

ESTIMATED COST OF PRODUCING DRY-LAND WHEAT ON SUMMER FALLOW LAND IN MONTEREY COUNTY - by Daniel M. Irving, Farm Advisor

These estimated production costs are based on local observation and inquiry. They are not meant to be average costs but are believed to be fairly typical for the 1956 season. Actual costs of production vary widely on each farm and from year to year. It is suggested that you compute your own costs in the last column.

Labor costs are figured at the following hourly rates: man labor (tractor and truck driver) - \$1.32; other labor - \$1.10; 60 h.p. tracklayer tractor - \$3.50; 1-1/2 ton truck - \$2.00. These rates are estimated total cost, including fuel, oil and repairs, depreciation and interest on investment. Tractor costs are based on an 800 to 1,000 hours yearly operation.

	HOURS PER ACRE				Est. Cost Per Acre	My Costs
	Man Labor	60 h.p. Tr. Tr.	1-1/2 T. Truck	Avg. Daily Work Load		
Plow 5-16" or chisel disc	.3	.3		30 A. /day	\$ 1.45	\$
Fallow - disc, duckfoot or harrow 3 times	.6	.6		50 A. /day	2.90	
Cultivate, plant, harrow 1 time	.2	.2	.02	50 A. /day	1.00	
TOTAL CULTURAL COSTS					5.35	
Wheat seed - 65 lbs. /A. (\$4.00/cwt.)					2.20	
Weed control spray (custom service)					1.80	
Fence repair (1/4 hr. /A.)					.30	
TOTAL MATERIAL AND SERVICE COSTS					4.30	
Combine					5.00	
Hauling (10¢/cwt.)					1.20	
TOTAL HARVESTING COSTS					6.20	
General expenses (5% of cultural, material and service costs)					.48	
*Personal property tax on non-power equipment					.06	
*Repairs (5% of original cost of n.p. equip.)					.65	
TOTAL CASH-OVERHEAD COSTS					1.19	
TOTAL CASH COSTS					17.04	
Depreciation on non-power equip.					1.40	
Interest on non-power equip. investment					.32	
TOTAL ALL COSTS (Except land, insurance and marketing costs)					18.76	

*These costs are determined by using the original purchasing price (\$6500 is about average and was used in this study) and dividing this amount by the number of acres involved (500 in this study). Assuming that 1,000 acres was being dry-farmed, 500 acres would be in fallow and 500 in crop.

(Estimated Cost of Producing Dry Land Wheat on Summer Fallow Land in Monterey County)

ESTIMATED FARM OPERATOR COST AND INCOME ON THE BASIS OF A THREE-QUARTER CROP SHARE*

	Unit Cost	Est. Cost Per Acre	My Costs
Fire insurance on 3/4 crop share (900 lbs.)	\$.50/\$100 assessed value	\$.16	
Storage	\$3.25/ton for one season	1.47	
Fumigation in storage	\$1.50/ton	.68	
Freight and brokerage, etc.	\$.20/cwt.	1.80	
TOTAL INSURANCE AND MARKETING COSTS		4.11	
TOTAL PRODUCTION COSTS (Page 1)		18.76	
TOTAL FARM-OPERATOR COSTS		22.87	
INCOME FROM 900 LBS. WHEAT SOLD AT MARKET PRICE OF \$3.45 PER CWT. (September, 1956)		31.05	
ESTIMATED MANAGEMENT INCOME TO OPERATOR		8.18	

ESTIMATED LAND OWNER COST AND INCOME ON THE BASIS OF ONE-QUARTER CROP SHARE*

	Unit Cost	Est. Cost Per Acre	My Costs
County taxes (Assessed value \$20/A - \$.86/year or \$1.72/crop)	\$4.30/\$100 assessed value	\$ 1.72	
Fire insurance on crop share	\$.50/\$100 assessed value	.01	
Fire insurance on stubble	\$4.50/\$100 assessed value	.05	
TOTAL INSURANCE AND TAX COSTS		1.78	
Storage	\$3.25/ton for one season	.49	
Fumigation	\$1.50/ton	.23	
Freight	\$.20/cwt.	.60	
TOTAL MARKETING COSTS		1.32	
TOTAL CASH COSTS TO LAND OWNER		3.10	
INCOME FROM 300 LBS. WHEAT SOLD AT MARKET PRICE OF \$3.45 PER CWT. (September, 1956)		10.35	
STUBBLE VALUE AT \$1.00/ACRE VALUE		1.00	
TOTAL RETURN TO LAND OWNER AS INVESTMENT INCOME		11.35	
ESTIMATED INVESTMENT INCOME (Total return less cash costs)		8.25	

*Bulked yield per acre was 1200 pounds or 20 60-pound bushels. Farm-operator's three-quarter crop share was therefore 900 pounds while the land owner's one-quarter crop share was 300 pounds.

SOIL BANK ACREAGE RESERVE BENEFITS TO FARM OPERATORS (Three-quarter crop share, using cost estimates)	
<u>Costs</u>	
Cultivation (1 plow, 5 fallow cultivations)	\$ 6.29
General expense (5% of total labor and material costs)	.30
Personal property tax on non-power equipment	.06
Repairs to non-power equipment	.35
Depreciation on non-power equipment	.70
Interest on equipment investment	.16
COSTS FOR COMPLIANCE TO REQUIREMENTS FOR ACREAGE RESERVE BENEFITS	7.86
<u>Payment (Using 50-50 sharing of acreage reserve benefits of 1200 pound average county yield or \$25.40 per acre)</u>	
Acreage reserve payment to operator	12.70
Less compliance costs (above)	7.86
BENEFIT PAYMENT PER ACRE TO FARM OPERATOR	4.84
SOIL BANK ACREAGE RESERVE BENEFITS TO LAND OWNER (One-quarter crop share, using cost estimates)	
<u>Costs</u>	
County taxes	1.72
Interest on investment (5% on \$100/A. real value)	5.00
Loss of stubble value	1.00
COSTS FOR COMPLIANCE TO REQUIREMENTS FOR ACREAGE RESERVE BENEFITS	7.72
<u>Payment (50-50 basis)</u>	
Acreage reserve payment to land owner	12.70
Less compliance costs (above)	7.72
BENEFIT PAYMENT PER ACRE TO LAND OWNER	4.98

In view of the fact that in making applications for acreage reserve benefits there is no investment by the farm operator other than the maintenance of fallow, in this study a 50-50 share basis was used. Where barley is produced on land that is not in wheat production under the acreage reserve program, using the above estimates the following crop-sharing basis may be helpful.

	<u>Crop Share of Land Owner</u>	<u>Crop Share of Farm Operator</u>
Wheat land under acreage reserve payments	50%	50%
Barley crop using one-quarter share rent	25%	75%

By combining the two enterprises, the crop share basis for land under acreage reserve producing barley would be from 35 to 37-1/2% 62-1/2 to 65%