

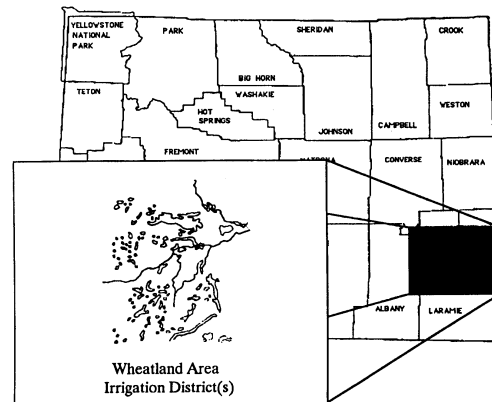
# Crop Enterprise Budget

## Setaside Program, Wheatland Area

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This enterprise budget estimates typical costs and returns for setaside acres in the Wheatland area of Wyoming. It should be used only as a guide. The data presented are not taken from an actual farm. The major assumptions in this budget are presented below.

### LAND

The budget is based on a 500-acre farm, with 23 acres setaside each year in conjunction with participation in the government program for corn. Other enterprises included on this farm are: alfalfa establishment, 17 acres; alfalfa hay, 100 acres; sugar beets, 100 acres; dry beans, 75 acres; corn for grain, 62.5 acres; and corn for silage, 62.5 acres. The remaining 60 acres include roadways, fence lines, and farmsteads. Owned land is valued at \$750 per acre for flood-irrigated land and \$850 per acre for center pivot-irrigated land. Leased land is rented on a crop share basis. For setaside acres, a 33 percent share of gross revenue is paid to the landowner. In turn, the landowner pays for 33 percent of the seed used.

### LABOR

Labor is provided by the operator and one full-time employee. All labor, including operator labor, is valued at \$5 per hour plus 7.65 percent to cover social security and federal withholding taxes. Labor charges for the owner/operator represent an opportunity cost for the time spent in this enterprise. Some part-time labor is used on the farm for labor-intensive operations such as harvest.

### CAPITAL

The operator provides 50 percent of the long-term capital and 50 percent of the operating capital for this enterprise. Fifty percent of the long-term capital is borrowed at an interest rate of 9.75 percent APR (Annual Percentage Rate). Fifty percent of the operating capital is borrowed at an interest rate of 9 percent APR. The interest rates used here are for short-term planning. Real interest rates should be used for accurate long-term planning.

### MACHINERY, EQUIPMENT, AND BUILDINGS

A complete list of machinery, equipment, and buildings used in this enterprise and the associated values are provided in Table 1. All resources are assumed to be half depreciated. Estimated operating and ownership costs are given in Table 2. Table 2 lists only the resources used in this enterprise. Other resources used on the farm are not included. However, the reader should note that the resources listed in Tables 1 and 2 may also be used in other enterprises on the farm.

Each irrigated acre on the farm is assumed to be irrigated by a fraction of the total irrigation system. The irrigation water provided by each irrigation system is broken down as follows: 30 percent center pivot, 25 percent concrete ditch and tubes, and 45 percent gated pipe (plastic and aluminum, 50 percent each). This method was employed because crops will normally be rotated onto all farmed land over time.

The setaside enterprise is assumed to be rotated over irrigable acres, however, no irrigation water is applied to the crop.

**OPERATIONS**

Operations related to the setaside program acres are listed in chronological order in the enterprise budget. Ground preparation begins in early April. Planting of a sorghum/sudan grass crop usually occurs around the middle of April.

Typically, the setaside forage is sold to a livestock producer. Harvest (grazing) will usually begin the first part of June.

**ENTERPRISE BUDGET**

Economic costs and returns for corn for the setaside program acres are summarized by operation in the enterprise budget. Costs are broken down by stage of production. General overhead and operator management have been calculated at 5 percent and 10 percent of all cash costs, respectively.

Costs and returns for the crop share-lease arrangement are also summarized in the budget. Costs paid in whole or in part by the landowner are listed in the landowner column. The tenant column describes the tenant's share of the appropriate cost and return items. The far right column has been provided to calculate changes from this base budget for your operation.

**SUMMARY**

Gross income for the setaside enterprise is estimated at \$10 per acre. Total variable costs are estimated at \$54.87 per acre, with total fixed costs at \$110.81 per acre. The total of all costs for the setaside enterprise is estimated at \$165.68 per acre, leaving a net projected return of (\$155.68) per acre. The net projected returns for the share-lease arrangement are (\$69.91) per acre for the landowner and (\$85.77) per acre for the tenant.

**TABLE 1. Machinery, Equipment, and Building Value and Use Assumptions**

| Resource Name      | Current List Price | Current Market Value | Salvage Value | Total Defined Annual Use | Useful Life  | Remaining Life |
|--------------------|--------------------|----------------------|---------------|--------------------------|--------------|----------------|
| 100 HP TRACTOR 2WD | \$45,054           | \$26,562             | \$8,070       | 635 Hours                | 10,160 Hours | 5,080 Hours    |
| 140 HP TRACTOR MFD | \$59,492           | \$33,563             | \$7,634       | 496 Hours                | 9,920 Hours  | 4,960 Hours    |
| 70 HP TRACTOR 2WD  | \$27,245           | \$15,370             | \$3,496       | 323 Hours                | 6,460 Hours  | 3,230 Hours    |
| GRAIN DRILL 12 FT  | \$7,095            | \$4,039              | \$983         | 8 Hours                  | 96 Hours     | 48 Hours       |
| LEVELER 12 FT      | \$6,832            | \$3,594              | \$356         | 48 Hours                 | 960 Hours    | 480 Hours      |
| PLOW 2-WAY 5-18'S  | \$6,860            | \$3,632              | \$404         | 114 Hours                | 2,166 Hours  | 1,083 Hours    |
| ROLLER HARROW      | \$7,973            | \$4,369              | \$765         | 134 Hours                | 2,010 Hours  | 1,005 Hours    |
| TANDEM DISK 21 FT  | \$11,959           | \$6,291              | \$623         | 68 Hours                 | 1,360 Hours  | 680 Hours      |
| 1/2 TON PICKUP 2WD | \$14,279           | \$8,967              | \$3,656       | 10,000 Miles             | 75,000 Miles | 37,500 Miles   |
| 1/2 TON PICKUP 4WD | \$16,190           | \$10,167             | \$4,145       | 10,000 Miles             | 75,000 Miles | 37,500 Miles   |
| METAL SHOP 20 X 20 |                    | \$10,000             | \$1,000       |                          | 30 Years     | 15 Years       |
| POLE BARN 40 X 80  |                    | \$16,500             | \$1,650       |                          | 30 Years     | 15 Years       |

Setaside Program

Enterprise Budget  
Economic Costs and Returns per Acre  
Setaside Program - Wheatland Area  
23-Acre Enterprise

| RETURNS SECTION -----    |          |       |         |                     |                |            |             |
|--------------------------|----------|-------|---------|---------------------|----------------|------------|-------------|
| GROSS INCOME Description | Quantity | Unit  | \$/Unit | --- Crop-Share ---  |                |            | Your Return |
|                          |          |       |         | Owner-Operator 100% | Land-owner 33% | Tenant 67% |             |
| SETASIDE GRAZING         | 1.00     | ACRES | 10.00   | \$10.00             | \$3.30         | \$6.70     |             |
| Total GROSS Income       |          |       |         | \$10.00             | \$3.30         | \$6.70     |             |

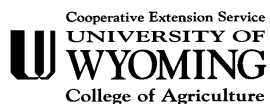
| VARIABLE COSTS SECTION -----     |                  |           |                               |                  |           |         |                               |                    |            |           |           |
|----------------------------------|------------------|-----------|-------------------------------|------------------|-----------|---------|-------------------------------|--------------------|------------|-----------|-----------|
| VARIABLE COST Description        | Dollars per Acre |           | ----- M a t e r i a l s ----- |                  |           |         | Materials Total Cost Per Acre | --- Crop-Share --- |            |           |           |
|                                  | LABOR            | MACHINERY | Description                   | # Units Per Acre | Unit Type | \$/unit |                               | Operator           | Land-owner | Tenant    | Your Cost |
| <b>**ANNUAL**</b>                |                  |           |                               |                  |           |         |                               |                    |            |           |           |
| METAL SHOP - 20 X 20             |                  |           |                               |                  |           |         | 2.31                          | ----               | 2.31       |           |           |
| POLE BARN - 40 X 80              |                  |           |                               |                  |           |         | 1.34                          | ----               | 1.34       |           |           |
| 1/2 TON PICKUP - 2WD             | 2.69             | 2.34      |                               |                  |           |         | 5.03                          | ----               | 5.03       |           |           |
| 1/2 TON PICKUP - 4WD             | 2.69             | 2.62      |                               |                  |           |         | 5.31                          | ----               | 5.31       |           |           |
| GENERAL OVERHEAD                 |                  |           |                               |                  |           |         | 1.94                          | ----               | 1.94       |           |           |
| OPERATOR MANAGEMENT              |                  |           |                               |                  |           |         | 3.88                          | ----               | 3.88       |           |           |
| Total ANNUAL                     |                  |           |                               |                  |           |         | 19.81                         | 0.00               | 19.81      |           |           |
| <b>**PRE-PLANT**</b>             |                  |           |                               |                  |           |         |                               |                    |            |           |           |
| DISK Operation                   | 0.74             | 2.02      |                               |                  |           |         | 2.76                          | ----               | 2.76       |           |           |
| PLOW Operation                   | 1.97             | 6.41      |                               |                  |           |         | 8.38                          | ----               | 8.38       |           |           |
| ROLLER HARROW Operation          | 1.32             | 2.57      |                               |                  |           |         | 3.89                          | ----               | 3.89       |           |           |
| LEVEL Operation                  | 1.32             | 4.12      |                               |                  |           |         | 5.44                          | ----               | 5.44       |           |           |
| Total PRE-PLANT                  |                  |           |                               |                  |           |         | 20.47                         | 0.00               | 20.47      |           |           |
| <b>**PLANT**</b>                 |                  |           |                               |                  |           |         |                               |                    |            |           |           |
| PLANT SETASIDE Operation         | 1.18             | 1.18      | SORGHUM/SUDAN                 | 40.000           | LBS       | 0.22    | 8.80                          | 11.16              | ----       | 11.16     |           |
| Total PLANT                      |                  |           |                               |                  |           |         | 11.16                         | 0.00               | 11.16      |           |           |
| Operating Interest               |                  |           |                               |                  |           |         |                               | 3.43               | ----       | 3.43      |           |
| Total VARIABLE COST              |                  |           |                               |                  |           |         | \$54.87                       | \$0.00             | \$54.87    |           |           |
| GROSS INCOME minus VARIABLE COST |                  |           |                               |                  |           |         |                               | (\$44.87)          | \$3.30     | (\$48.17) |           |

| FIXED COSTS SECTION -----          |      |                   |            |           |           |
|------------------------------------|------|-------------------|------------|-----------|-----------|
| FIXED COST Description             | Unit | --- CropShare --- |            |           | Your Cost |
|                                    |      | Owner-Operator    | Land-owner | Tenant    |           |
| <b>Machinery and Equipment:</b>    |      |                   |            |           |           |
| Taxes                              | Acre | 2.53              | ----       | 2.53      |           |
| Insurance                          | Acre | 3.33              | ----       | 3.33      |           |
| Long-term Interest                 | Acre | 15.03             | ----       | 15.03     |           |
| Depreciation                       | Acre | 16.71             | ----       | 16.71     |           |
| <b>Buildings and Improvements:</b> |      |                   |            |           |           |
| Taxes                              | Acre | 0.75              | 0.75       | ----      |           |
| Insurance                          | Acre | 0.48              | 0.48       | ----      |           |
| Long-term Interest                 | Acre | 6.77              | 6.77       | ----      |           |
| Depreciation                       | Acre | 4.29              | 4.29       | ----      |           |
| <b>Irrigation:</b>                 |      |                   |            |           |           |
| Taxes                              | Acre | 0.00              | 0.00       | ----      |           |
| Insurance                          | Acre | 0.00              | 0.00       | ----      |           |
| Long-term Interest                 | Acre | 0.00              | 0.00       | ----      |           |
| Depreciation                       | Acre | 0.00              | 0.00       | ----      |           |
| <b>Land:</b>                       |      |                   |            |           |           |
| Taxes                              | Acre | 8.78              | 8.78       | ----      |           |
| Long-term Interest                 | Acre | 52.13             | 52.13      | ----      |           |
| Total FIXED Cost                   |      | \$110.81          | \$73.21    | \$37.60   |           |
| Total of ALL Cost                  |      | \$165.68          | \$73.21    | \$92.47   |           |
| NET PROJECTED RETURNS              |      | (\$155.68)        | (\$69.91)  | (\$85.77) |           |

Setaside Program

**TABLE 2. Machinery, Equipment, and Building Cost Calculations**

| Machine/Vehicle | Unit    | RESOURCE COST PER UNIT OF USE |                                |                         |                 |                            |                           |               |          | ENTERPRISE                  |                          |        |        |
|-----------------|---------|-------------------------------|--------------------------------|-------------------------|-----------------|----------------------------|---------------------------|---------------|----------|-----------------------------|--------------------------|--------|--------|
|                 |         | -----Variable-----            |                                |                         |                 | -----Fixed-----            |                           |               |          | Resource<br>Use<br>per Acre | -----Costs per Acre----- |        |        |
|                 |         | Fuel<br>and<br>Lube           | Operation<br>Labor &<br>Inputs | Repair<br>and<br>Maint. | Hourly<br>Lease | Deprec.<br>and<br>Interest | Taxes<br>and<br>Insurance | TOTAL<br>COST | Variable |                             | Fixed                    | TOTAL  |        |
| 100 HP TRACTOR  | 2WD     | \$/Hour                       | \$5.17                         | \$0.00                  | \$4.86          | \$0.00                     | \$4.48                    | \$0.72        | \$15.23  | 0.2222                      | \$2.23                   | \$1.16 | \$3.39 |
| 140 HP TRACTOR  | MFD     | \$/Hour                       | 7.24                           | 0.00                    | 6.20            | 0.00                       | 6.66                      | 1.17          | 21.27    | 0.6804                      | 9.15                     | 5.33   | 14.48  |
| 70 HP TRACTOR   | 2WD     | \$/Hour                       | 3.62                           | 0.00                    | 1.85            | 0.00                       | 4.69                      | 0.82          | 10.98    | 0.2000                      | 1.09                     | 1.10   | 2.19   |
| GRAIN DRILL     | 12 FT   | \$/Hour                       | 0.00                           | 0.00                    | 0.40            | 0.00                       | 62.44                     | 8.72          | 71.56    | 0.2000                      | 0.08                     | 14.23  | 14.31  |
| LEVELER         | 12 FT   | \$/Hour                       | 0.00                           | 0.00                    | 1.64            | 0.00                       | 7.39                      | 1.29          | 10.32    | 0.2222                      | 0.36                     | 1.93   | 2.29   |
| PLOW 2-WAY      | 5-18'S  | \$/Hour                       | 0.00                           | 0.00                    | 5.90            | 0.00                       | 3.04                      | 0.52          | 9.46     | 0.3335                      | 1.97                     | 1.19   | 3.16   |
| ROLLER HARROW   |         | \$/Hour                       | 0.00                           | 0.00                    | 1.69            | 0.00                       | 3.66                      | 0.56          | 5.91     | 0.2222                      | 0.38                     | 0.94   | 1.32   |
| TANDEM DISK     | 21 FT   | \$/Hour                       | 0.00                           | 0.00                    | 2.89            | 0.00                       | 9.12                      | 1.60          | 13.61    | 0.1252                      | 0.36                     | 1.34   | 1.70   |
| 1/2 TON PICKUP  | 2WD     | \$/Mile                       | 0.10                           | 0.00                    | 0.06            | 0.00                       | 0.26                      | 0.07          | 0.49     | 14.9926                     | 2.40                     | 4.95   | 7.35   |
| 1/2 TON PICKUP  | 4WD     | \$/Mile                       | 0.10                           | 0.00                    | 0.07            | 0.00                       | 0.29                      | 0.08          | 0.54     | 14.9926                     | 2.55                     | 5.55   | 8.10   |
| METAL SHOP      | 20 X 20 | \$/Year                       | 720.00                         | 0.00                    | 140.37          | 0.00                       | 1,545.75                  | 131.63        | 2,537.75 | 0.0020                      | 1.72                     | 3.35   | 5.07   |
| POLE BARN       | 40 X 80 | \$/Year                       | 360.00                         | 0.00                    | 140.37          | 0.00                       | 2,550.49                  | 217.20        | 3,268.06 | 0.0020                      | 1.00                     | 5.54   | 6.54   |



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