

University of Idaho

College of Agricultural *and* Life Sciences



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2015 Enterprise Budgets: District 1 Alfalfa

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Budget spreadsheets are available at the following link:
<http://web.cals.uidaho.edu/idahoagbiz/enterprise-budgets/>

Table 1. Summary of Returns by Crop and Rotation (\$/acre)

By Crop:	Unit	Yield per acre	Price* per unit	Revenue per acre	Total Cost (TC) of Operation	Returns over TC (\$/acre)	Total Variable Costs (VC) (\$/acre)	Returns over VC (\$/acre)	Crop & Cost Share** Cost (\$/acre)	% Share Operator Owner	Operator Owner
Barley seeded with alfalfa	ton	1.25	93	\$116	\$323	-\$207	\$283	-\$167	\$0	67/33	
Alfalfa Hay Production	ton	2.5	175	\$438	\$427	\$11	\$164	\$273	\$122	67/33	
Stand life, in years	4										

Note: Negative returns for the barley/alfalfa establishment year are amortized over the productive life of the stand. Thus, alfalfa hay production returns include payment for the establishment year.

2015 Input Prices

Item	Unit	2015 Price/unit
Fuel:		
Diesel, offroad, bulk (gal)	gal	\$3.00
Gas (gal)	gal	\$2.60
Seed:		
Alfalfa Seed, Ladek	lb	\$4.35
Barley Seed, Feed	lb	\$0.31
Fertilizer:		
Nitrogen (dry)	lb	\$0.57
Phosphorous (dry)	lb	\$0.55
Sulfur (dry)	lb	\$0.28
Potassium (dry)	lb	\$0.31
Gypsum	lb	\$0.16
*Average of dry and liquid formulations.		
Adjuvants:		
Amm. Sulf. (20-0-0-24)	lb	\$0.22
Amm. Sulf. (liquid)	oz	\$0.05
Class Act (adjuvant, antifoam)	oz	\$0.12
Crop Oil Concentrate	pt	\$1.88
Custom Rental:		
Custom Aerial	acre	\$8.95
Fertilizer Applicator	acre	\$1.00
26' Rental Shredder	acre	\$10.00
36' Ripper Shooter	acre	\$2.50
90' Rental Sprayer	acre	\$2.00
Custom Combine	acre	\$25.00

2015 Input Prices

Item	Unit	2015 Price/unit
Pesticides:		
2,4-DB	oz	\$0.29
Achieve SC	oz	\$1.17
Ally 60 XP	oz	\$11.98
Assure II EC	oz	\$0.86
Axial XL	oz	\$1.39
Bronate Advanced	pt	\$6.88
Brox M	oz	\$0.38
Capture LFR	oz	\$2.64
Dimethoate 4EC	pt	\$8.40
Discover .5 EC	oz	\$1.47
FarGO 4EC	qt	\$16.66
Finesse	oz	\$17.34
Glyphosphate (Rup Power Max.)	oz	\$0.18
Imidan 70	lb	\$15.41
Maverick	oz	\$20.77
Mustang Maxx	oz	\$1.50
Osprey	oz	\$4.31
Poast 1.5 EC	pt	\$16.77
Prowl 3.3 EC	oz	\$0.46
Pursuit WDG	oz	\$3.53
Quadris Opti	oz	\$1.06
Quilt	oz	\$1.78
Starane Flex	oz	\$0.67
Starane NXT	oz	\$0.75
Crop Insurance:		
Feed barley	acre	\$18.00
Alfalfa	ton	\$2.00
Labor¹:		
Hourly machine labor	hour	\$17.80
Other labor	hour	\$10.25
Overhead:		
Overhead ²	percent	5.0%
Management fee:		
Management fee ³	percent	5.0%
Cash rent:		
Cash rent	acre	\$0.00
Land Tax:		
Land Tax	acre	\$5.50
Interest:		
Operating Loan	percent	5.75%
Machinery Loan/investment	percent	6%

¹Includes all applicable state and federal taxes.

²Covers legal, accounting, and utility fees. Calculated as percentage of operat

³Calculated as a percentage of gross revenue.

INSTRUCTIONS AND ASSUMPTIONS

Input Prices:

Input costs are based on a annual survey of input suppliers for each region, available online at <http://web.cals.uidaho.edu/idahoagbiz/enterprise-budgets/>

Crop Prices:

Crop prices are typically based on five-year average prices received by Idaho growers, with adjustments by region and for some contract crops.

Machinery Costs:

The machinery complement and associated hourly machinery cost data are in the last two sheets. The per acre machinery cost data are used to create the individualized machinery cost data for each budget, all located below the main table at the top. Machinery fixed costs include depreciation, interest, property taxes, insurance, and housing. For the overall farm operation, these costs do not vary by crop, given the ownership of a specific machinery complement, and are incurred whether or not crops are grown. Your per acre fixed costs will change if the farm size differs significantly from the size used in these budgets.

Land Costs:

Land costs, included either as real or as opportunity costs, are based on a typical share rental arrangement. We calculate net land rental cost as a cost share as follows:

$$1/3 \text{ Crop Value} - (1/3 \text{ Fertilizer Cost} + 1/3 \text{ Chemical Cost} + 1/3 \text{ Crop Insurance} + \text{Land Taxes})$$

A typical lease agreement in the areas surveyed is a one-third land owner and two-third tenant crop share, with the land owner paying land taxes, one-third of the fertilizer cost, one-third of the chemical cost, and one-third of the crop insurance. The tenant covers all other production expenses. **This crop-share percentage can be adjusted in the Excel version of the crop worksheets files.** If the percentage is adjusted on the Summary tab, it is changed for all crops. If you want different crop-share percentages for different crops, adjust the percentage on the budget sheet for that crop. This valuable tool reveals how factors such as crop and input price increases as well as cropping choices affect revenue for landlords and operators differently. Note that pea, lentil, and garbanzo crop-share arrangements are typically 25/75.

While the owner-operator will not actually experience a land rental cost, this cost represents the minimum return owner-operators must realize to justify growing the crop themselves. To determine the profitability of crop production relative to other activities, the owner-operator may want to consider these forgone rental returns along with the usual production expenses.

General Assumptions:

Since farming is inherently variable and constantly changing, we hope that this spreadsheet format will be helpful in adjusting these budgets to reflect your particular operation. Enterprise costs and returns vary from one location to the next and over time for any particular farming operation. Variability stems from differences in the following:

- Capital, labor, and natural resources
- Type and size of machinery complement
- Cultural practices
- Size of farm enterprise
- Crop yields
- Input prices
- Commodity prices
- Management skill

Please examine closely the assumptions we have used and make adjustments to reflect your particular operation. Adjustments in the variable costs can easily be made without affecting the overall accuracy of the budget information. Machinery costs are more difficult to adjust, due to the underlying complexity of machinery cost calculations. A separate machinery cost calculator program is used to develop the costs used in these budgets, which are based on specific machinery widths, tractor horsepower, type of operation, etc. The machinery cost program and data sets specific to this budget are available upon request.

Acknowledgments:

I wish to thank everyone who helped gather all of the information needed to create these worksheets. First and foremost, I thank the farmers who were willing to take the time to share their enterprise information in order to create this worksheet. Without their assistance we would not be able to provide this critical information to others. However, I take responsibility for any errors in these budgets.

Budget spreadsheets are available at the following link:

<http://web.cals.uidaho.edu/idahoagbiz/enterprise-budgets/>

Schedule of Operations for Establishing Alfalfa Hay with Barley for District 1

Month	Operation	Tooling	Materials/Service
Sept	Plow	350HP-WT, 10-Bottom Plow	
April	Cultivate	105HP-WT, 12' Cultivator	
April	Fertilize	Custom applied	80 lb N, 70 lb P, 20 lb S
April	Cultivate	105HP-WT, 12' Cultivator	
May	Harrow	105HP-WT, 25' Spike Harrow	
May	Pack	105HP-WT, 12' Packer	
May	Plant		16 lb alfalfa seed 80 lb barley seed
August	Harvest	Custom Combine	\$25 per acre for custom combining

Production Costs for Establishing Alfalfa Hay for District 1

Item	Quantity Per Acre	Unit	Price or Cost/Unit	Value or Cost/Acre
Gross Returns				
Barley	1.25	ton	\$93.00	\$116.25
Variable Costs				
Seed:				\$94.60
Barley Seed	80	lb	\$0.31	\$25.00
Alfalfa Seed	16	lb	\$4.35	\$69.60
Fertilizer:				\$89.70
<i>Base your rate on your soil test results.</i>				
<i>A typical recommendation might include the following:</i>				
Nitrogen (dry)	80	lb	\$0.57	\$45.60
Phosphorus	70	lb	\$0.55	\$38.50
Sulfur	20	lb	\$0.28	\$5.60
Pesticides:				\$0.00
<i>Rates & chemicals will depend on the pests in your crop.</i>				
<i>Consult a certified pesticide applicator or the PNW Pest Control Management Guides.</i>				
<i>The following cost estimates are typical:</i>				
Machinery:				\$46.87
Fuel	7.37	gal	\$3.00	\$22.11
Lubricants	1	acre	\$2.42	\$2.42
Machinery Repairs	1	acre	\$7.65	\$7.65
Machinery Labor	0.83	hours	\$17.80	\$14.70
Custom & Consultants:				\$26.00
Rented fertilizer spreader	1	acre	\$1.00	\$1.00
Custom combine	1	acre	\$25.00	\$25.00
Other:				\$18.00
Crop insurance	1	acre	\$18.00	\$18.00
Storage Facility & Equip. Repairs				\$0.00
Other Labor				
Operating Interest ¹				\$7.91
Total Variable Costs				\$283.08
Variable Costs per Unit				\$226.47
Net Returns Above Variable Costs				-\$166.83

Production Costs for Establishing Alfalfa Hay for District 1

Item	Quantity Per Acre	Unit	Price or Cost/Unit	Value or Cost/Acre
Ownership Costs:				
Machinery depreciation			\$11.32	\$11.32
Machinery interest			\$9.39	\$9.39
Machinery insurance, taxes, housing, licenses			\$2.40	\$2.40
Land Cost*	1	acre	\$2.82	\$2.82
*Based on share rent percentage:				
Landlord	33%			
Tenant	67%			
Cash rent				\$0.00
Overhead ²				\$13.76
Total Fixed Costs				\$39.69
Total Costs per Acre				\$322.78
Total Costs per Unit				\$258.22
Returns to Risk				-\$206.53

¹Calculated as 5.75% interest on operating capital for 6 months.

²Covers legal, accounting, and utility fees. Calculated as 5% of operating expenses.

³The management fee is calculated as a 5% of gross revenue.

Schedule of Operations for Alfalfa Hay Production for District 1

Month	Operation	Tooling	Materials/Service
Apr	Fertilize	350HP-WT, rented fertilizer applicator	25 lb N, 70 lb P, 10 lb S
May/June	Spray weevils	Custom ground spray	2.24 - 4 oz per acre Mustang Max
June	Swath	Mower/Conditioner	
June	Rake	Baler (16 x 18)	
June	Bale	Side delivery rake	
June	Stack	Custom haul and stack	
August	Swath	Mower/Conditioner	
June	Rake	Side delivery rake	
August	Bale	Baler (16 x 18)	
August	Stack	Custom haul and stack	

Production Costs for Alfalfa Hay Production, Two Cuttings, Northern Idaho Counties

Item	Quantity Per Acre	Unit	Price or Cost/Unit	Value or Cost/Acre
Gross Returns				
Alfalfa Hay	2.50	ton	\$175.00	\$437.50
Variable Costs				
Fertilizer:				\$55.55
<i>Base your rate on your soil test results.</i>				
<i>The following fertilizer estimates are typical:</i>				
Nitrogen	25	lb	\$0.57	\$14.25
Phosphorus	70	lb	\$0.55	\$38.50
Sulfur	10	lb	\$0.28	\$2.80
Pesticides:				\$6.01
<i>Rates & chemicals will depend on the pests in your crop.</i>				
<i>Consult a certified pesticide applicator or the PNW Pest Control Management Guides.</i>				
<i>The following cost estimates are typical:</i>				
Mustang Max	4	oz	\$1.50	\$6.01
Machinery:				\$51.44
Fuel	4.85	gal	\$3.00	\$14.55
Lubricants	1	acre	\$1.57	\$1.57
Machinery Repairs	1	acre	\$14.57	\$14.57
Machinery Labor	1.17	acre	\$17.80	\$20.76
Custom & Consultants:				\$32.00
Custom spray	1.00	acre	\$8.50	\$8.50
Custom Haul & Stack	2.50	ton	\$9.00	\$22.50
Fertilizer Rental	1	acre	\$1.00	\$1.00
Other:				\$14.63
Baling twine	2.50	ton	\$3.85	\$9.63
Crop insurance	2.50	ton	\$2.00	\$5.00
Operating Interest ¹				\$4.59
Total Variable Costs				\$164.21
Net Returns Above Variable Costs				\$273.29
Ownership Costs:				
Machinery depreciation			\$27.21	\$27.21
Machinery interest			\$16.70	\$16.70
Machinery insurance, taxes, housing, licenses			\$4.50	\$4.50
Land Cost*	1	acre	\$122.41	\$122.41
*Based on share rent percentage:				
Landlord	33%			
Tenant	67%			
Cash Rent				\$0.00
Amortization of establishment costs**	7.5%	acre	\$61.66	\$61.66
**Based on years of production: 4.00				

Overhead	\$8.21
Management fee	\$21.88
Total Fixed Costs	\$262.56
Total Costs per Acre	\$426.77
Total Costs per Unit	\$170.71
Returns to Risk	\$10.73

Notes:

¹Calculated as 5.75% interest on operating capital for 6 months.

²Covers legal, accounting, and utility fees. Calculated as 5% of operating expenses.

³The management fee is calculated as a 5% of gross revenue.

<u>Breakeven Analysis:</u>	-	Base	+
	10%	Yield	10%
<u>Price</u>	2.3	2.50	2.8
Operating Cost Breakeven	\$72.98	\$65.69	\$59.71
Ownership Cost Breakeven	\$116.69	\$105.02	\$95.48
Total Cost Breakeven	\$189.68	\$170.71	\$155.19
	-	Base	+
	10%	Price	10%
<u>Yield</u>	\$157.50	\$175.00	\$192.50
Operating Cost Breakeven	1.04	0.94	0.85
Ownership Cost Breakeven	1.67	1.50	1.36
Total Cost Breakeven	2.71	2.44	2.22

Machinery Costs (\$/acre)

Note: Per hour machinery costs can be changed in this master table and they will update throughout. Per acre costs are calculated in a separate machinery cost

	Fixed Costs (\$/acre):				Variable Costs (\$/acre):				Labor		Fuel Use	Total Cost (\$/acre)
	Depreciation	Interest	Taxes, Housing,	Total Fixed Costs	Repairs	Fuel	Lubrican	Total	(\$/acre)	(hr/acre)	(gal/acre)	
<i>Machinery costs for these implements are spread across every acre of the farm, regardless of crops produced:</i>												
Pickup 3/4 ton 4WD, newer	\$1.40	\$0.82	\$0.75	\$2.97	\$0.79	\$2.01	\$0.19	\$2.99	\$3.57	0.22	0.58	\$9.54
Pickup 3/4 ton 4WD, older	\$0.24	\$0.16	\$0.15	\$0.55	\$0.79	\$0.34	\$0.03	\$1.16	\$1.19	0.07	0.10	\$2.90
Subtotal:	\$1.64	\$0.98	\$0.90	\$3.52	\$1.58	\$2.36	\$0.22	\$4.16	\$4.76	\$0.29	\$0.67	\$12.44
<i>Machinery costs for these implements are specific to the operations for each crop:</i>												
105HP-WT + 36' Drill	\$2.89	\$2.16	\$0.71	\$5.76	\$1.71	\$1.11	\$0.11	\$2.93	\$1.23	\$0.08	\$0.32	\$9.91
105HP-WT + 16 x 18 Baler	\$5.52	\$3.01	\$0.81	\$9.33	\$2.84	\$1.84	\$0.17	\$4.85	\$2.05	\$0.13	\$0.53	\$16.24
105HP-WT + Mower/Conditioner	\$5.29	\$3.23	\$0.79	\$9.30	\$2.89	\$2.77	\$0.25	\$5.91	\$3.07	\$0.19	\$0.79	\$18.29
105HP-WT + Hay Rake	\$1.71	\$1.40	\$0.17	\$3.28	\$0.62	\$1.38	\$0.13	\$2.13	\$1.53	\$0.09	\$0.40	\$6.94
350HP-WT + 10-B Plow	\$3.74	\$3.70	\$0.41	\$7.85	\$2.39	\$9.65	\$0.90	\$12.94	\$3.21	\$0.20	\$2.76	\$24.00
350HP-WT + 40' Cultivator	\$0.89	\$0.71	\$0.10	\$1.70	\$0.66	\$2.61	\$0.24	\$3.51	\$0.86	\$0.05	\$0.75	\$6.08
350HP-WT + 20' Spike Harrow	\$0.82	\$0.70	\$0.11	\$1.62	\$0.50	\$3.72	\$0.35	\$4.57	\$1.24	\$0.08	\$1.06	\$7.44
350HP-WT + Rented Fertilizer App.	\$0.52	\$0.45	\$0.07	\$1.04	\$0.31	\$2.63	\$0.24	\$3.18	\$0.88	\$0.05	\$0.75	\$5.10

Note: Farm size is assumed to be 2000 acres for the purposes of machinery cost calculations.

Machinery Costs for District 1 Alfalfa Hay Establishment (\$/acre) from the University of Idaho Machinery Cost Calculator												
	Ownership Costs (\$/acre):				Operating Costs (\$/acre):				Labor		Fuel Use	Total Cost (\$/acre)
	Depreciation	Interest	Taxes, Housing, Insurance, Licenses	Total Ownership Costs	Repairs	Fuel	Lubricants	Total	(\$/acre)	(hr/acre)	(gal/acre)	
<i>Machinery costs for these implements are spread across every acre of the farm, regardless of crops produced:</i>												
Pickup 3/4 ton 4WD, newer	\$1.40	\$0.82	\$0.75	\$2.97	\$0.79	\$2.01	\$0.19	\$2.99	\$3.57	0.22	0.58	\$9.54
Pickup 3/4 ton 4WD, older	\$0.24	\$0.16	\$0.15	\$0.55	\$0.79	\$0.34	\$0.03	\$1.16	\$1.19	0.07	0.10	\$2.90
<i>Machinery costs for these implements are specific to the operations for each crop:</i>												
350HP-WT + 10-B Plow	\$3.74	\$3.70	\$0.41	\$7.85	\$2.39	\$9.65	\$0.90	\$12.94	\$3.21	0.20	2.76	\$24.00
350HP-WT + 40' Cultivator	\$0.89	\$0.71	\$0.10	\$1.70	\$0.66	\$2.61	\$0.24	\$3.51	\$0.86	0.05	0.75	\$6.08
350HP-WT + Rented Fertilizer App.	\$0.52	\$0.45	\$0.07	\$1.04	\$0.31	\$2.63	\$0.24	\$3.18	\$0.88	0.05	0.75	\$5.10
350HP-WT + 20' Spike Harrow	\$0.82	\$0.70	\$0.11	\$1.62	\$0.50	\$3.72	\$0.35	\$4.57	\$1.24	0.08	1.06	\$7.44
350HP-WT + 20' Spike Harrow	\$0.82	\$0.70	\$0.11	\$1.62	\$0.50	\$3.72	\$0.35	\$4.57	\$1.24	0.08	1.06	\$7.44
105HP-WT + 36' Drill	\$2.89	\$2.16	\$0.71	\$5.76	\$1.71	\$1.11	\$0.11	\$2.93	\$1.23	0.08	0.32	\$9.91
Total:	\$11.32	\$9.39	\$2.40	\$23.11	\$7.65	\$25.80	\$2.42	\$35.86	\$13.42	\$0.83	\$7.37	\$72.39

[Back to Costs by Crop](#)

Machinery Costs for District 1 Alfalfa Hay Production (\$/acre) from the University of Idaho Machinery Cost Calculator												
	Ownership Costs (\$/acre):				Operating Costs (\$/acre):				Labor		Fuel Use	Total Cost (\$/acre)
	Depreciation	Interest	Taxes, Housing, Insurance, Licenses	Total Ownership Costs	Repairs	Fuel	Lubricants	Total	(\$/acre)	(hr/acre)	(gal/acre)	
<i>Machinery costs for these implements are spread across every acre of the farm, regardless of crops produced:</i>												
Pickup 3/4 ton 4WD, newer	\$1.40	\$0.82	\$0.75	\$2.97	\$0.79	\$2.01	\$0.19	\$2.99	\$3.57	0.22	0.58	\$9.54
Pickup 3/4 ton 4WD, older	\$0.24	\$0.16	\$0.15	\$0.55	\$0.79	\$0.34	\$0.03	\$1.16	\$1.19	0.07	0.10	\$2.90
<i>Machinery costs for these implements are specific to the operations for each crop:</i>												
350HP-WT + Rented Fertilizer App.	\$0.52	\$0.45	\$0.07	\$1.04	\$0.31	\$2.63	\$0.24	\$3.18	\$0.88	0.05	0.75	\$5.10
105HP-WT + Mower/Conditioner	\$5.29	\$3.23	\$0.79	\$9.30	\$2.89	\$2.77	\$0.25	\$5.91	\$3.07	\$0.19	\$0.79	\$18.29
105HP-WT + Hay Rake	\$1.71	\$1.40	\$0.17	\$3.28	\$0.62	\$1.38	\$0.13	\$2.13	\$1.53	\$0.09	\$0.40	\$6.94
105HP-WT + 16 x 18 Baler	\$5.52	\$3.01	\$0.81	\$9.33	\$2.84	\$1.84	\$0.17	\$4.85	\$2.05	\$0.13	\$0.53	\$16.24
105HP-WT + Mower/Conditioner	\$5.29	\$3.23	\$0.79	\$9.30	\$2.89	\$2.77	\$0.25	\$5.91	\$3.07	0.19	0.79	\$18.29
105HP-WT + Hay Rake	\$1.71	\$1.40	\$0.17	\$3.28	\$0.62	\$1.38	\$0.13	\$2.13	\$1.53	0.09	0.40	\$6.94
105HP-WT + 16 x 18 Baler	\$5.52	\$3.01	\$0.81	\$9.33	\$2.84	\$1.84	\$0.17	\$4.85	\$2.05	0.13	0.53	\$16.24
Total:	\$27.21	\$16.70	\$4.50	\$48.40	\$14.57	\$16.97	\$1.57	\$33.11	\$18.95	\$1.17	\$4.85	\$100.46

Machinery Complement for Alfalfa Hay Establishment & Production, Northern Idaho Counties

Type of Machine	Replacement Value \$	Age When Purchased	Years of Life	Annual Hours of Use	Salvage Value \$	Annual Repairs (Materials & Labor) \$	Gallons of Fuel/Hr.	Taxes, Housing, Insur., Licenses %	Labor Multiplier	Acres per Hour
<i>Tractors:</i>										
350HP-WT	95,000	5	15	500	20,000	3,000	15	1.2	1.1	
105HP-CT	60,000	0	20	300	7,700	1,000	4.6	1.1	1.1	
<i>Equipment, used with 350HP-WT:</i>										
10-Bottom Plow	22,000	0	20	80	4,000	600	15	0.6	1.1	5.56
40' Cultivator	15,500	5	15	125	2,000	850	15	0.6	1.1	20.61
20' Spike Harrow	1,000	0	15	50	100	35	15	0.6	1.1	14.42
<i>Equipment, used with 105HP-CT:</i>										
36' Drill	51,150	0	15	100	5,000	2,000	4.6	3	1.2	15.27
Hay baler 16 x 18	30,000	5	10	75	2,500	1,500	4.6	2.5	1.2	4.36
Mower/conditioner	18,000	5	10	80	1,800	1,000	4.6	2.5	1.2	5.82
Hay rake	5,000	5	15	60	500	100	4.6	0.6	1.1	11.64
<i>Trucks:</i>										
				Miles/year:			MPG:			
3/4-Ton Pickup	34,000	5	10	12,000	8,000	600	12	6.8	1.1	
3/4-Ton Pickup	7,500	15	15	2,000	450	1,500	12	6.8	1.1	

Note: Farm size is assumed to be 2000 acres for the purposes of machinery cost calculations.