managing it through the creation of formal hiring sites, better known as day labor worker centers. Both of these actions may minimize the negative effects of the day labor market—such as littering and traffic congestion—on local communities. However, communities that enact restrictive ordinances have faced legal challenges and may need to reconsider their choice of policy if the courts continue to find such ordinances unconstitutional (Gorman, 2005; Santos, 2006).

In contrast, worker centers are more likely to benefit workers—through workplace protections—and perhaps manage many negative aspects of day labor markets better than ordinances over the long term. For these reasons, worker centers may be acceptable to a wider array of community members. Yet to date, it has not been clear whether these centers are as attractive to key market participants—workers and employers—as informal, open-air hiring sites. The following analysis sheds some light on the role of worker centers, both for workers themselves and as a policy option for local communities.

This report focuses on the supply side of the day labor market—the workers—and is based on a survey of day laborers carried out in 2004. The National Day Labor Survey (NDLS) is the first nationally representative survey of day laborers in the United States and contains information not previously available on this population, including their immigration status and other demographic characteristics, their working conditions, and their interactions with employers, business owners, and the police (Valenzuela et al., 2006).

The California sample from the NDLS helps to fill in the knowledge gap about day laborers in the state. It draws from California's large metropolitan coastal areas (San Diego, Orange County, Los Angeles, San Jose, San Francisco, and Oakland).

This edition of *California Economic Policy* addresses four central questions:

- How does the day labor market work?
- What are the social and demographic characteristics of day laborers in California?
- What are their working conditions?
- How are local governments handling the presence of day labor markets in their communities?

One major finding of this report is that the day labor population in California is relatively small—about 40,000 or 0.2 percent of the state's total workforce. About 80 percent of day laborers are undocumented. In addition, the survey reveals that day laborers earn about \$11 per hour and work on average about two to three days a week (although they look for work five days a week). Finally, the results suggest that both hours of work and weekly earnings are lower at worker centers than at informal hiring sites, but that some nonfinancial aspects of day labor, including less on-site harassment, may be better at worker centers.

This report is organized into several sections. The first section briefly describes how the day labor market works. The next section discusses the NDLS. An outline of worker characteristics comes next, followed by a description of day labor working conditions, including the range of jobs performed, hours and wages, and hazards and abuses. Finally, policy responses to day labor are considered, including the passage of ordinances and the creation of worker centers, and some concluding thoughts are offered.

How Does the Day Labor Market Work?

One of the most familiar images of the day labor market is a group of men congregating at curbsides, empty lots, street corners, parking lots, or storefronts of home improvement establishments. Generally, employers drive up to the site with the intention of hiring a certain number of workers for a specific task (for example, helping at a construction site, moving furniture, or

cleaning up a backyard). Workers and employers may negotiate compensation and other terms, such as length of the job and transportation to and from the job site, or the employer may state the wage he or she is willing to pay and wait to see if any worker accepts this offer. The unit of payment may be hourly, daily, or by “contract.” In the case of a contract, workers are paid a set amount for a job that will take longer than a day to complete. The informal day labor market is highly visible, with hiring sites spread throughout major metropolitan areas across California and the rest of the nation.

No formal definition of day labor exists, but the term is most often used to convey the type of temporary employment usually found in the circumstances described above. Day labor is characterized by the short duration of most jobs, which necessitates a continued, mostly daily, search for work. It is also marked by the informal arrangement of the working conditions (generally unwritten and unenforceable), the amenities and disadvantages of the work

(such as safety hazards), and the absence of fringe and other typical workplace benefits (such as health insurance and a retirement plan). This type of employment is not a recent phenomenon and reflects the underlying economic forces in regions where day laborers seek work.²

Worker Centers

Although the day labor market is most noticeable at informal, open-air sites, these are not the only places where day laborers

may be hired. Day labor worker centers are loosely regulated hiring sites where workers may seek employment under relatively structured conditions. For instance, it is common for workers to be hired in sign-in order as employers come to the worker center. Regardless of the method for allotting work, worker centers are less chaotic than the usual street hiring site, where employers may interrupt traffic when they stop in the street to hire a

worker and workers rush the vehicle in hopes of being hired.

In some cases, worker centers are no more than an enclosed, open-air venue with seats or benches. But in their more developed form, these centers are full-service community organizations that operate hiring halls, provide language classes and skills training, coordinate workers’ rights activities, and foster the incorporation of day laborers into the formal economy. Worker centers will sometimes set minimum conditions for hiring workers (e.g., wages) and may require that employers register before hiring any workers. However, these centers do not contract out workers to employers or receive any kind of compensation from employers. Hence, worker centers do not assume the role of employer for legal purposes.

California leads the country in the number of worker centers, with 24.³ California’s centers are mostly spread throughout the state’s urban areas but are less numerous than informal sites. By providing a physical space where workers and employers can carry out their transactions, worker centers may offer an attractive alternative for day laborers who would otherwise congregate in public areas. These centers may also curtail a variety of problems associated with groups of men waiting for work—a result that many communities find particularly appealing (Gorman, 2005).

Legal Issues

Hiring workers informally is not illegal. But as an unregulated, mostly cash-based activity, the day labor market does not adhere to certain labor and other legal standards. Particular complications arise when it comes to immigration law. The Immigration Reform and Control Act (IRCA) of 1986 requires that employers verify the eligibility of those they hire by filling out form I-9. However, exceptions to this law exist. For example, employers do not need to check on an employee’s legal right to work in the United States if they are hiring independent contractors, casual workers performing domestic tasks on a “sporadic, irregular or intermittent basis,” or workers provided by a third

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party, such as a temporary employment agency (U.S. Department of Justice, 1991).⁴

Depending on the nature of the work, employing a day laborer would not violate this aspect of U.S. immigration law—particularly in the case of private individuals hiring a day laborer to clean up their yards, help with a move, or perform other occasional, domestic jobs. Similarly, residential construction contractors often hire day laborers as independent contractors to clean a construction site, to fill in for a sick worker, or for some other short-term reason. Nevertheless, the lack of a paper trail in day labor suggests that some employers may be skirting U.S. immigration laws (Santos, 2006), especially since the immigration status of any particular worker cannot be established and is rarely checked. However, the Immigration and Customs Enforcement agency places a low priority on raiding day labor hiring sites.⁵

In addition to immigration concerns, there are other legal issues involved in day labor. Even when employers hire day laborers “off the books,” they still must abide by state and federal labor regulations. Under California common law, day laborers are considered employees for the purposes of the Unemployment Insurance Code if the person who hires them has control over them or their work (Employment Development Department, 2004). Under federal law, day laborers are covered by wage and safety regulations under the Occupational Safety and Health Act (OSHA) and the Fair Labor Standards Act, but the underground nature of the day labor market makes enforcement of such regulations difficult (U.S. General Accounting Office, 2002).

Counting Day Laborers: The National Day Labor Survey

Obtaining reliable information from a large sample of day laborers is very challenging and expensive, partly because day labor work is an underground activity and therefore not targeted in government surveys that focus

on the formal economy.⁶ Despite efforts to sample day laborers by the Bureau of Labor Statistics, no reliable information about the population existed until the National Day Labor Survey.⁷ The NDLS is a unique dataset containing detailed information about a nationally representative sample of day laborers. It features 2,660 participants and was conducted in the summer of 2004.

This report focuses on the NDLS California sample—753 individuals. The California cities represented in the NDLS are all from the coastal region of the state: Los Angeles, Orange County, San Diego, San Francisco, Oakland, and San Jose.⁸ Because the sample does not include inland regions of the state, it may be that some characteristics of day laborers and their employment situations in those areas differ from those presented here (for more details on the NDLS, please visit the web appendix at www.ppic.org/content/other/707AGEP_web_appendix.pdf).

An analysis of the NDLS puts the *estimated* California day labor population either searching for or working in day labor in 2004 at approximately 40,000.⁹ The national *estimated* day labor population is up to 120,000. California accounts for about one-third of the nation’s day labor population, a ratio similar to the state’s share of the total immigrant population (29%) in the 2000 Census. But the size of California’s day labor population is a small fraction, less than 1 percent, of the state’s total civilian labor force (17.4 million) as counted by the Bureau of Labor Statistics.¹⁰ Since 80 percent of day laborers state that they are undocumented (see Table 1), the number of undocumented day laborers in the sampled cities in California is about 32,000.

It is important to put the day labor population in context of the total employed undocumented labor force in California. Using an estimate of the size of the male undocumented civilian workforce in California—1.1 million (Passel, 2005)—and the size of the total civilian labor force from the Bureau

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Table 1. Demographic Characteristics of Day Laborers and California Latino, Working-Age, Immigrants

	NDLS		ACS	
	California	Other States	< 11 Years in the United States	Total
Age	34	34	29	37
Male	99%	97%		
Country of birth				
United States	3%	6%		
Mexico	68%	50%	84%	82%
Latin America	29%	45%	16%	18%
U.S. citizen	6%	7%	4%	22%
Noncitizen	94%	93%	96%	78%
Permanent resident	9%	7%		
Temporary resident	5%	6%		
Undocumented	80%	79%		
Married, partner present	41%	45%	35%	56%
Number of children	1.9	1.8	1.2	1.4
Number of children born in the United States	0.5	0.5		
Speaks English well	26%	24%	26%	46%
School years completed	7	7	9	9
Highest educational level reached				
No schooling	22%	19%	4%	4%
Elementary/junior high	60%	62%	62%	57%
High school/General Equivalency Diploma	12%	14%	25%	27%
Some college	6%	5%	10%	12%
Number of trips to the United States	2	1		
Months in the United States	106	73	64	195

Sources: NDLS and 2004 American Community Survey.
 Notes: NDLS and ACS estimates are weighted to adjust for sample survey design. For the NDLS, the maximum sample size in California is 753; it is 1,907 in other states. The sample size is 3,764 in the total ACS sample and 1,051 for the restricted sample (< 11 years in the United States). The ACS sample includes California male residents, born in Latin America (except Puerto Rico), age 16 or older, not enrolled in school in the past three months, and in the private-sector labor force, excluding self-employment. For the NDLS, months in the United States is based on the date of first trip to the United States; for the ACS, it is based on the year in which the respondent came to live in the United States. Totals may not sum to 100 because of rounding.

of Labor Statistics (see footnote 10), it appears that undocumented day laborers account for 3 percent of all employed undocumented immigrants in California and less than 1 percent (0.2%) of the state's employed labor force. For other states, estimates show that day laborers represent 2 percent of male undocumented workers and 0.05 percent of the total labor force. Given these numbers, it seems that the day labor market has received considerable attention in public discussions and local pol-

icy debates relative to its size—perhaps because of its visibility at the local level.

Location of Day Labor Sites in the NDLS

The cities and day labor hiring sites included in the survey are shown in Figures 1–3. In most instances, hiring sites are near major freeways or other locations easily accessible to employers.

Figure 4 describes and tallies hiring site locations. Nearly two-thirds of all surveyed sites are

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adjacent to or near some kind of business, such as a gas station, a storefront (such as a 7-11 store), or a business affiliated with some industry (such as Home Depot). Seven hiring sites are at or near a busy intersection, and another 21 are designated as worker centers.

Who Works in Day Labor?

The NDLS provides a demographic snapshot of California's day laborers. Table 1 compares California's day laborers with those in other states. To provide context, this table also contains demographic details on the general population of California's Latino immigrant men, taken from the American Community Survey (ACS).

The NDLS reveals that the average California day laborer is a 34-year-old, single, foreign-born male. Workers born in Mexico constitute the largest share of day laborers in California, 68 percent, 29 percent are from the rest of Latin America, and 3 percent were born in the United States.

The majority of the state's day laborers are undocumented—80 percent. The remaining 20 percent are either U.S. citizens (6%), permanent residents (9%), or temporary residents (5%).¹¹ On average, foreign-born day laborers in California first arrived in the United States nearly nine years ago and have made one additional trip between the United States and their home country since then.

Education levels are relatively low in this population. Day laborers average seven years of school, and one in five has had no schooling whatsoever. The combination of low education levels, time spent in the United States, and legal status contribute to the fact that only about 25 percent speak English well (Dustmann, 1999).

The day labor population in California is slightly different from that in the rest of the country. For example, in other states just 50 percent of day laborers are from Mexico. In addition, day laborers in California tend to have lived in the United States almost three years longer than those in other states. In other respects, day laborers in California

Figure 1. Day Labor Sites in NDLS Sampled Cities: Bay Area

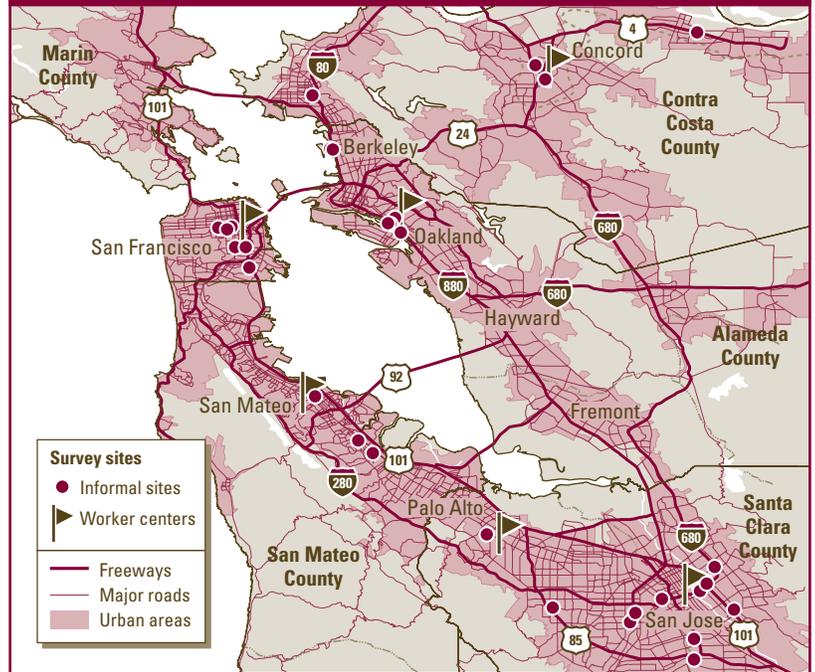


Figure 2. Day Labor Sites in NDLS Sampled Cities: Los Angeles and Orange Counties

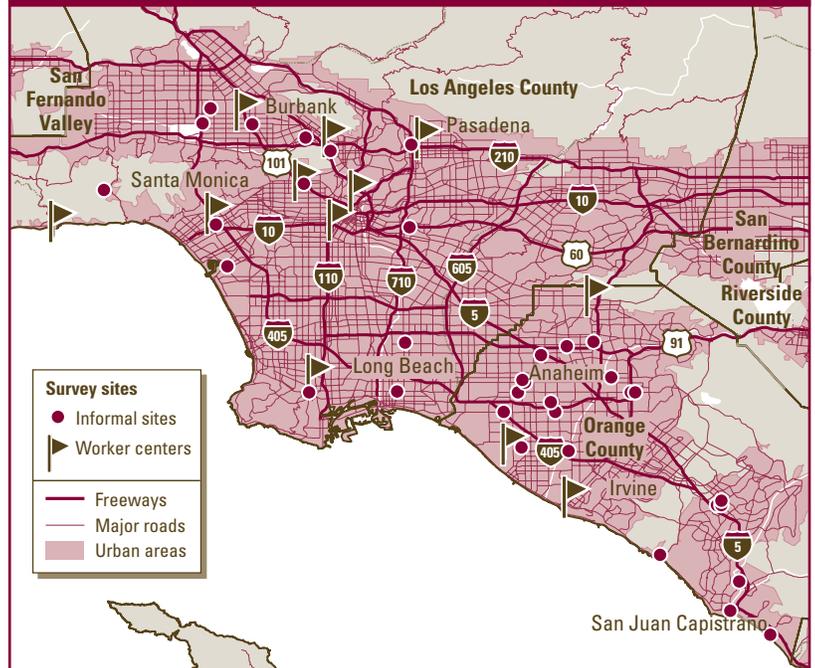
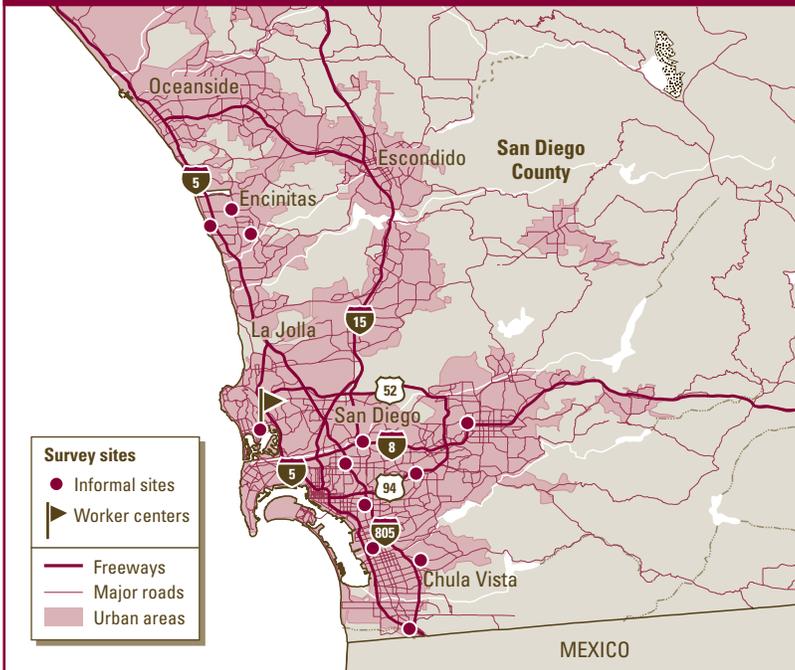


Figure 3. Day Labor Sites in NDLS Sampled Cities: San Diego County



are fairly similar to those in other states, particularly in education levels, English-language ability, and immigration status.

How do California’s day laborers compare to the overall population of Latino male immigrants in the state? Day laborers tend to have some characteristics, such as marital status, English-language ability, and noncitizen status, similar to recent Latino immigrants—those who have been in the United States for less than 11 years. However, the average age (34) among day laborers is closer to that of the total ACS sample (37) than to that of recent immigrants (29). In comparison to the overall Latino male immigrant population, day laborers tend to be less educated, more likely to come from a Latin American country other than Mexico, and have more children.

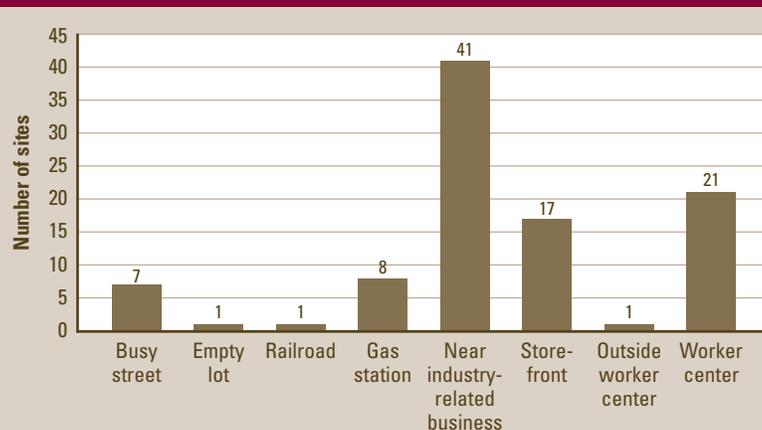
Why Work in Day Labor?

Informal networks are an important element in the pursuit of day labor, as Figure 5 shows. Sixty-four percent of day laborers cite friends as the main source of information about day labor jobs, and one-quarter cite relatives. Seventeen percent of day laborers find out about it on their own or from other day laborers, respectively

Figure 5 also indicates that 56 percent of workers said that they found their first U.S. jobs in day labor. In addition, 14 percent of current day laborers worked in the day labor market in their home country, suggesting that pre-migration exposure to day labor might play a small role in steering immigrants into the day labor market.¹²

Is day labor the last resort for workers unable to find employment elsewhere? Figure 6 measures day laborer interaction with the formal economy and considers the factors that may prevent them from working in a permanent job. It appears that many have interest and experience in working in other types of jobs. Eighty-four percent of day laborers report looking for a job, although it is unclear what search activities, if any, this entails. In addition, nearly two-thirds of day laborers have had a regular job in the United States, suggesting that they have had contact with and participated in the

Figure 4. Number and Type of Hiring Site



Source: NDLS.

Notes: Three additional worker centers are in three California cities not surveyed in the NDLS and not included in this figure: Pomona (Los Angeles County), Napa (Napa County), and Graton (Sonoma County) (see Appendix Table A.1 for a complete list of cities surveyed).

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formal economy. Furthermore, 17 percent had a regular job at the time of the survey and they worked an average of 31 hours at this job in the week before the survey. This suggests that a substantial share of day laborers participate in the day labor market as a way to supplement their regular income.

Although day laborers may wish to work in the formal sector, the great majority report being unable to do so. The top three reasons are undocumented status (36%), lack of jobs or jobs that pay well (22%), and lack of English or job skills (17%). Although undocumented status is considered the most formidable barrier to obtaining a formal job, the fact that the great majority of male undocumented immigrants in the state (1.1 million) work in the formal sector suggests that this perceived obstacle is not necessarily binding. At the same time, it is also possible that a significant share of the 60 percent of workers who have had a regular job in the past may have lost that job because of their undocumented status or that their undocumented status makes it difficult to find stable and permanent employment.

There is no single explanation for participating in day labor, but survey responses suggest that social and employment networks in the United States, experience in day labor before migration, lack of skills, and limited employment opportunities for low-skilled workers in the formal economy all play a role in steering workers to day labor. For some, meanwhile, day labor supplements income earned in regular jobs.

Working Conditions

The NDLS not only sheds light on the demographic characteristics of day laborers but also provides information on the kind of work they do, on how much they work and earn, and on some of the perceived hazards of day labor employment.

Day Labor Jobs

Figure 7 presents the jobs most commonly performed by day laborers. These occupations represent

Figure 5. Introduction to and Experience in California Day Labor Market

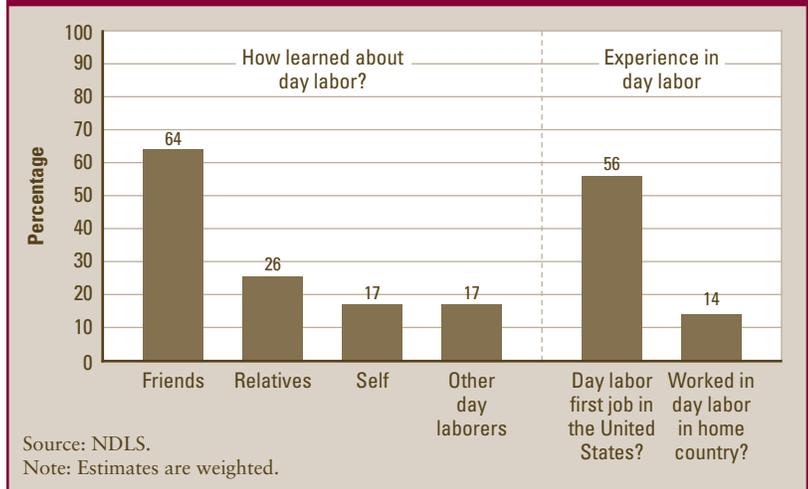
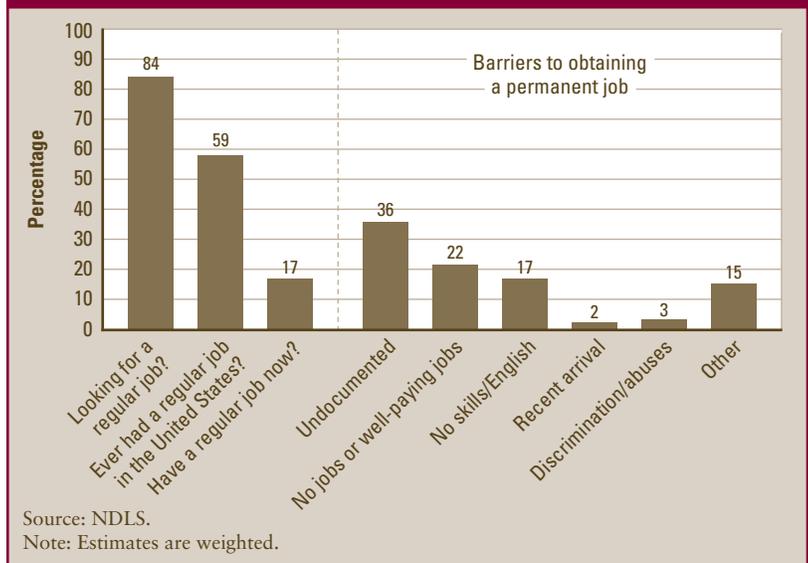
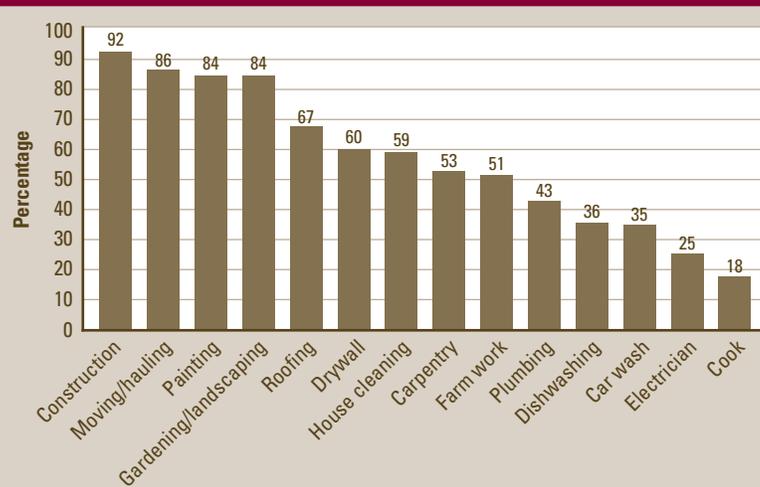


Figure 6. Interactions with the Formal Economy and Reasons for Working in Day Labor in California



all jobs performed when the respondent worked as a day laborer and do not refer to the most frequent or last type of job performed. In other words, a day laborer might have done farm work while living in a rural area and then worked in a construction job after moving to an urban area—and both types of work would be registered in this figure.

Figure 7. Day Labor Jobs



Source: NDLS.
Note: Estimates are weighted.

Day laborers earn an average of \$11.32 per hour. Although this may seem to be a relatively high hourly wage for workers with generally low skills, those who are successful in getting hired usually work less than full time.

Perhaps because the survey covers California's large coastal metropolitan areas and excludes rural areas where agricultural work might be more prevalent, construction is the most common type of job performed (over 90%). Painting, moving/hauling, and gardening/landscaping are next, at around 85 percent. After these jobs, there is nearly a 20 percentage point dropoff in the most common day labor jobs, which are roofing (67%), dry-

wall, and house cleaning (both 60%). Figure 7 also indicates that some day laborers perform skilled labor, although at lower frequency than manual jobs. For instance, electrical work is reported by 25 percent of day laborers.

Although the survey did not focus on the demand side of the day labor market, respondents were asked which type of employer hired them most frequently. As it turns out, private individuals are the most frequent employers, at 51 percent. Con-

tractors and subcontractors account for 43 percent of day labor employers. Private companies make up only 3 percent of employers, and the remaining 3 percent are other or unknown employers.

Hours and Wages

How much do day laborers work and earn? According to the NDLS, these amounts differ depending on the type of hiring site—that is, workers report different outcomes at informal sites and worker centers.¹³ The results described here are suggestive, rather than definitive, because the analysis relies on differences based on the type of site where respondents were found on the *day of the interview*, and respondents were asked about hours worked and wages earned previously, which may have occurred at other types of sites. For instance, respondents provided information on the wages earned on any day in the previous week, which may have been earned at jobs acquired at an informal site, a worker center, or both.¹⁴ Table 2 provides the mean values of both hours and wages by hiring site. For comparison, the last two columns in Table 2 show some employment information for adult male Latino immigrants for the 12 months preceding the 2004 ACS.

NDLS participants report a large gap between their efforts to find work and their success in actually getting hired. In the month before the survey, day laborers looked for work, on average, more than five days per week. However, in the week before the survey, respondents averaged just under two and half days of work. This implies that the day labor employment rate is around 45 percent. The number of workers who found employment in day labor at least one day per week is 75 percent.

Day laborers earn an average of \$11.32 per hour.¹⁵ Although this may seem to be a relatively high hourly wage for workers with generally low skills, those who are successful in getting hired usually work less than full time: on average, around 23 hours per week. Consequently, day laborers earn \$259 per week on average. If the entire sample of workers is considered, including those who did not work, the average number of hours worked per week in day labor is even lower (17).

Table 2. Work Characteristics of California Day Laborers and California Adult Latino Immigrants

	NDLS			ACS	
	Worker Center	Informal Site	Total	< 11 Years in the United States	Total
Months of day labor experience	36.2	38.0	37.3		
Days sought day labor work per week, past month	5.0	5.3	5.2		
Days worked in day labor, past week	2.0	2.6	2.4**		
Any day labor work, past week	72%	77%	75%		
Any work, past week	77%	86%	83%	91%	90%
Day labor hours worked, past week	14.5	18.7	17.2***		
Day labor hours worked, past week (if worked)	20.0	24.4	22.8***		
Total hours worked, past week	18.2	24.8	22.4***	40.8	41.4***
Total hours worked, past week (if worked)	23.6	28.9	27.1***		
Hourly wage in day labor, past week	\$10.79	\$11.55	\$11.32	\$11.06	\$13.10***
Day labor earnings, past week	\$216	\$281	\$259***		
Non-day labor earnings, past week	\$36	\$66	\$55*		
Non-day labor earnings, past week (if worked)	\$242	\$375	\$331***		
Total earnings (if any)	\$251	\$330	\$303**	\$462	\$570***

Sources: NDLS and 2004 ACS.

Notes: Estimates are weighted. The NDLS maximum sample size is 678 in the Total column, 169 in the Worker Center column, and 509 in the Informal Site column. Excluded are persons belonging to a worker center but interviewed at an informal site (59), those interviewed at a worker center but who said they did not belong to or frequent a worker center (14), and persons with missing information on worker center membership status. The sample size is 499 for positive day labor hourly wage, hours worked, and weekly earnings. ACS hourly wage, hours worked, and weekly earnings are based on measures from the past year. ***, **, and * indicate that the difference in means between the day labor worker center and informal site or between the full and more recent ACS sample is statistically significant at the 99%, 95%, or 90% level of confidence in two-tailed tests, respectively. The average hourly wage in day labor is weighted by hours worked and adjusted for survey design effect.

Average weekly earnings of respondents hired at worker centers are significantly lower than the earnings of those hired at informal sites (\$216 versus \$281). The key difference is fewer days and hours worked per week for those hired at centers. Day laborers can expect to work about four hours less per week when hired from a worker center rather than from an informal site, despite the fact that workers at both sites report looking for work the same number of days per week.

Why are hours and weekly earnings lower at worker centers? A detailed analysis suggests that neither worker nor regional characteristics play a substantial role in these differences.¹⁶ Instead, worker centers may simply be more congested than informal sites, resulting in fewer hours of work for any

individual worker (for detailed calculations, please see the web appendix at www.ppic.org/content/other/707AGEP_web_appendix.pdf).

From the survey results, it is not possible to know with certainty whether this congestion occurs because worker centers are *more* popular with workers or *less* popular with employers. However, there is some evidence to suggest that the gap is on the employer side. Statewide, 42 percent of day laborers at informal sites reported contractors as their most frequent type of employer, compared to only 33 percent of day laborers at worker centers.¹⁷ Given the over-

Average weekly earnings of respondents hired at worker centers are significantly lower than the earnings of those hired at informal sites (\$216 versus \$281).

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all importance of this type of employer (accounting for over 40% of all employers), if contractors are indeed less likely to solicit day laborers at worker centers, then their reluctance represents an important loss of potential jobs.

Finally, to contextualize the hours and wages of day laborers, let us return to the last two columns of Table 2, which show the differences between the overall Latino immigrant population and the day labor population. As we can see, differences in both hours worked and wages earned are significant. The overall Latino immigrant population is more likely than the day labor population to be employed (90% versus 83%). Those who work also clock considerably more hours—over 40 hours a week, in comparison to fewer than 30 for day laborers (when including hours from regular work). The average hourly wage of day laborers is similar to that earned by the more recently arrived immigrants—those in the United States less than 11 years—and nearly \$2 lower than the total sample. As a result of these various factors, adult Latino immigrants in general earned considerably more per week—\$462 for the recent arrivals, \$570 for the total population—than day laborers.¹⁸

Hazards and Abuses

The NDLS also describes multiple dimensions of the non-economic nature of day labor, including conditions at work or while waiting for work, and abuses by employers, business owners, and the police (Figure 8).¹⁹ Here, again, the findings are presented in terms of the type of hiring site

where the interviews were conducted and, again, these findings must be considered suggestive, because the reported conditions happened in the past and could have occurred at a different type of site than the one where the interview was conducted. Indeed, given that worker centers are designed to reduce worker abuses, one might expect that some workers switched to these

centers after experiencing problems at informal sites.²⁰

The first columns in Figure 8 report on dangerous working conditions. A high number of day laborers consider their work unsafe—around 70 percent—and over 10 percent report having been injured at a day labor job in the year before the survey. In comparison, the injury rate for full-time construction workers in California in 2003–2004 was somewhat lower—at 6.5 percent—suggesting that on-the-job injuries may be higher for day laborers.²¹

Crime is another hazardous aspect of day labor. Twelve percent of day laborers report being a victim of street crime while either looking for work or on the job in the two months before the survey. And between 21 and 24 percent report witnessing other day laborers participating in a crime some time in the year before the survey. However, it is important to point out that the actual context in which crimes were witnessed—while looking for work, at work, or in some other situation—is not made clear in the survey question.²²

In terms of dangerous conditions, then, the experiences of workers interviewed at informal sites do not differ significantly from those interviewed at worker centers. However, the evidence suggests that certain abuses appear more common for workers interviewed at informal sites. Forty percent of day laborers at informal sites report being harassed, threatened, or refused services by business owners near hiring sites, whereas only 21 percent of those at worker centers report such abuses. Next, workers at informal sites are nearly 40 percent more likely than those interviewed at worker centers to have been abandoned at the job site by employers (32% versus 20%, respectively). Last, 43 percent of day laborers at informal sites say that the police have forced them to leave the site, more than double the percentage at worker centers (18%).²³

The fact that worker centers are physically separated from other businesses (or, in some instances, incorporated into their premises) and endorsed by civic authorities likely explains the lower rates of

A high number of day laborers consider their work unsafe—around 70 percent—and over 10 percent report having been injured at a day labor job in the year before the survey.

abuse at worker centers. The lower rate of employer abandonment at the job site suggests that worker centers may be having some success in encouraging better employment practices. On balance, some evidence suggests that worker conditions, either on the job or at the hiring site, are better when employment is sought at worker centers.

Policy Issues

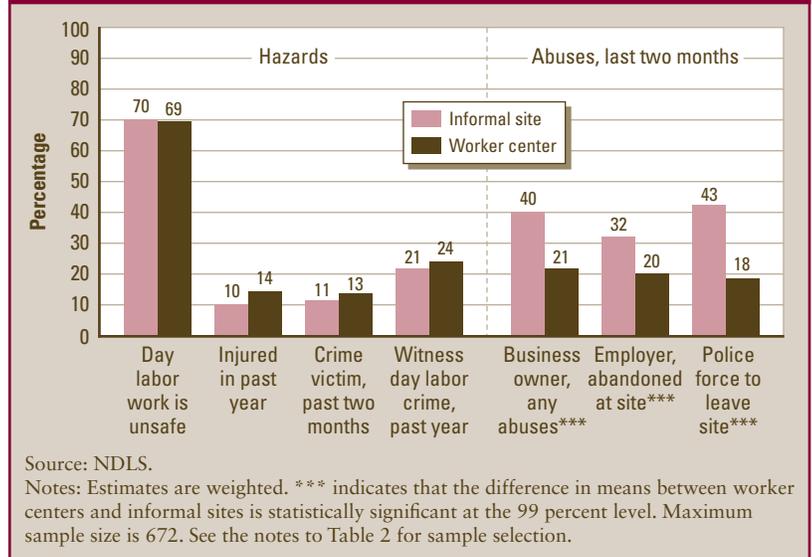
The presence of an informal day labor site raises a variety of community concerns, including traffic safety and congestion, public urination, littering, trespassing, selling drugs, and other criminal activities (Associated Press, 2004; Gorman, 2005; Santos, 2006). Additionally, advocates concerned about illegal immigration often regard the presence of day laborers as an example of the adverse consequences on local communities of the failure of U.S. immigration policies (Associated Press, 2004; Fine, 2006; Gorman, 2005; Santos, 2006).

But for better or worse, day labor is a part of many local communities. Consequently, debate continues over the appropriate response, if any, by local governments and community organizations (Fine, 2006; Gorman, 2005; Santos, 2006). As it is, concerns over day labor have generated at least two types of responses—ordinances and worker centers. Appendix Table A.1 lists California cities with day labor ordinances—including type of ordinance—and worker centers. What are some of the pros and cons of these policy options?

Ordinances

Nearly 60 California cities have ordinances that limit solicitation by workers or employers, and other cities are considering this strategy. Some cities simply work to enforce existing ordinances (such as loitering). Others have passed new ordinances explicitly directed toward restricting day labor. Such ordinances take different forms: Some target day laborers or their employers and others restrict hiring sites by banning them in an entire

Figure 8. Hazards and Abuses in California’s Day Labor Market



city (“blanket”), at a particular location (“zoning”), or near a type of property, including private property such as a business (“property”).

In recent years, however, the courts have found that ordinances imposing severe restrictions on the ability of workers to solicit work (which is a legal activity) violate a person’s First Amendment right to free speech. In addition, pointing to the Fourteenth Amendment’s equal protection clause, the courts have ruled that municipal codes or ordinances that single out day laborers cannot be enforced in a way that isolates or discriminates against them on the basis of race or national origin. Furthermore, legal challenges to these ordinances, in cities such as Redondo Beach and Glendale, may also hinder this policy approach (Associated Press, 2004; Egelko, 2006; Gorman, 2005; O’Brien, 2006; Santos, 2006).

Worker Centers

Rather than attempting to close down or remove the day labor market, some communities in California have tried to manage it. Day labor worker centers are one way to achieve this goal. Their growth in

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the past decade suggests that policymakers, community residents, and worker rights' groups consider worker centers a viable option (Fine, 2006; U.S. Government Accountability Office, 2006). (Although the number of ordinances has been on the rise, ordinances have faced a greater level of legal challenge than worker centers.)

On the demand side of the day labor market, worker centers offer a way to monitor the practices of employers and to curtail abuses, such as wage theft and unsafe working conditions. On the supply side, they organize and normalize the hiring of day laborers, monitor worker quality, and provide opportunities for workers to be incorporated into the mainstream economy through employment assistance and, in some cases, skills training. For workers, these centers offer many benefits; language classes, for instance, may be helpful in moving them into regular jobs, since many day laborers noted a lack of English-language skills as an obstacle to obtaining regular work. For the community, these centers help resolve neighborhood conflicts around day labor, providing regulation of seemingly disorderly hiring sites and assistance with local policing matters (Fine, 2006; U.S. General Accounting Office, 2002; Valenzuela et al., 2006).

As noted, California has the largest number of worker centers in the nation.²⁴ In most instances, local government provides the funds to run worker centers, but they may also be run by local non-profit organizations. These nonprofits often obtain additional funding from foundations, donors, and grassroots fundraising activities. For instance, a center to be opened in Hayward (approved in December 2006) will provide \$250,000 worth of services, with the city providing \$86,000 of this amount (O'Brien, 2006).

This policy option, however, is controversial for a number of reasons. Some groups view city funding for these centers as *de facto* sanctioning of the employment of undocumented immigrants. Worker centers have attracted protests from such groups as the Minuteman Project and *saveourstate.org*, which have attempted to deter potential employers from hiring workers. Other groups have sued (in Laguna

Beach, for instance) or lobbied cities to shut down worker centers.

Debate has also occurred over funding and liability issues. For instance, some argue that municipal support of worker centers uses funding that could be directed toward other activities or services (O'Brien, 2006). When Costa Mesa closed its worker centers, one reason given was that the decline in use did not justify the expense of maintaining the center (about \$100,000 in 2005).²⁵ The sponsorship of day labor worker centers also raises the question of liability: Are cities legally liable for injuries that workers incur while working or while waiting for work? For instance, when the Laguna Beach Worker Center was temporarily shut down, the stated reason was unknown liability issues surrounding the day labor site, specifically, the potential violation of state land-use laws (Delso, 2006).²⁶

Despite these issues, many communities and policymakers view worker centers as a viable policy solution or as a complement to ordinances—and as preferable to taking a *laissez-faire* approach to day labor. However, the success of worker centers ultimately hinges on whether workers and employers use them, and the extent to which they benefit local communities. Given the above analysis, it appears that workers gain some benefits from relying on such centers—although such benefits are nonmonetary. But it seems that worker centers are more congested than informal sites—day laborers hired at worker centers tend to work fewer hours per week than those hired from informal sites, despite equal amounts of search time. Therefore, finding ways to draw greater numbers of employers to worker centers may both increase center viability and help to manage day labor markets in local communities.

Conclusions

Analysis of the NDLS data provides a portrait of the California day labor population—a demographic group that is mostly in the shadows. The population itself is not very large, despite the attention it attracts. With esti-

mates at around 40,000, the day labor workforce represents only 3 percent of the state’s male undocumented workforce and only 0.2 percent of its total workforce. As we have seen, workers in the day labor market tend to have low levels of education and limited English-language skills. Generally, they have been living in the United States for less than 10 years. The frequency of employment (23 hours per week) is an important determinant of the low earnings in day labor, \$259 per week on average.

A close analysis of the NDLS provides suggestive evidence that day laborers in worker centers work about four hours less per week than those at informal sites, which results in lower earnings (\$65 per week less) from day labor. This finding suggests that worker centers have either more workers or fewer employers than informal sites.

Overall, day laborers report a high level of hazards and abuses, both on the job and at locations where they seek employment. For most of these hazards, there is no discernable difference between those who rely on worker centers and those who use informal sites. Yet there is evidence that certain types of hiring and job site abuses are lower at worker centers. Benefits found at worker centers, such as English-language classes and vocational

training, may make worker centers attractive to workers and this may make up for any persistent difference in earnings between worker centers and informal hiring sites.

The preceding analysis provides some insight into the role of worker centers as a policy response to the presence of day laborers. Even if such centers benefit the community, their success hinges on use—in particular, on a sufficiently large number of employers relying on centers as hiring locations. If employers do not do so, then workers will seek employment at informal sites.

In the end, it is unlikely that any one policy response—ordinances or worker centers—will completely resolve conflicts between day labor markets and the communities that host them. However, it may be that a combination of policies—both creating centers and passing constitutional ordinances that encourage the use of worker centers—would provide a useful path toward managing day labor markets. ❖

Benefits found at worker centers, such as English-language classes and vocational training, may make worker centers attractive to workers and this may make up for any persistent difference in earnings between worker centers and informal hiring sites.

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Appendix Table A.1. Cities with Worker Centers and Day Labor Ordinances, by Metropolitan Area

Metropolitan Area	City	In NDLS?	Worker Center Name	Ordinance Details		
				Type of Ordinance	Year Passed	Group Prohibited
Los Angeles	Alhambra			B	1996	W & E
Los Angeles	Azusa			B	2000	W & E
Los Angeles	Baldwin Park			B	1999	W & E
Los Angeles	Burbank	Y				
Los Angeles	Duarte			B	1997	W & E
Los Angeles	El Monte			B	1998	W & E
Los Angeles	Gardena			B	1992	W
Los Angeles	Glendale	Y	Temporary Skilled Labor Center	B		W
Los Angeles	Harbor City	Y	Harbor City Day Laborer Site			
Los Angeles	Huntington Park	Y		P	2005	W & E
Los Angeles	La Mirada			B	1992	W & E
Los Angeles	Los Angeles	Y	Downtown Community Job Center			
Los Angeles	Los Angeles	Y	Hollywood Community Job Center			
Los Angeles	Los Angeles	Y	West Los Angeles Community Job Center			
Los Angeles	Malibu	Y	Malibu Labor Exchange	Z	1992	Employer
Los Angeles	Marina Del Rey	Y				
Los Angeles	Monrovia			B	1997	W & E
Los Angeles	North Hollywood	Y	North Hollywood Day Labor Site			
Los Angeles	Norwalk			B	2001	W & E
Los Angeles	Pasadena	Y	Pasadena Community Job Center	Z	2003	E
Los Angeles	Pomona		Pomona Day Labor Center	B/Z		W & E
Los Angeles	Redondo Beach			B	1989	W & E
Los Angeles	Temple City			B/Z		W & E
Los Angeles	Topanga Beach	Y				
Los Angeles	Van Nuys	Y				
Los Angeles	Whittier			B	1999	W & E
Modesto	Turlock			B	1994	W
Napa	St. Helena		Work Connection			
Oakland	Berkeley	Y				
Oakland	Concord	Y	Concord Day Labor Center	B	1995	W & E
Oakland	Oakland	Y	Bay Area Day Labor Program	Z	2001	Employer
Oakland	Pinole			B	1999	W
Oakland	Pittsburg	Y				
Oakland	Richmond	Y				

Appendix Table A.1. Cities with Worker Centers and Day Labor Ordinances, by Metropolitan Area—continued						
Metropolitan Area	City	In NDLS?	Worker Center Name	Ordinance Details		
				Type of Ordinance	Year Passed	Group Prohibited
Oakland	San Leandro	Y				
Orange	Anaheim	Y		B	1993	W
Orange	Brea	Y	Brea Job Center (closed in 2005)			
Orange	Buena Park			B/Z	1998	W & E
Orange	Costa Mesa	Y	Costa Mesa Job Center (closed in 2005)	B	2005	W & E
Orange	Cypress			B	1998	W & E
Orange	Dana Point	Y		B/Z	1989	W & E
Orange	El Toro	Y				
Orange	Fountain Valley			B	1995	W & E
Orange	Fullerton	Y				
Orange	Garden Grove	Y				
Orange	Huntington Beach	Y	Luis M. Ochoa Community Center	B	2000	W & E
Orange	La Habra			B/Z	1999	W & E
Orange	Laguna Beach	Y		B/Z	1993	W & E
Orange	Lake Forest			B	1993	
Orange	Mission Viejo			B	1997	W & E
Orange	Newport Beach			B	1996	W & E
Orange	Orange	Y	Resource Center			
Orange	Placentia	Y				
Orange	San Juan Capistrano	Y		B/Z/P		W & E
Orange	Santa Ana	Y				
Orange	Stanton	Y				
Orange	Tustin			B	1994	W & E
Orange	Westminster	Y				
San Bernardino/ Riverside	Chino			B	1997	W & E
San Bernardino/ Riverside	Fontana			B	1994	W & E
San Bernardino/ Riverside	Ontario			B	2000	W & E
San Bernardino/ Riverside	Rancho Cucamonga			B	1993	W
San Bernardino/ Riverside	Rialto			B/Z	2004	W & E
San Bernardino/ Riverside	Riverside			B	1997	W & E
San Bernardino/ Riverside	San Bernardino			B		

Appendix Table A.1. Cities with Worker Centers and Day Labor Ordinances, by Metropolitan Area—continued

Metropolitan Area	City	In NDLS?	Worker Center Name	Ordinance Details		
				Type of Ordinance	Year Passed	Group Prohibited
San Diego	Chula Vista	Y				
San Diego	El Cajon	Y				
San Diego	Encinitas	Y				
San Diego	Lemon Grove	Y				
San Diego	San Clemente	Y				
San Diego	San Diego		Pacific Beach Employment Center			
San Diego	San Ysidro	Y				
San Diego	Vista			Employer Reg.	2006	E
San Francisco	San Carlos	Y				
San Francisco	San Francisco	Y	San Francisco Day Laborer Program			
San Francisco	San Mateo	Y	Worker Resource Center	B	2003	W & E
San Francisco	South San Francisco		San Francisco Day Laborer Program	B	1999	W & E
San Jose	Campbell	Y				
San Jose	Cupertino			Z	2000	W & E
San Jose	Mountain View	Y	Day Worker Center of Mountain View			
San Jose	Redwood City	Y				
San Jose	San Jose	Y	Kelley Park Community Resource Center	Z	1997	W & E
San Jose	Sunnyvale			B	1997	W & E
Santa Barbara	Santa Barbara			Z	1998	W & E
Santa Clara	Santa Clara County			B	1998	W & E
Santa Rosa	Graton		Graton Day Labor Center			
Ventura	Agoura Hills			B	1991	W & E
Ventura	Calabasas			B	1995	W & E
Ventura	Moorpark			B	1996	W & E
Ventura	Westlake Village			B	2003	W & E

Sources: NDLS, Mexican American Legal Defense Fund, and Internet and Lexus/Nexus searches.

Notes: Type of ordinance: B-blanket (citywide ban); Z-zoning; P-property. Blanket ordinances prohibit solicitation anywhere in the city; zoning refers to particular areas, such as streets; property prohibits solicitation in all private property, including businesses. Group prohibited: W-worker; E-employer.

Notes

¹ This report focuses on “off-the-books” day laborers, although a more formal type of day labor does exist and consists of limited-term employment arranged through a third party. The informal and formal day labor markets are part of the contingent labor force. The contingent labor force includes those with short-term jobs, who work for temporary agencies, and third-party contractors. This labor force represents up to 4 percent of the 2005 total labor force, or 5.7 million workers (www.bls.gov/news.release/conemp.t01.htm). The formal day labor industry is primarily connected to for-profit temporary agencies (thus differing from nonprofit day labor worker centers) and places workers in manual work assignments at or around minimum wage. These temporary agencies are less common than the informal day labor hiring sites considered in this issue of *California Economic Policy* and are usually located in enclosed hiring halls with boarded windows or other neighborhood-based establishments (Peck and Theodore, 2001). As is common in the informal day labor market, many of the participants are undocumented, have recently arrived, and are poorly educated. However, the participants of formal day labor are more diverse than those of the informal market and also include nonimmigrants, women, and a substantial homeless population.

² In the United States, the search for employment in public spaces dates back to at least the early to mid-1800s. (Larowe, 1955; Licht, 1983; Martinez, 1976; Wilentz, 1984). In California, agricultural work was historically the principal form of day labor (Harrington, 1962; Wallace, 1965; Hoch and Slayton, 1989). As urban centers grew and agricultural work became less appealing and less accessible, skilled and unskilled urban workers became more common and gathering sites proliferated (Camarillo, 1979).

³ In addition to the 21 worker centers surveyed in the NDLS, we identified three additional centers in the state.

⁴ Independent contractors fall within a legal category of worker defined by the Internal Revenue Service. As noted, people hired as independent contractors do not need to show a legal right to work in the United States. It might be the case that day laborers sell their services as independent contractors, which would allow employers to circumvent the eligibility requirements of immigration law.

⁵ Because of budget constraints, the agency places more emphasis on criminal and national security issues related to immigration, according to Virginia Kice, spokesperson for the U.S. Immigration and Customs Enforcement (ICE) agency (interviewed January 31, 2007).

⁶ Previous qualitative studies of the day labor market have described the way that the market functions, but reliable information about day laborers themselves has been absent from the policy debate (Marcelli, Pastor, and Joassart, 1999; Valenzuela, 1999). Knowledge about day laborers has largely come from coverage in the popular press and studies of particular sites or cities (Fine, 2006; Gorman,

2005; Valenzuela, 2003). These studies focus primarily on the supply side of the day labor market and suggest that the majority of workers are male and foreign-born.

⁷ The day labor sample size in the 2005 Contingent Labor Survey, carried out by the Bureau of Labor Statistics (BLS), is only 95, and this small sample leads to unreliable estimates of the population’s characteristics. For instance, this survey finds that 60 percent are U.S.-born non-Hispanics, 70 percent are men, and of the non-Mexican day labor sample (66%), the average years of schooling is at least 12. As shown below, these characteristics are not consistent with the NDLS findings.

⁸ Yuba and Fresno were also selected for sampling, but the NDLS team did not find any day laborers at the identified sites during the site visits.

⁹ For smaller cities in California that did not yield any day labor counts or were not randomly selected for sampling, we used the national population average for similar cities and combined this with the sampled cities to arrive at this estimate.

¹⁰ Employment estimates for the nation are taken from www.bls.gov/cps/cpsaat1.pdf and for California from www.bls.gov/ro9/9440.pdf.

¹¹ The legal status of foreign-born workers is derived from questions pertaining to U.S. citizenship and the type of visa/work permit the worker has, including a permanent resident card. “Undocumented” is a residual category of those responding not being a U.S. citizen or not having a visa or work permit.

¹² Central Americans are more likely to have worked in day labor in their home country, 19 percent, compared to 11 percent for other day laborers. Central Americans also are more likely than other day laborers to report that day labor work was their first job in the United States (62% compared to 54%).

¹³ Since the NDLS samples most of the known worker centers in the state (21 out of 24), the conditions for day laborers at worker centers may be more representative than those at informal sites, a smaller portion of which were sampled.

¹⁴ To raise the likelihood that the interview site reflects the type of site where the respondent generally seeks work, the analysis is limited to the 90 percent of the sample that is least likely to have been switching between the two types of sites: those interviewed at worker centers who are members of these centers and those interviewed at informal sites who are not members of any worker centers (see the notes to Table 2).

¹⁵ The average hourly wage for each worker is computed as the total earnings in seven days divided by the number of total hours worked. The average hourly wage is weighted by hours worked. Hourly wages are top-coded at \$100.

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¹⁶ The variables included in the regressions are age, day labor experience, education, marital status, English language ability, undocumented status, health status, reservation wage to accept a day labor job, hours worked in a regular job, and metropolitan statistical area (MSA) where the survey was conducted.

¹⁷ Separate analysis at the MSA level to partially control for the availability of worker centers reveals that the share of employers who are contractors at informal sites and worker centers is statistically the same in Los Angeles, San Diego, and San Francisco. The share of contractors is higher at informal sites than at worker centers in Orange, San Jose, and Oakland. Information on employers and their choice of hiring sites would make it possible to better explain the congestion found at worker centers.

¹⁸ The calculation includes individuals with no earnings in one type of job but with positive earnings in the other job.

¹⁹ Other factors, such as length of time working in day labor, are also associated with higher rates of reported abuses, but controlling for such factors does not affect the comparisons presented here.

²⁰ The interval over which conditions were reported—over the two-month or one-year period preceding the interview—raises the likelihood of some site-switching between the time the problem occurred and the time of the interview. This would diminish any observed differences in problems between workers interviewed at the two types of sites.

²¹ This is according to the California Department of Industrial Relations, Division of Occupational Safety and Health. This injury rate was the highest among all indus-

tries in the private sector (www.dir.ca.gov/DLSR/Injuries/2004/2004Table10-IncidenceRatesByMajorIndustry.xls). Since day laborers generally work less than full time, the full-time equivalent rate would be higher than 10 percent.

²² As noted, the question does not specify where the crime witnessed by the survey respondent took place but simply asks, “In the past year, have you witnessed day laborers participate in the following: a. Theft, b. Assault, c. Robbery, d. Murder, e. Beatings/Fighting, f. Sexual Abuse/Harassment, g. Drug Exchange Solicitation.”

²³ It is not clear if this type of activity is “abuse,” since the police may be enforcing a law without violating workers’ rights. It is classified as such, however, because it is reported as “abuse” by day laborers.

²⁴ The NDLS research team identified a total of 24 worker centers in the other 20 surveyed states and the District of Columbia (Valenzuela et al., 2006).

²⁵ Costa Mesa’s ban on solicitation by day laborers, introduced in 2005, the same year the worker center was closed, reflects the fact that day laborers are still present in the city and are still a concern for city residents (see Appendix Table A.1). The ban’s legality is unclear, according to the Mexican America Legal Defense and Education Fund (www.ci.costa-mesa.ca.us/council/agenda/2005-04-19/Regular%20Ord%20Amending%20Solicitation%20Ord.pdf).

²⁶ It was ultimately determined that the center was not liable, because such liability applies only when there is a third party, such as temporary employment agency, providing workers directly to the employer, rather than merely providing a space for workers and employers to negotiate.

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Contributors

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