

DRYLAND BARLEY - SAMPLE PRODUCTION COSTS, STANISLAUS COUNTY - 1976

Based on yields of 1500 and 1700 lbs./A on summer fallow. Costs are on a 2400-acre farm with 1200 in crop and 1200 in fallow each year. Man labor @ \$4/hr. for equipment operator, including social security and compensation insurance. 80 H. P. crawler/hr. cash cost \$660, depreciation \$3.64, interest \$1.82.

	Sample Costs 1500 lb. yield		Sample Costs 1700 lb. yield	
	Per Acre	Per Cwt.	Per Acre	Per Cwt.
Preharvest Cash Costs:				
<u>Fallow Year:</u>				
Disc: 2 times - .3 man & heavy tractor hrs.	\$	6.36		
Plow: Stockton gang - .2 hr. man and heavy tractor		2.12		
Pickup: used in summer fallowing		.15		
<u>Crop Year:</u>				
Fertilizer: 100 lbs. 16-20 @ \$190/Ton for 1500 lb. yield, plus custom appl. \$1.50/A + 2¢/lb. (150 lbs. 16-20 for 1700 lb. yield.)		9.50	\$ 14.25	
Seed: .13 hrs. for 1 man & heavy tractor, plus \$10.50 for 100 lbs. of seed		1.38		
Pickup & 1½-ton truck used in seeding		10.50		
Weed control: air appl. & material		.15		
County taxes on 2 yrs. @ \$15/A/yr.		3.50		
Misc: Office, insurance, interest on operating capital, etc.		*30.00		
Repairs to equipment, except tractor		4.26		
		2.25		
TOTAL PREHARVEST CASH COSTS	\$	73.67	\$ 4.91	\$ 78.42 \$ 4.61
<u>Harvesting Costs:</u>				
Combine & 1 man: .48 hrs.	\$	5.23		
Hauling: \$3.50/Ton		2.63	\$ 3.15	
TOTAL HARVESTING COSTS	\$	7.86	\$.52	\$ 8.38 \$.50
TOTAL CASH COSTS	\$	81.53	\$ 5.43	\$ 86.80 \$ 5.11
<u>Depreciation:</u>				
Tractor & pickup (orig. cost \$50/crop A)	\$	4.17		
Buildings & shop (orig. cost \$5.45/crop A)		.22		
Other equipment including combine (orig. cost \$35/crop A)		2.92		
Grain storage & elevator (orig. cost \$10/crop A)		.40		
TOTAL DEPRECIATION	\$	7.71	\$.52	\$ 7.71 \$.43
<u>Interest on Investment @ 8%:</u>				
Land: 2 yrs. @ \$700		\$112.00		
Tractor, truck, pickup (av. value/crop A - \$25)		2.00		
Buildings and shop (av. value \$2.73/crop A)		.22		
Equipment including combine (av. value \$17.50/crop A)		1.40		
Grain storage & elevator (av. value \$5/crop A)		.40		
TOTAL INTEREST	\$116.02	\$ 7.73	\$116.02	\$ 6.45
TOTAL COST OF PRODUCTION	\$205.26	\$13.68	\$210.53	\$12.38
Less possible credit for stubble		-2.75		-1.16
	\$202.51	\$13.50	\$207.78	\$12.22

* Taxes lower for land under Williamson Act.

COSTS PER CWT. AT VARYING YIELDS - OWNERSHIP BASIS

Yield in lbs./A	1200 lbs./A	1500 lbs./A	1800 lbs./A	2100 lbs./A
Cash and Depreciation Costs Only	\$ 7.43	\$ 5.95	\$ 5.25	\$ 4.50
Total Costs (no stubble credit)	\$17.11	\$13.68	\$11.70	\$10.03
<u>\$2.75/A stubble credit</u>	<u>.23</u>	<u>.18</u>	<u>.15</u>	<u>.13</u>
Total Costs	\$16.88	\$13.50	\$11.55	\$ 9.90

In the summary table, COSTS PER CWT. AT VARYING YIELDS, shown above, there is no charge for interest on investment in the figures on the upper line. If 8% is charged on the equipment and buildings and on a \$700 per acre evaluation for the land, the operation winds up in red ink. Note that the table shows that it costs \$13.50 per cwt. (no stubble credit) to produce barley with a 1500-lb./A yield. It would take a yield of about 3500 lbs./A to pay all these costs, including interest on investment, figuring interest on \$700 an acre land, and barley at \$6.00/cwt. with storage. For \$7.00 barley it would require a yield of 3000 lbs. to pay all costs.

It is evident that at present land values and barley prices, there is no possibility of the operation producing a profit if interest on investment is charged. However, the land is not suited to more profitable crops unless an irrigation system is added, so barley will continue to be produced.

RETURNS TO THE RENTER

Much of our grainland is farmed on a rental basis. The following table is based on a one-third share going to the landowner who pays the county taxes on the land and one-third of the fertilizer and 2,4-D spraying costs and provides storage. (Fertilizer practices and costs are the same as in the table above.) Returns to the farmer are shown in the table below.

NET INCOME PER ACRE ABOVE CASH, LABOR AND DEPRECIATION
SHARE RENT AND OWNERSHIP BASIS. (NO CHARGES FOR INTEREST
ON INVESTMENT AND NO CREDIT FOR STUBBLE*)

Av. Yield/A	Net Income/A Cropland Ownership Basis		Net Income/A Cropland Share Rent Basis	
	\$6.00 Barley	\$7.00 Barley	\$6.00 Barley	\$7.00 Barley
	900 lbs.	-\$35.24	-\$26.24	-\$18.91
1200 lbs.	- 17.24	- 5.24	- 6.91	+ 1.09
1500 lbs.	+ .76	+ 15.76	+ 5.09	+ 15.09
1800 lbs.	+ 13.49	+ 31.49	+ 11.82	+ 23.82
2100 lbs.	+ 31.49	+ 52.49	+ 23.82	+ 37.82
2400 lbs.	+ 49.49	+ 73.49	+ 35.82	+ 51.82

A 2400-acre rented farm with 1200 acres of crop averaging 1500 lbs./A would net \$6108 (\$14,184 for a 1800 lb. yield) above cash, labor and depreciation costs on a share-rent basis, figuring barley at \$6.00 with storage. The same farm would return \$912 for a 1500 lb. yield and \$16,188 for 1800 lb. yield, for the man who owns his land. Self-labor would add about another \$6768, and stubble credit* another \$3300 for the owner and \$2200 for the renter. This totals about \$7680 for a 1500 lb. yield or \$22,956 for an 1800 lb. yield for the man who owns his own land and about \$12,876 for an 1500 lb. yield or \$20,952 for an 1800 lb. yield for the renter. When "interest on investment" including \$700 acre land value is added, net income drops considerably and it would take an unrealistic 3463 lb. yield to break even (on an ownership basis).

In actual practice most owners have put their land under the Williamson Act which resulted in a considerable lowering of property taxes and a much better net income.

*Only a small portion of the stubble land has been rented for grazing (maybe 25%). Share rents vary but one-third share to the owner is probably the most common and is used here.