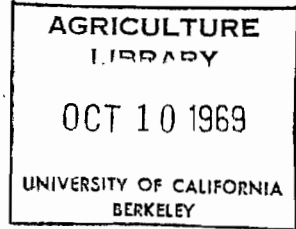


= Cost of production =

COSTS AND PRACTICES

FOR

ROW CROPS



BRENDLER AND ROCK

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Studies of individual crops have been listed with these crops

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COSTS AND PRACTICES FOR ROW CROPS

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Sample costs presented in this publication were developed in 1968 and 1969 by interviewing farmers, fieldmen, dealers in farm supplies and farm equipment, custom operators, and others, and by consulting standards of performance provided by our extension economists.

THE FARM AND ITS MANAGEMENT DESCRIBED

It is assumed that each crop is grown on a 200-acre farm on the Oxnard plain and that this farm has the following physical and economic characteristics:

LAND AND WATER

1. All land is leveled for irrigation, tile drained, and has an irrigation system for furrow irrigation. Wells on the land supply adequate water of satisfactory quality for year-around production.
2. All land and its climate is suitable for two or more crops a year.
3. All land is rented for a cash rent of \$175 per acre per year, payable in advance in four equal payments.
4. The tenant pays the power bill for pumping water, and the landlord maintains the pump, well, and irrigation system.
5. The land is in more than one field, owned by more than one landlord and fields may be several miles apart.

TRACTORS, EQUIPMENT, AND BUILDINGS

Tractors and field equipment consist of a 65 HP diesel crawler tractor, a 50 HP diesel row crop tractor, and a 35 HP gasoline row crop tractor. Other equipment includes irrigation equipment, tillage implements, shop tools, trailers, a tool porter, 2 pick-ups, and 1 truck. The estimated total cost for new tractors, equipment, and trucks is \$57,600.

The hourly cash cost for tractors and implements consist of fuel lubricants, repairs and maintenance for the tractor and pulled or attached implements used. Because repair and maintenance costs of attached or pulled implements do not vary greatly for a tractor of a certain size, the same cash cost is assumed for all attachments or pulled implements for each tractor:

<u>Tractor</u>	<u>\$/Hr. Fuel & Repairs</u>	<u>\$/Hr. Repairs of Implements</u>	<u>Total for Tractor and Implement</u>
65 HP crawler, diesel	\$2.00	\$1.50	\$3.50
50 HP wheel, diesel	1.20	0.80	2.00
35 HP wheel, gasoline	1.00	0.50	1.50

Buildings to house equipment, supplies, a shop, and an office are rented from a landlord for \$600 a year. This cost is distributed among crops as part of general expense under cash overhead on a per acre-month basis.

MATERIALS AND SERVICES

Each crop is charged for materials and services which apply specifically to that crop. Miscellaneous materials and services are included as a part of general expense under cash overhead on a per acre-month basis.

Materials used for controlling pests and diseases are not itemized because such information may be misconstrued as recommendations. See "Pests and Disease Control Programs" published by the University of California for each crop or small groups of related crops for recommendations. These are revised almost annually. They are available at farm advisors offices.

It is assumed that most pest control will be by contract with commercial operators. The contract rate is a rough estimate of the average cost of pesticides and application for pest control in each crop.

LABOR

Charges per hour for labor are: hand labor \$1.85, tractor driving \$2.45. These rates include an estimated charge to cover compensation insurance, social security, transportation, labor association costs and other expenses associated with hiring labor.

SUPERVISION

It is assumed that the farm will have one full-time foreman who will spend most of his time supervising labor. He will be paid \$600 a month and will have full-time use of a pick-up for transportation.

MANAGEMENT

The cost of the management function is not included. The farmer receives for management the differences between gross income per acre and his costs of the kinds shown in these samples. To receive \$8000 a year for his management efforts a farmer needs a gross income per acre exceeding his costs of the kind shown in these samples by \$20.00 per acre for 400 crop acres. The time he spends at supervision and labor may amount to \$3500 a year or more. This added to what he receives for management constitutes his personal income from farming.

CASH OVERHEAD consists of charges for land rent, taxes on machinery and equipment, supervision, and general expense.

1. Land rent @ \$14.60 per acre-month:

Annual cash rent per acre $\$175 \div 12 = \14.58 per acre-month.

2. Taxes on machinery and equipment @ \$.24 per acre-month:

Two percent of one-half original cost $\$57,600 \div 2 \times .02 \div 2400$ crop acre-months = \$.24 per acre-month.

3. Supervision @ \$5.00 per acre-month:

Foreman's annual wage (\$7200) + compensation, etc. @ 8% (\$576) + supervision by farmer (\$3500) + 2 pickups @ \$.05 per mile for 8000 miles each (\$800) = \$12,076. $\$12,076 \div (200 \text{ Ac} \times 12 \text{ mo.}) = \5.03

4. General expense @ \$2.00 per acre month:

- a. Office expense (bookkeeping, telephone, etc.).
- b. Rent of buildings for tool shed shop and office.
- c. Insurance other than compensation.
- d. Miscellaneous expense including repairs to irrigation equipment, miscellaneous hauling, interest on operating capital, miscellaneous hand tools or implements, miscellaneous materials including gloves and rain clothing.

INVESTMENT OVERHEAD consists of charges for depreciation and interest on tractors and equipment. In order to simplify this study, depreciation and interest charges are allocated to the different crops on the basis of acre-months of land use. A depreciation charge based on an average use-life of 10 years for all equipment is assumed. In detailed enterprise accounting, the allocation of depreciation and interest charged on the basis of equipment use and varying depreciation rates for different equipment should be considered.

1. Depreciation of tractors and equipment @ \$2.40 per acre-month:

Total cost equipment \$57,600 ÷ 10 yrs. = 2400 crop acre-months = \$2.40 per acre-month.

2. Interest on investment in tractors and equipment @ \$.72 per acre-month:

Six percent of one half original cost \$57,600 ÷ 2 × .06 ÷ 2400 crop acre-month = \$.72 per acre-month.

HARVESTING, PACKING, AND SELLING CASH COSTS

Each crop is charged for harvesting, packing, and selling according to the customary charges established for these services, or in the case of harvesting of some crops, according to the hours of labor, materials and equipment used in the operation.

* * * * *

For crops not included in this series of sample costs, reasonable estimate of partial costs can be made by using costs for land preparation, irrigating, cultivating and pest control shown for crops that require about the same cultural practices. To this can be added cash overhead and investment overhead charges based on the number of months the crop occupies the land.