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New Study Shows Labor Costs Responsible for 30 Percent of California Farm Expenses

SAN LUIS OBISPO – Labor costs account for nearly 30 percent of total farm expenses in California, according to a study recently released by the California Institute for the Study of Specialty Crops at Cal Poly.

Cal Poly Agribusiness Professor Sean Hurley, the study's principal investigator, found that the state's farmers and ranchers spend nearly $6 billion annually on direct-hire and contract-labor expenses, including wages, Social Security contributions, workers' compensation, insurance and pension plans. Only Florida spends more on hired and contracted labor as a percentage of total farm production expenses.

"The findings echo what is heard regularly from producers: that labor is a major expense," according to CISSC Director and Agribusiness Professor Jay Noel.

The study also found that, among domestic competitors, California farms have among the highest workers' compensation costs. California also has the highest percentage of farms employing migrant workers. Agricultural workers in California are paid an average of $9.25 an hour, according to the study. The federal minimum wage is $5.15.

To read the full study, please visit CISSC's Web site at www.cissc.calpoly.edu.

The California Institute for the Study of Specialty Crops provides timely, objective research and analysis of the policy, economic and regulatory issues that affect specialty crops. The institute is operated by the College of Agriculture at Cal Poly.

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