

Corn Cost-Return Budget in Northeast Kansas



K-STATE
Research and Extension

Department of Agricultural Economics — www.agmanager.info

Kansas State University Agricultural Experiment Station and Cooperative Extension Service

Gregg Ibendahl
Agricultural Economist
Farm Management

Daniel M. O'Brien
Agricultural Economist
Crop Marketing

Stewart R. Duncan
Crops and Soils, NE

The information in this projected budget reflects expected income and costs based on typical production practices in the region. These values should be used as a guide, but individuals are encouraged to use their own values reflecting their specific land productive capabilities and farming system when looking at the potential costs and returns for their operations.

Income Per Acre

Crop production costs per unit and net returns are highly dependent on yields. The following estimated budgets include three different yield levels, which are intended to represent expected yields for land of varying quality for a given level of management. Yield levels are based on historical data from the Kansas Farm Management Association in the region, adjusting for trends over time. Cash rent for land has been adjusted for alternative yield levels in this budget and planting intensity (i.e., either fallow or double cropping). In customizing a budget for your farm, attention should be given to using land values (i.e., rents) that are representative of your farm's productive capacity, planting intensity, and local farmland market conditions.

Output price represents an expected harvest price in the region. Typically, a reasonable price forecast for most crops is to use the futures market adjusted by the historical basis for a particular location, where basis equals cash price minus futures price. Silage prices are based on corresponding crop

Table 1. Production Inputs — Corn

Item	Yield Level (bu/a)			
	110	137	164	
Seed, 1,000/a*	27	27	27	\$3.90/1,000
Fertilizer:				
N-anhydrous	88	117	148	\$0.71/lb
N	22	21	16	\$0.56/lb
P	39	48	57	\$0.68/lb
K	28	34	41	\$0.40/lb
Lime	500	500	500	\$0.015/lb
Herbicide				
Burndown	1	1	1	\$13.62/a
Preemergence	1	1	1	\$26.06/a
Postemergence	1	1	1	\$4.16/a
Insecticide/Fungicide				
Fungicide	0	0	1	\$32.00/a

* Roundup Ready/Bt/Gaucho treated seed

prices. See MF1013 for more detailed information on price forecasts.

Because the yields used in the budgets reflect average expected yields, there is no crop insurance indemnity payment included in income. Crop insurance premiums will vary tremendously based on many factors (proven yield, coverage level, type of insurance policy). Crop insurance premiums included as costs reflect an expected net premium paid on average given the expected revenue.

Table 2. Machinery and Land Resources — Corn

Item	Yield Level (bu/a)			Custom Rate
	110	137	164	
Tillage/Planting/Chemical Applications:				
Chisel	0	0	0	\$16.60/a
Disk	0	0	0	\$14.10/a
Field cultivate	0	0	0	\$13.15/a
No-till plant	1	1	1	\$20.83/a
Anhydrous application	1	1	1	\$15.83/a
Fertilizer application	0	0	0	\$6.92/a
Herbicide application	3	3	3	\$7.01/a
Insecticide/fungicide application	1	1	1	\$7.17/a
Harvest				
Base charge	1	1	1	\$32.66/a
Extra charge for yields exceeding	93	93	93	\$0.19/bu
Hauling	110	137	164	\$0.20/bu
Non-machinery labor	2.00	2.00	2.00	\$15.00/hr
Land charge/rent	\$90.00	\$120.00	\$150.00	
Interest on capital				6.5%

Costs Per Acre

Production costs at the three yield levels are shown on lines 1 through 13. Projected Kansas custom rates for specific field operations are used to represent fuel and labor costs as well as

machinery repair, depreciation, and interest expenses. Table 1 identifies seed, fertilizer, herbicide, and insecticide/fungicide costs. Fertilizer rates are based on removal with adjustments for local conditions. Table 2 outlines the machinery operations assumed, non-machinery labor, and land cash rent.

COST-RETURN PROJECTION — CORN — NORTHEAST KANSAS

	Yield Level (bu/a)			Your Farm
	110	137	164	
INCOME PER ACRE				
A. Yield per acre	110	137	164	
B. Price per bushel	\$ 3.79	\$ 3.79	\$ 3.79	
C. Net government payment	\$	\$	\$	
D. Indemnity payments	\$	\$	\$	
E. Miscellaneous income.....	\$	\$	\$	
F. Returns/acre ((A × B) + C + D + E)	\$ 416.90	\$ 519.23	\$ 621.56	
COSTS PER ACRE				
1. Seed	\$ 105.30	\$ 105.30	\$ 105.30	
2. Herbicide	43.83	43.83	43.83	
3. Insecticide / Fungicide	0.00	0.00	32.00	
4. Fertilizer and Lime	120.02	148.57	176.70	
5. Crop Consulting.....				
6. Crop Insurance*	11.46	15.76	20.06	
7. Drying				
8. Miscellaneous.....	8.50	8.50	8.50	
9. Custom Hire / Machinery Expense.....	122.75	133.28	143.81	
10. Non-machinery Labor	30.00	30.00	30.00	
11. Irrigation				
a. Labor				
b. Fuel and Oil.....				
c. Repairs and Maintenance				
d. Depreciation on Equipment and Well.....				
e. Interest on Equipment.....				
12. Land Charge / Rent.....	90.00	120.00	150.00	
G. SUB TOTAL	\$ 531.86	\$ 605.24	\$ 710.20	
13. Interest on ½ Nonland Costs	14.36	15.77	18.21	
H. TOTAL COSTS	\$ 546.22	\$ 621.01	\$ 728.41	
I. RETURNS OVER COSTS (F - H)	\$ -129.32	\$ -101.78	\$ -106.85	
J. TOTAL COSTS/BUSHEL (H ÷ A)	\$ 4.97	\$ 4.53	\$ 4.44	
K. RETURN TO ANNUAL COST (I + 13) ÷ G	-21.62%	-14.21%	-12.48%	

* Reflects expected net premium paid.

Publications from Kansas State University are available at: www.ksre.ksu.edu.

Publications are reviewed or revised annually by appropriate faculty to reflect current research and practice. Date shown is that of publication or last revision. Contents of this publication may be freely reproduced for educational purposes. All other rights reserved. In each case, credit Gregg Ibendahl, Daniel M. O'Brien, and Stewart R. Duncan, *Corn Cost-Return Budget in Northeast Kansas*, Kansas State University, April 2015.

Kansas State University Agricultural Experiment Station and Cooperative Extension Service

MF571

April 2015

K-State Research and Extension is an equal opportunity provider and employer. Issued in furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1914, as amended. Kansas State University, County Extension Councils, Extension Districts, and United States Department of Agriculture Cooperating, John D. Floros, Director.