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Center-Pivot-Irrigated Grain Sorghum Cost-Return Budget in Western Kansas

Department of Agricultural Economics — *www.agmanager.info*

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This budget provides cost and return estimates for center-pivot-irrigated grain sorghum in western Kansas. Western Kansas is home to the state's large cattle feeding complex and a developing hog industry, ensuring a continued high level of demand for irrigated and nonirrigated feedgrain production. Irrigated grain sorghum requires less water than fully irrigated crops such as corn, soybeans, and alfalfa, making it more suited for low volume irrigation systems. Although irrigated grain sorghum requires less water than many alternative irrigated crops, it often is not as economically viable as some of those crops.

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. Producers can compare the profitability of crop enterprises on farmland tracts with varying yield potential by considering alternative expected yield scenarios. Land values and government payments have been adjusted for alternative yield levels in this budget.

Price per bushel represents an expected harvest price in Scott City, Kan., accounting for government marketing loan price support levels. Grain sorghum producers in other

Table 1. *Production Inputs — Center-Pivot-Irrigated Sorghum*

	Yield Level (bu)			
Item	90	120	150	
Seed, lbs*	6	6.5	6.5	$3.29/lb
Fertilizer:				
N (anhydrous)	113	150	188	$0.24/lb
N	0	0	0	$0.39/lb
P	40	53	66	$0.44/lb
K	0	0	0	$0.59/lb
Lime	0	0	0	$0.01/lb
Herbicide				
Bicep Lite II Magnum	1.5	1.5	1.5	$13.43/qt
Marksman	2.0	2.0	2.0	$3.85/pt
Insecticide / Fungicide				
Irrigation water, in	8	12	16	$3.75/in

** Concep and Gaucho treated.*

Table 2. *Machinery and Land Resources — Center-Pivot-Irrigated Sorghum*

	Yield Level (bu)			Custom
Item	90	120	150	Rate
Tillage/Planting/Chemical Applications:				
Chisel	1	1	1	$9.78/a
Disk	1	1	1	$7.88/a
Field cultivate	1	1	1	$7.82/a
Plant	1	1	1	$10.75/a
Anhydrous application	1	1	1	$8.91/a
Fertilizer application	0	0	0	$4.34/a
Herbicide application	2	2	2	$4.38/a
Insecticide/fungicide application	0.5	0.5	0.5	$4.43/a
Harvest				
Base charge	1	1	1	$20.09/a
Extra charge for yields exceeding	36	36	36	$0.189/bu
Hauling	90	120	150	$0.173/bu
Non-machinery labor	0.89	0.98	1.08	$13.00/hr
Irrigation labor	0.50	0.50	0.50	$13.00/hr
Land charge/rent	$55.20	$69.00	$82.80	
Interest on capital				7.5%
Irrigation Equipment	Investment, $/a		Years	Salvage value
Well, pump and gearhead value	$424.00		25	0%
Power unit and meter	$98.00		7	0%
Irrigation system	$476.00		25	25%

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regions of western Kansas should use an expected price that is representative for their location.

Crop insurance was not included as an input expense in this budget because yields reflect an average of all years (good and bad). If crop insurance is included as an input expense, then an expected value for indemnity payments should be included in the returns section.

Costs Per Acre

Production costs at the three production levels are shown on lines 1 through 13. Kansas Custom Rates for specific field operations are used to represent fuel and labor costs as well as machinery repair, depreciation, and interest expenses in these budgets. Table 1 identifies the typical seed, fertilizer, herbicide, insecticide, and irrigation water requirements (rate and cost/unit) for center-pivot-irrigated grain sorghum. Herbicide requirements include both pre-crop and in-crop treatments. Table 2 outlines the machinery, irrigation equipment, and land resources used for center-pivot-irrigated grain sorghum. Each tillage, planting, and harvest operation is identified.

COST-RETURN PROJECTION — CENTER-PIVOT-IRRIGATED GRAIN SORGHUM

	Yield Level (bu)			Your
	90	120	150	Farm
INCOME PER ACRE				
A. Yield per acre	90	120	150	
B. Price per bushel	$ 3.45	$ 3.45	$ 3.45	
C. Net government payment	$ 29.92	$ 32.53	$ 35.13	
D. Indemnity payments	$	$	$	
E. Miscellaneous income	$	$	$	
F. Returns/acre ((A × B) + C + D + E)	$ 340.42	$ 446.53	$ 552.63	
COSTS PER ACRE				
1. Seed	$ 19.74	$ 21.39	$ 21.39	
2. Herbicide	27.85	27.85	27.85	
3. Insecticide / Fungicide				
4. Fertilizer and Lime	44.52	59.06	73.83	
5. Crop Consulting	6.25	6.25	6.25	
6. Crop Insurance				
7. Drying				
8. Miscellaneous	10.00	10.00	10.00	
9. Custom Hire / Machinery Expense	101.98	112.84	123.70	
10. Non-machinery Labor	11.52	12.75	13.98	
11. Irrigation				
a. Labor	6.50	6.50	6.50	
b. Fuel and Oil	30.00	45.00	60.00	
c. Repairs and Maintenance	2.64	3.96	5.28	
d. Depreciation on Equipment and Well	45.24	45.24	45.24	
e. Interest on Equipment	41.89	41.89	41.89	
12. Land Charge / Rent	55.20	69.00	82.80	
G. SUB TOTAL	$ 403.33	$ 461.71	$ 518.70	
13. Interest on ½ Nonland Costs	9.79	11.46	13.08	
H. TOTAL COSTS	$ 413.11	$ 473.17	$ 531.78	
I. RETURNS OVER COSTS (F - H)	$ -72.69	$ -26.65	$ 20.85	
J. TOTAL COSTS/BUSHEL (H ÷ A)	$ 4.59	$ 3.94	$ 3.55	
K. RETURN TO ANNUAL COST (I + 13) ÷ G	-15.60%	-3.29%	6.54%	

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