

AN ANALYSIS OF
LABOR COSTS ON
CUCUMBER PRODUCTION
IN SANTA CLARA COUNTY

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The possible imposition of minimum wage rates on agricultural labor or the necessity of competing with other users for the available labor supply are raising serious economic problems for farmers. Labor accounts for about 60% of the total costs of producing cucumbers as indicated by the table on page 2. Any increase in the wage rate will have serious affects on the cucumber industry.

This study attempts to analyze how changes in labor costs will affect the total cost. Analysis was made with a \$1.40 per hour minimum wage and a \$1.75 minimum if piece rates are used for picking. The results of this are given on page 3. Since it has been a common practice to pay the pickers 50% of the crop instead of an hourly or piece rate, the effects of three price levels (\$50, \$60 and \$70 per ton) were analyzed and these results are given on page 4. There is also considerable variation on the hours required to pick a ton of cucumbers depending on the size of fruit being picked. Analysis was therefore made of the costs of production with 300, 400 and 500 hours of work required to harvest a 10-ton crop.

SAMPLE COSTS TO PRODUCE CUCUMBERS

Santa Clara County - Date 1964

Production data: Yield - 10 ton Labor includes OASDI, Compensation Insurance, etc.

Operation	Hours Per Acre	Cash and labor cost per acre			Total
		Labor	Fuel and Repairs	Materials Kind and Quantity Cost	
Cultural costs					
Land Preparation	3.6	5.95	14.10		20.05
List & bed prep.	1.0	1.65	1.65		3.30
Pre-irrigate	4.0	5.00			5.00
Plant (2 men)	.6	1.75	1.50	Seed 5 lb.@/.30	6.50
Thin	15.0	16.50			16.50
Cultivate 6 times	3.0	4.95	7.50		12.45
Fertilizer				160 lb. N	
				100 lb P ₂ O ₅	32.00
Hoe	10.0	11.00			11.00
Irrigate 10 times	20.0	25.00			25.00
Dust or spray 2 times				Contract @ 7.50	15.00
Miscellaneous	3.0	3.75	2.85		6.60
TOTAL CULTURAL COSTS	60.2	75.55	27.60		53.50
Harvest costs					
Pick - 50% of 10 ton					
@ \$60	285.0	330.00			330.00
Loading	5.0	8.25	6.25		14.50
Haul 1/2 of cost				Contract 10 ton @/.50	15.00
Field Supervision		15.00			15.00
Housing for pickers @\$7.50		15.00			15.00
TOTAL HARVEST COSTS	290.0	368.25	6.25		15.00
Cash overhead					
Misc., office, etc.					25.00
Taxes					20.00
Rent					
TOTAL CASH OVERHEAD					45.00
TOTAL CASH COST	350.2	443.80	33.85		113.50
Management 5% of 10 ton @ \$60					30.00
INVESTMENT					
	Per Acre	Annual Cost			
Land	\$1,200	Depreciation	Interest		
Trees			72.00		
Irrigation System	125	6.25	3.75		
Buildings	30	1.50	.90		
Equipment	280	28.00	8.40		
Total	\$1,635	35.75	85.05		120.80
TOTAL COST PER ACRE					741.95
Cost per ton @ 10 ton yield					74.20

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SAMPLE COSTS TO PRODUCE CUCUMBERS AT VARIOUS WAGE RATES

	Hours per Acre	Situation 1964		At \$1.40 Minimum		At Piece Rate Harvest	
		Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre
Skilled labor	8.2	\$1.50	\$ 12.30	\$1.75	\$ 14.35	\$1.75	\$ 14.35
Semi-skilled	3.6	1.15	4.15	1.40	5.05	1.40	5.05
Irrigators	24.0	1.15	27.60	1.40	33.60	1.40	33.60
Hoe and thin	<u>25.0</u>	1.00	<u>25.00</u>	1.40	<u>35.00</u>	1.40	<u>35.00</u>
Total Cultural	60.8		69.05		88.00		88.00
Pick	285.0	1.05	300.00	1.40	400.00	1.75	500.00
Loading	<u>5.0</u>	1.50	<u>7.50</u>	1.75	<u>8.75</u>	1.75	<u>8.75</u>
Total Wages	350.8		376.55		496.75		596.75
OASDI, Comp. Ins., etc.			37.25		49.70		59.70
Supervision			15.00		15.00		15.00
Housing			<u>15.00</u>		<u>15.00</u>		<u>15.00</u>
Total Labor Cost			443.80		576.45		686.45
Fuel and Repairs			33.85		33.85		33.85
Materials and Cash Overhead			<u>113.50</u>		<u>113.50</u>		<u>113.50</u>
Total Cash Cost			591.15		723.80		833.80
Management			30.00		30.00		30.00
Depreciation			35.75		35.75		35.75
Interest			<u>85.05</u>		<u>85.05</u>		<u>85.05</u>
Total Cost per acre			\$741.95		\$874.60		\$984.60
Cost per ton @ 10 ton			74.20		87.45		98.45

SAMPLE COSTS TO PRODUCE CUCUMBERS AT VARIOUS PRICES

	Hours per Acre	Cucumbers @ \$50 per ton		Cucumbers @ \$60 per ton		Cucumbers @ \$70 per ton	
		Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre
Skilled Labor	8.2	\$1.75	\$14.35	\$1.75	\$14.35	\$1.75	\$14.35
Semi-skilled	3.6	1.40	5.05	1.40	5.05	1.40	5.05
Irrigators	24.0	1.40	33.60	1.40	33.60	1.40	33.60
Hoe and thin	<u>25.0</u>	1.40	<u>35.00</u>	1.40	<u>35.00</u>	1.40	<u>35.00</u>
Total Cultural	60.8		88.00		88.00		88.00
Pick @ 50% of crop			250.00		300.00		350.00
Loading	5.0	1.75	<u>8.75</u>	1.75	<u>8.75</u>	1.75	<u>8.75</u>
Total Wages			346.75		396.75		446.75
OASDI, Comp. Ins., etc.			34.70		39.70		44.70
Supervision			15.00		15.00		15.00
Housing			<u>15.00</u>		<u>15.00</u>		<u>15.00</u>
Total Labor Cost			411.45		466.45		521.45
Fuel and Repairs			33.85		33.85		33.85
Materials and Cash Overhead			<u>113.50</u>		<u>113.50</u>		<u>113.50</u>
Total Cash Cost			558.80		613.80		668.80
Management			25.00		30.00		35.00
Depreciation			35.75		35.75		35.75
Interest			<u>85.05</u>		<u>85.05</u>		<u>85.05</u>
Total Cost Per Acre			\$704.60		\$764.60		\$824.60
Cost Per Ton			70.45		76.45		82.45

SAMPLE COSTS TO PRODUCE CUCUMBERS
AT VARIOUS HOURS PER ACRE TO PICK

	Hours per Acre	Picking Labor 300 Hours		Picking Labor 400 Hours		Picking Labor 500 Hours	
		Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre	Hourly Rate	Cost per Acre
Skilled Labor	8.2	\$1.75	\$ 14.35	\$1.75	\$ 14.35	\$1.75	\$ 14.35
Semi-skilled	3.6	1.40	5.05	1.40	5.05	1.40	5.05
Irrigators	24.0	1.40	33.60	1.40	33.60	1.40	33.60
Hoe and Thin	<u>25.0</u>	1.40	<u>35.00</u>	1.40	<u>35.00</u>	1.40	<u>35.00</u>
Total Cultural	60.8		88.00		88.00		88.00
Pick		1.40	420.00	1.40	560.00	1.40	700.00
Load	5.0	1.75	<u>8.75</u>	1.75	<u>8.75</u>	1.75	<u>8.75</u>
Total Wages			516.75		656.75		796.75
OASDI, Comp. Ins., etc.			51.70		65.70		79.70
Supervision			15.00		15.00		15.00
Housing			<u>15.00</u>		<u>15.00</u>		<u>15.00</u>
Total Labor Cost			598.45		752.45		906.45
Fuel and Repairs			33.85		33.85		33.85
Materials and Cash Overhead			<u>113.50</u>		<u>113.50</u>		<u>113.50</u>
Total Cash Cost			745.80		899.80		1,053.80
Management			30.00		30.00		30.00
Depreciation			35.75		35.75		35.75
Interest			<u>85.05</u>		<u>85.05</u>		<u>85.05</u>
Total Cost Per Acre			\$896.60		\$1,050.60		\$1,204.60
Cost per Ton			89.65		105.05		120.45