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DEFINITION OF "AREA OF PRODUCTION"

Definitions of "area of production" as used in providing exemptions for certain occupations from provisions of the Fair Labor Standards Act of 1938 were announced today (Friday) by Administrator Elmer F. Andrews of the Wage and Hour Division, U.S. Department of Labor.

The definitions provide that the first processing or employment will be regarded as taking place within the "area of production" if it is conducted on a farm on commodities produced exclusively on the farm or if the commodities processed are obtained in the immediate locality of the processing establishment and the number of employees does not exceed seven.

The definition of "area of production" was required by Section 7 (c) of the Act which provides an exemption from hour provisions for a total of not more than 14 workweeks in respect to employees engaged in the first processing of an agricultural or horticultural commodity during seasonal operations.

It was also required under Section 13 (a) (10) which contains an exemption from both the wage and the hour provisions in respect to individuals employed "within the area of production" in specified operations on agricultural commodities ("handling, packing, storing, ginning, compressing, pasteurizing, drying, preparing in their raw or natural state, or canning of agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products.").

In announcing the definitions, Mr. Andrews stated that they were designed to carry into practical effect the intention of the Congress in providing the exemptions. "Their application will result in the exemption from the provisions of the Act of small enterprises closely related to agriculture located in the country or in small rural communities", said Mr. Andrews. They also are designed to avoid as far as possible economic dislocations as between employers in the same industry.

"The number of employees is used as a test of whether an activity takes place within the area of production primarily as a matter of administrative necessity.

"While it is recognized that the test may not be wholly satisfactory, it should result in a fair application of the Act. The number seven was chosen after full consideration of the factors involved in making the definitions because it will probably cause less dislocation than any considerably larger number.

"Under the definitions most employers engaged in making dairy products will come within the exemption as will most cotton ginneries, country grain elevators, and plants which assemble and ship agricultural commodities in general farming areas.

"A procedure is announced for possible modification of the number of employees permitted within the exemption. Upon petition by interested persons such modifications might, in proper cases, provide variations between industries in the number of employees allowed within the exemption."