

SAMPLE PRODUCTION COSTS - DRYLAND BARLEY, STANISLAUS COUNTY - 1964Based on an Average Yield of 1500 lbs./A on Summer Fallow

Costs on a 1200 acre farm with 600 in crop and 600 fallow each year. Man labor @ \$1.50 per hour, including Soc. Sec. and Comp. Insurance. Heavy tractor figured at \$2.66 per hour cash cost, \$1.78 depreciation and 80¢ interest.

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	Sample Costs per acre	My Costs per cwt. per acre per cwt.
<u>PRE-HARVEST CASH AND LABOR COSTS:</u>		
<u>Fallow Year:</u>		
Disc: 2 times @ 6.5 A/hr./time 0.30 hr. man and heavy tractor	\$ 1.25	
Plow: Stockton gang @ 4.5 A/hr., 0.20 hr. man and heavy tractor	.83	
Pickup - use in summer fallowing	.07	
<u>Crop Year:</u>		
Fertilize - 100 lbs. 16-20 @ \$60/T + 85¢ for plane application	3.85	
Seed - 8 A/hr., 0.13 hr. for 2 men & heavy tractor, 100 lbs. @ \$3.25 for own seed	4.00	
Pickup & 1½ ton truck - use in seeding	.07	
Spray for radish - 25¢ 2,4-D, \$1/A plane	1.30	
County Taxes	4.80	
Misc.: Office, ins., int. on operating capital, etc.	1.45	
Repairs to equipment, except tractor	1.35	
Total Pre-Harvest Cash & Labor Costs	\$18.97	\$ 1.26
<u>HARVESTING COSTS:</u>		
Combine and 1 man - Av. 25 A/12 hr. day	\$ 1.50	
Hauling to storage - 1½ ton truck & man	1.15	
Total Harvesting Costs	\$ 2.65	\$.18
TOTAL CASH AND LABOR COSTS	\$21.62	\$1.44
<u>DEPRECIATION:</u>		
Tractor, truck and pickup	\$ 2.61	
Buildings and shop	.21	
Equipment including combine	1.67	
Grain storage & elevator	.33	
Total Depreciation	\$ 4.82	\$.32
TOTAL CASH AND DEPRECIATION COSTS	\$26.44	\$1.76
<u>INTEREST ON INVESTMENT @ 6%</u>		
Land - 2 yrs. @ \$160.00	19.20	
Tractor, truck & pickup	.95	
Bldgs. and shop	.15	
Equipment, including combine	.24	
Grain Storage & Elevator	.24	
Total Interest	\$20.78	\$1.39
TOTAL COST OF PRODUCTION	\$47.22	\$3.15
Less Possible Credit for Stubble	- 1.50	
	\$45.72	\$3.05

COSTS PER CWT. AT VARYING YIELDS - OWNERSHIP BASIS

Yield In Lbs./A		900	1200	1500	1800	2100
With No Stubble Credit	Cash & Depreciation Costs Only	\$2.94	\$2.20	\$1.76	\$1.47	\$1.26
	Total Costs	\$5.25	\$3.94	\$3.15	\$2.62	\$2.25
\$1.50/A Stubble Credit	Cash & Depreciation Costs Only	\$2.78	\$2.08	\$1.67	\$1.39	\$1.19
	Total Costs	\$5.08	\$3.81	\$3.05	\$2.54	\$2.18

The costs listed on the analysis sheet include a charge for the owner-operator's labor, trucks and office. Depreciation and interest are included on the equipment and buildings.

There is no charge for interest on investment in the figures on the upper line. If 6% is charged on the equipment and buildings and on a \$160 per acre evaluation for the land, the operation winds up in red ink. Note the above table shows that it costs \$3.05 per cwt. to produce barley with a 1500 lb./A yield. It would take a yield of over 1900 lbs./A to pay all these costs, including interest on investment, figuring interest on \$160 an acre land. Some of our grainland is assessed for as much as \$40/A. This would raise the taxes another \$2.40 and the interest on land about \$4.80 per acre of barley.

RETURNS TO THE RENTER

Much of our grainland is farmed on a rental basis with rents varying from 25 to 35 per cent of the crop. The following table is based on a 1/3 share going to the landowner who, we will assume, pays the County taxes on the land and one-third of the fertilizer and 2,4-D spraying costs, and provides storage.

Net Income Per Acre Above Cash, Labor and Depreciation Costs - Share Rent and Ownership Basis. (No charges for interest on investment and no credit for stubble.)

Av. Yield/A	Net Income/A Share Rent Basis	Net Income/A Ownership Basis
900 lbs.	-\$ 5.50	-\$ 5.29
1200 lbs.	- .80	+ 1.76
1500 lbs.	3.90	8.81
1800 lbs.	8.60	15.66
2100 lbs.	13.30	22.91

A 1200 acre farm with 600 acres of crop averaging 1500 lbs./acre would net \$2340 above cash, labor and depreciation costs on a share-rent basis, figuring barley at \$2.35 with storage. The same farm would return \$5286 for the man who owns his land. Self labor would add about another \$600 and stubble credit another \$900 in both cases. This totals about \$6786 for the man who owns his own land but only about \$3840 for renter. When "interest on investment" is added, net income drops considerably and it takes a 1900 lb. yield to break even. (These statements are based on a grain price of \$2.35 with storage--the average for those growers who sell as malting. For those who sell "feed barley", the average price is 10 cents/cwt lower and the "squeeze" is even tighter.