

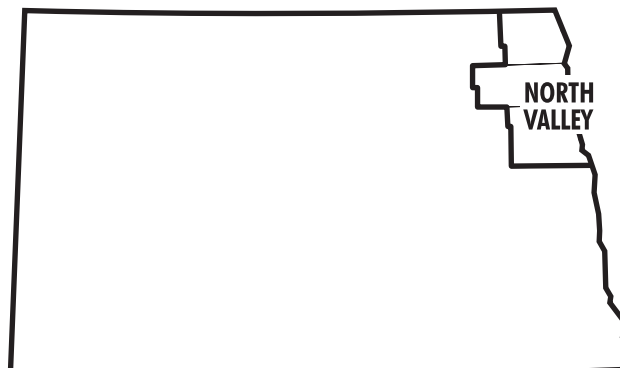
Farm Management Planning Guide



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Projected 2005 Crop Budgets North Valley North Dakota

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The 2005 crop budgets provide an estimate of revenues and costs for selected crops. Each set of budgets are developed for a multi-county region. There is considerable variation in soil type and productivity, weather conditions, as well as management and production practices within each region. Therefore, **THESE BUDGETS ARE ONLY INTENDED TO BE USED AS A GUIDE. EVERY INDIVIDUAL IS HIGHLY ENCOURAGED TO DEVELOP HIS/HER OWN BUDGETS!**

The profitability budget accounts for full economic opportunity costs for land and machinery investment, regardless of farm operator equity position. The bottom line is the return to labor and management. This is the expected "payment" to the producer for the labor and managerial efforts required by the crop enterprise.

Each individual must make the decision whether it is sufficient.

The budget can be changed to conform to the more common definition of accounting profit (return to unpaid labor and management, and owner equity) by replacing the machinery investment and land charge cost items with your per acre interest, or rental, expense of machinery and land, and real estate tax if land is owned, respectively.

The budget can be used for long run decisions if the revenues and costs are realistic for several years. (Crop prices, direct costs, and the land charge are best estimates for only the 2005 crop year, but crop yields are historic averages and machinery ownership costs are an average for the total length of ownership). If the budget shows a high return to labor and management, and is representative for several years, increased acreage and corresponding investment should be considered. However, if long-run returns to labor and management are unsatisfactory the best decision may be to exit the crop enterprise and employ the machinery and land investment, and labor and management, in a different enterprise or investment.

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For short-run planning decisions you can omit the indirect costs if the land and machinery required to produce the different enterprises are in place. Simply compare the crop enterprises by calculating return over direct costs. Labor requirements and risk should also be considered. Insurance is not available for some crops.

The budget can be used to estimate cashflow by making a few modifications. Machinery depreciation should be omitted and the machinery investment number replaced with your per acre principal and interest payment on machinery debt. For owned land, the land charge should be replaced with your per acre real estate tax and principal and interest payment on land debt.

Direct and counter-cyclical payments under the 2002 Farm Bill are omitted from the budgets because those payments are tied to historic farm program base acres and payment yields, not to current crop selection or production. Direct payments for this region are about \$11.75 per acre when averaged over all crop acreage. Counter-cyclical payments will occur if the national average price of wheat, feed grains or soybeans is below a certain level. Counter-cyclical payment rates per bushel of \$0.20 for wheat, \$0.36 for soybeans, \$0.25 for corn, and the maximum, \$0.15 for barley and \$0.09 for oats are expected with the price levels used in the budgets. The payment rate times payment yield is paid on 85% of that crop's base acres. Counter-cyclical payments will vary by a farm's base acres and payment yields and will dissipate if prices rise.

Primary Assumptions:

Market Price: Best estimates of NDSU extension economists. The greater of projected market price and marketing loan rate is used.

Market Yields: Average yield for the 7 year period 1997-2003, after the low and high yield years are removed. Yields for field peas, safflower, yellow mustard, buckwheat, millet and garbanzo beans are from NDSU extension agronomists and industry sources.

Fertilizer: Cost of fertilizer applied, based on soil test, to meet yield goal of 130% of market yield.

Soil test - recrop:
 Nitrogen - 35 lb
 Phosphorus - 11 ppm
 Potassium - 248 ppm

Fertilizer prices:

Nitrogen - .278/lb
 Phosphorus - .225/lb
 Potassium - .18/lb

Seed Prices:

Spring Wheat 5.80/bu
 Durum 6.00/bu
 Barley 4.20/bu
 Corn grain RR 1.42/thous.kern.
 Oil Sunflower .66/thou.kern.
 Conf. Sunflower 1.08/thou.kern.
 Soybean RR 28/50 lbs
 Dry Beans .65/lb
 Flax 14.00/bu
 Canola 3.10/lb
 Oats 3.40/bu
 Field Peas 5.75/bu
 Buckwheat .28/lb
 Mustard .85/lb

Fuel prices:

Diesel 1.60/gal
 Gas 1.90/gal

Lubrication charge: 15% of fuel cost

Miscellaneous: soil testing, machinery rent and custom work.

Direct costs charged 6.50% interest for 6 month period.

Costs of moving crop to storage are included.

Crops assumed to be planted on dryland recrop ground.

Misc. Overhead: Machinery housing and insurance at .5% and .85%, respectively, of average machinery investment. Also, liability insurance and license fees of trucks. In addition, \$1 per acre is assumed for general farm utilities, farm publications, meetings, dues, income tax preparation, legal fees, etc.

Land charge = average cash rent.

Machinery investment: 4.5% real interest rate, over the years of machine ownership, is charged on average machinery investment. The real, or inflation adjusted, rate is the commercial rate minus the inflation rate. Ave. mach. investment = (Purchase price + Disposal price)/2

Depreciation = (Purchase price - disposal price / years ownership)

Spring Wheat

Durum

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	40	_____	28	_____
Market Price:	3.42	_____	3.81	_____
MARKET INCOME	136.80	_____	106.68	_____
DIRECT COSTS				
-Seed	11.60	_____	12.00	_____
-Herbicides	12.00	_____	12.00	_____
-Fungicides*	1.50	_____	1.50	_____
-Insecticides	0.00	_____	0.00	_____
-Fertilizer	30.32	_____	18.30	_____
-Crop Insurance	5.20	_____	5.70	_____
-Fuel & Lubrication	10.96	_____	10.72	_____
-Repairs	11.60	_____	11.43	_____
-Drying	0.00	_____	0.00	_____
-Miscellaneous	1.00	_____	1.00	_____
-Operating Interest	2.74	_____	2.36	_____
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	86.91	_____	75.01	_____
INDIRECT (FIXED) COSTS				
-Misc. Overhead	3.95	_____	3.80	_____
-Machinery Depreciation	13.90	_____	13.55	_____
-Machinery Investment	8.80	_____	8.62	_____
-Land Charge	48.70	_____	48.70	_____
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	75.35	_____	74.67	_____
SUM OF ALL LISTED COSTS	162.26	_____	149.68	_____
RETURN TO LABOR & MANAGEMENT	(25.46)	_____	(43.00)	_____
LISTED COSTS PER BUDGET UNIT	(bu) :		(bu) :	
-Direct Costs	2.17	_____	2.68	_____
-Indirect Costs	1.88	_____	2.67	_____
-Total Costs	4.06	_____	5.35	_____

Notes:

*Early season foliar fungicide would cost about \$3-\$5 and late season fungicide would cost about \$9.50 plus application. Recent trials consistently show yield response of 5-10% with early season fungicide, if wheat planted into residue, and 15-20% with late application if weather favors disease development.

Malting Barley

Corn Grain

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	56	_____	100	_____
Market Price:	2.17*	_____	1.85	_____
MARKET INCOME	121.52	_____	185.00	_____
DIRECT COSTS				
-Seed	8.40	_____	36.92*	_____
-Herbicides	10.30	_____	7.75	_____
-Fungicides	1.25	_____	0.00	_____
-Insecticides	0.00	_____	0.00	_____
-Fertilizer	24.48	_____	39.96	_____
-Crop Insurance	4.80	_____	7.20	_____
-Fuel & Lubrication	11.29	_____	14.09	_____
-Repairs	11.82	_____	15.08	_____
-Drying	0.00	_____	13.50	_____
-Miscellaneous	1.00	_____	1.00	_____
-Operating Interest	2.38	_____	4.40	_____
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	75.72	_____	139.90	_____
INDIRECT (FIXED) COSTS				
-Misc. Overhead	4.15	_____	5.60	_____
-Machinery Depreciation	14.38	_____	21.87	_____
-Machinery Investment	9.04	_____	12.90	_____
-Land Charge	48.70	_____	48.70	_____
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	76.26	_____	89.07	_____
SUM OF ALL LISTED COSTS	151.98	_____	228.98	_____
RETURN TO LABOR & MANAGEMENT	(30.46)	_____	(43.98)	_____
LISTED COSTS PER BUDGET UNIT	(bu) :		(bu) :	
-Direct Costs	1.35	_____	1.40	_____
-Indirect Costs	1.36	_____	0.89	_____
-Total Costs	2.71	_____	2.29	_____

Barley notes:

*On average, 60% or more of production is feed quality.
Use loan rate of about \$1.63 for feed barley price.

Corn notes:

*Roundup (glyphosate) resistant corn.

Soybeans

Drybeans*

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	30	_____	1470	_____
Market Price:	4.71	_____	0.175	_____
MARKET INCOME	141.30	_____	257.25	_____
DIRECT COSTS				
-Seed	32.59*	_____	32.50	_____
-Herbicides	7.75*	_____	21.22	_____
-Fungicides	0.00	_____	0.00**	_____
-Insecticides	0.00	_____	0.00	_____
-Fertilizer	4.14	_____	22.48	_____
-Crop Insurance	4.80	_____	12.90	_____
-Fuel & Lubrication	8.88	_____	11.07	_____
-Repairs	10.30	_____	12.13	_____
-Drying	0.00	_____	0.00	_____
-Miscellaneous	1.50	_____	1.00	_____
-Operating Interest	2.27	_____	3.68	_____
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	72.24	_____	116.98	_____
INDIRECT (FIXED) COSTS				
-Misc. Overhead	3.55	_____	4.31	_____
-Machinery Depreciation	12.69	_____	15.64	_____
-Machinery Investment	7.74	_____	10.33	_____
-Land Charge	48.70	_____	48.70	_____
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	72.68	_____	78.98	_____
SUM OF ALL LISTED COSTS	144.92	_____	195.96	_____
RETURN TO LABOR & MANAGEMENT	(3.62)	_____	61.29	_____
LISTED COSTS PER BUDGET UNIT	(bu) :		(lb) :	
-Direct Costs	2.41	_____	0.08	_____
-Indirect Costs	2.42	_____	0.05	_____
-Total Costs	4.83	_____	0.13	_____

Soybean notes:

*Roundup (glyphosate) resistant soybeans. Per acre cost of conventional soybean seed would be about \$11 for public varieties and \$18 for private varieties, and herbicide costs would be about \$18.

Drybean notes:

*Acreage limitations exist under the 2002 farm bill. The general rule is drybean acres can not be planted on base acres. If farm or producer has drybean history, drybean can be planted on base acres but government payments on those acres will be forfeited.

**Fungicide for white mold would cost about \$16 plus application.

Oil Sunflower

Confectionery Sunflowers

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	1390		1260	
Market Price:	0.129		0.175	
MARKET INCOME	179.31		220.50	
DIRECT COSTS				
-Seed	15.84		21.60	
-Herbicides	14.00		14.00	
-Fungicides	0.00		0.00	
-Insecticides*	0.00		6.00	
-Fertilizer	18.27		15.65	
-Crop Insurance	5.70		7.80	
-Fuel & Lubrication	11.03		10.95	
-Repairs	11.42		11.36	
-Drying	2.78		2.52	
-Miscellaneous	1.00		5.75	
-Operating Interest	2.60		3.11	
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	82.65		98.75	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	4.33		4.28	
-Machinery Depreciation	15.82		15.70	
-Machinery Investment	9.98		9.92	
-Land Charge	48.70		48.70	
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	78.83		78.60	
SUM OF ALL LISTED COSTS	161.48		177.34	
RETURN TO LABOR & MANAGEMENT	17.83		43.16	
LISTED COSTS PER BUDGET UNIT	(lb) :		(lb) :	
-Direct Costs	0.06		0.08	
-Indirect Costs	0.06		0.06	
-Total Costs	0.12		0.14	

Oil Sunflower notes:

*Sunflower beetle insecticide would cost about \$2 plus application.
Red seed weevil insecticide would cost about \$6 plus application.

Confectionery Sunflower notes:

*One treatment of insecticide for red seed weevil, lygus bugs and banded moths. Custom application cost of \$4.75 is under "Miscellaneous." A second treatment is often needed. Seed treatment for wireworm would cost about \$5. Insecticide for sunflower beetle would cost about \$2 plus application.

Canola

Flax

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	1300	_____	23	_____
Market Price:	0.099	_____	5.62	_____
MARKET INCOME	128.70	_____	129.26	_____
DIRECT COSTS				
-Seed	17.05	_____	11.20	_____
-Herbicides	16.00	_____	14.71	_____
-Fungicides	0.00*	_____	0.00	_____
-Insecticides	7.00	_____	0.00	_____
-Fertilizer	30.50**	_____	17.68	_____
-Crop Insurance	5.80	_____	4.40	_____
-Fuel & Lubrication	9.24	_____	10.61	_____
-Repairs	10.31	_____	11.36	_____
-Drying	0.00	_____	0.00	_____
-Miscellaneous	1.00	_____	1.00	_____
-Operating Interest	3.15	_____	2.31	_____
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	100.05	_____	73.26	_____
INDIRECT (FIXED) COSTS				
-Misc. Overhead	3.47	_____	3.74	_____
-Machinery Depreciation	12.36	_____	13.40	_____
-Machinery Investment	7.61	_____	8.55	_____
-Land Charge	48.70	_____	48.70	_____
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	72.15	_____	74.39	_____
SUM OF ALL LISTED COSTS	172.19	_____	147.65	_____
RETURN TO LABOR & MANAGEMENT	(43.49)	_____	(18.39)	_____
LISTED COSTS PER BUDGET UNIT	(lb) :		(bu) :	
-Direct Costs	0.08	_____	3.19	_____
-Indirect Costs	0.06	_____	3.23	_____
-Total Costs	0.13	_____	6.42	_____

Canola notes:

*Fungicide for white mold would cost about \$16 plus application.

**Fertilizer cost includes 20 lbs sulfur at \$.26/lb.

Field Peas

Oats

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	40		61	
Market Price:	3.50*		1.25	
MARKET INCOME	140.00		76.25	
DIRECT COSTS				
-Seed	17.25**		6.80	
-Herbicides	14.64		1.88	
-Fungicides	0.00		0.00	
-Insecticides	0.00		0.00	
-Fertilizer	3.51		22.37	
-Crop Insurance	10.00		5.00	
-Fuel & Lubrication	9.82		10.81	
-Repairs	11.25		11.30	
-Drying	0.00		0.00	
-Miscellaneous	2.00		1.00	
-Operating Interest	2.23		1.92	
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	70.70		61.08	
INDIRECT (FIXED) COSTS				
-Misc. Overhead	3.79		4.10	
-Machinery Depreciation	14.01		14.16	
-Machinery Investment	8.25		8.75	
-Land Charge	48.70		48.70	
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	74.74		75.72	
SUM OF ALL LISTED COSTS	145.44		136.79	
RETURN TO LABOR & MANAGEMENT	(5.44)		(60.54)	
LISTED COSTS PER BUDGET UNIT	(bu) :		(bu) :	
-Direct Costs	1.77		1.00	
-Indirect Costs	1.87		1.24	
-Total Costs	3.64		2.24	

Field Pea notes:

*Loan rate is used because market price is expected to be lower.

**Producer's own seed is used. Seed cost for new grower would be about \$27.

Yellow Mustard

Buckwheat

	Per Acre	Your Figures	Per Acre	Your Figures
Market Yield	1000	_____	1000	_____
Market Price:	0.136	_____	0.113	_____
MARKET INCOME	136.00	_____	113.00	_____
DIRECT COSTS				
-Seed	10.20	_____	14.00	_____
-Herbicides	5.95	_____	0.00	_____
-Fungicides	0.00	_____	0.00	_____
-Insecticides	0.00	_____	0.00	_____
-Fertilizer	17.21	_____	9.31	_____
-Crop Insurance	0.00	_____	0.00	_____
-Fuel & Lubrication	8.92	_____	9.01	_____
-Repairs	9.79	_____	9.85	_____
-Drying	0.00	_____	0.00	_____
-Miscellaneous	1.00	_____	1.00	_____
-Operating Interest	1.72	_____	1.40	_____
	=====	=====	=====	=====
SUM OF LISTED DIRECT COSTS	54.80	_____	44.58	_____
INDIRECT (FIXED) COSTS				
-Misc. Overhead	3.26	_____	3.32	_____
-Machinery Depreciation	11.61	_____	11.74	_____
-Machinery Investment	7.08	_____	7.14	_____
-Land Charge	48.70	_____	48.70	_____
	=====	=====	=====	=====
SUM OF LISTED INDIRECT COSTS	70.65	_____	70.90	_____
SUM OF ALL LISTED COSTS	125.45	_____	115.48	_____
RETURN TO LABOR & MANAGEMENT	10.55	_____	(2.48)	_____
LISTED COSTS PER BUDGET UNIT				
	(lb) :		(lb) :	
-Direct Costs	0.05	_____	0.04	_____
-Indirect Costs	0.07	_____	0.07	_____
-Total Costs	0.13	_____	0.12	_____

notes:

2005 Machinery List

Machine	Purch. Price	Annual Use	Years to trade	Trade in	Deprec.	Invest.	Repairs	Ac/hr
2WD 100HP Tractor	50500	400 hr	20	16334	4.27/hr	3.76/hr	5.16/hr	
2WD 160HP Tractor	83300	500 hr	15	24653	7.82/hr	4.86/hr	8.48/hr	
4WD 280HP Tractor	114700	500 hr	15	33953	10.77/hr	6.69/hr	6.68/hr	
SP Combine (base unit)	132900	250 hr	12	33041	33.29/hr	14.93/hr	21.56/hr	
Tandem Truck (used)	30000	150 hr	15	10000	8.89/hr	6.00/hr	5.33/hr	
Semi & Trailer (used)	35000	150 hr	10	10000	16.67/hr	6.75/hr	6.67/hr	
Pick-up Truck	19000	300 hr	10	4000	5.00/hr	1.73/hr	2.47/hr	
Swather 25 ft	16000	1000 ac	20	3788	0.61/ac	0.45/ac	0.28/ac	12.1
Sprayer 90 ft	24500	2200 ac	15	9709	0.45/ac	0.35/ac	0.31/ac	42.5
Chisel Plow 35 ft	24300	1600 ac	15	14204	0.42/ac	0.54/ac	0.65/ac	16.2
Field Cultivator 45 ft	30400	3000 ac	15	16837	0.30/ac	0.35/ac	0.54/ac	23.2
Tandem Disk 28 ft	23300	800 ac	20	6675	1.04/ac	0.84/ac	0.66/ac	12.2
Harrow (springtooth) 60 ft	9900	1200 ac	20	5687	0.18/ac	0.29/ac	0.13/ac	34.0
Row-crop cultivator 12-30	10100	800 ac	15	5563	0.38/ac	0.44/ac	0.38/ac	11.6
Grain Drill 30 ft	42400	1400 ac	12	19994	1.33 /ac	1.00 /ac	2.18 /ac	11.5
Planter 12-30	37200	800 ac	20	12397	1.55/ac	1.40/ac	2.06/ac	10.6
Bean cutter 6-30	8000	400 ac	20	2282	0.72/ac	0.58/ac	0.44/ac	6.5
Corn head 6-30	23400	400 ac	20	2192	2.65/ac	1.44/ac	0.83/ac	4.5
Grain head w/pu	10200	1200 ac	10	3606	0.55 /ac	0.26 /ac	0.19 /ac	8.5
Grain str. cut 25 ft	13800	400 ac	20	1436	1.55 /ac	0.86 /ac	0.25 /ac	8.5
Head w/sunf pans 25 ft	17200	400 ac	20	1813	1.92/ac	1.07/ac	0.32/ac	8.5
Soybeans str. cut 25 ft	20000	800 ac	20	1852	1.13/ac	0.61/ac	0.37/ac	8.5
Head w/drybean pickups	20000	400 ac	20	2109	2.24/ac	1.24/ac	0.37/ac	8.5
Grain auger	6300	50 hr	20	500	5.80/hr	3.06/hr	0.62/hr	

Example Sequence of Operations

Field operations sequence for spring wheat, durum, barley, oats and flax

OP. NO.	DESCRIPTION	(FEET) WIDTH	(MPH) SPEED	(AC/HR) Fld Cap	(\$/AC) FUEL & LUBE	(\$/AC) EST. REPAIRS
1	Field Cultivate	45	5.0	23.2	\$ 0.98	\$ 0.83
2	Field Cultivate	45	5.0	23.2	\$ 0.98	\$ 0.83
3	Plant	30	4.5	11.5	1.13	2.92
4	Spray	90	6.0	42.5	0.19	0.44
5	Swath	25	5.0	12.1	0.67	0.71
6	Combine	25	4.0	8.5	2.20	2.73
7	Chisel Plow	35	4.5	16.2	1.40	1.06
8	Chisel Plow	35	4.5	16.2	1.40	1.06
	Trucks*				0.82	0.56
	Grain auger (pto)				0.11	0.01
	Pickup truck allocation				1.10	0.45
	Total				10.96	11.60

* Truck costs will vary between crops.

For more information on this and other topics, see: www.ag.ndsu.edu

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