

Cost of production estimates for the 2011 crop

The planning budgets shown in the following tables were developed with input from producers, custom service and product suppliers, Texas AgriLife Extension Service specialists and Texas AgriLife Extension Service agents. These budgets are based on projections for input and output prices for the 2011 crop year. These budgets are intended to represent the cost structure for a hypothetical 450-acre rice operation on land that requires 18-20 levees per 100 acres. The budget scenario represents a high-yield, high input conventional tillage production system with moderate to heavy pest pressure. First and second crop budgets have been separated, and all general and administrative costs, crop insurance, land and vehicle charges are assigned to the 1st crop.

Annual usage rates for tractors are projected at 600 hours, with capital recovery factors calculated over a 8-year useful life. Annual usage rate for the combine was estimated at 200 hours with the capital recovery factor calculated over a 10-year useful life. Fixed costs shown in the budget represent the cost of owning machinery and equipment, and are the annualized capital recovery cost for owned durable items. No adjustment was made in aerial application costs for irregular shaped fields. The interest rate charged on the projected operating loan for this budget is 5.5%.

The budgeted fertility program for the main crop includes a base fertilizer application, one pre-flood application and one top-dress application. The total main crop fertilizer application is comprised of 183 units of N, 59 units of P and 39 units of K and 4.3 units of S. The budgeted main crop herbicide program includes an initial ground applied treatment of clomazone, an aerial application of a general tank-mix over the total planted acreage to control sedges, grasses and broad-leaf weeds along with a follow-up aerial application over one-half the planted acres to control escaped weeds. The budgeted pesticide program for the main crop includes one fungicide application to control foliar diseases, a pyrethroid application to control water weevils along with two pyrethroid applications to control rice stink bugs.

The budgeted irrigation program for the main crop includes 1.57 hours per acre of labor for three flushes, flood maintenance and draining. Total main crop water usage is budgeted at 2.75 acre-feet, with water charges based on projected LCRA Lakeside Irrigation System rates for 2011.

The budgeted fertility program for the second crop consists of one top-dress application of urea. The total second crop fertilizer application is comprised of 69 units of N. The budgeted pesticide program for the second crop includes one application to control rice stink bugs.

The budgeted irrigation program for the second crop includes 0.71 hours per acre of labor for one flush, flood maintenance and draining. Total second crop water usage is budgeted at 1.9 acre-feet; with water charges based on projected LCRA Lakeside Irrigation System rates for 2010.

No counter-cyclical, ACRE or direct payments from USDA are included in these budgets. The breakeven price level needed to cover the budget's direct expenses for the main crop is projected to be \$11.75 per hundredweight, based on a main crop yield of 70 hundredweight on a dry basis. The breakeven price level needed to cover the budget's total specified expenses for the main crop is \$12.92 per hundredweight. The breakeven price level needed to cover the budget's direct expenses for the second crop is \$10.27 per hundredweight. The breakeven price level needed to cover the budget's total specified expenses for the second crop is \$11.40 per hundredweight

An enterprise budget is a statement of what is expected if particular production practices are used to produce a specified amount of product, and is based on the economic and technological relationships between inputs and outputs. The scenario shown in Table 1 and Table 2 represent a general guide and is not intended to predict the costs and returns from any particular farm's operation. For more details related to these budgets, contact your local county Texas AgriLife Extension Service office or go to the Texas AgriLife Extension service budget web site maintained by the Texas A&M University Department of Agricultural Economics at <http://agecoext.tamu.edu/resources/crop-livestock-budgets.html> .

Table 1. Summary of estimated costs and returns per ACRE
RICE WEST OF HOUSTON - 1ST CROP
450 ACRE FARM, District 11, 2011

ITEM	UNIT	PRICE	QUANTITY	AMOUNT	YOUR FARM
		dollars		dollars	
INCOME					
RICE-1ST CROP LOAN	CWT	6.90	70.0000	483.00	_____
RICE-1ST CROP PREM.	CWT	7.50	70.0000	525.00	_____

TOTAL INCOME				1008.00	_____
DIRECT EXPENSES					
ADJUVANTS	ACRE	7.00	1.0000	7.00	_____
CUSTOM FERT. APPL.	ACRE	27.05	1.0000	27.05	_____
CUSTOM SPRAY	ACRE	41.10	1.0000	41.10	_____
FERTILIZERS	ACRE	151.47	1.0000	151.47	_____
FUNGICIDES	ACRE	35.69	1.0000	35.69	_____
HERBICIDES	ACRE	72.94	1.0000	72.94	_____
INSECTICIDES	ACRE	16.56	1.0000	16.56	_____
IRRIGATION SUPPLIES	ACRE	10.35	1.0000	10.35	_____
SEED	ACRE	31.50	1.0000	31.50	_____
SURVEY LEVEES	ACRE	5.00	1.0000	5.00	_____
CROP INSURANCE-RICE	ACRE	6.56	1.0000	6.56	_____
IRRIGATION	ACRE	105.70	1.0000	105.70	_____
CHECKOFF/COMMISSION	ACRE	11.20	1.0000	11.20	_____
DRYING - RICE	ACRE	100.57	1.0000	100.57	_____
RICE HAULING	ACRE	28.97	1.0000	28.97	_____
STORAGE - RICE	ACRE	22.40	1.0000	22.40	_____
VEHICLES	ACRE	16.17	1.0000	16.17	_____
OPERATOR LABOR	hour	13.75	1.3603	18.74	_____
RICE WATER LABOR	hour	13.75	1.5700	21.61	_____
DIESEL FUEL	gal	2.45	12.6673	31.04	_____
REPAIR & MAINTENANCE	ACRE	31.84	1.0000	31.84	_____
INTEREST ON OP. CAP.	ACRE	28.69	1.0000	28.69	_____

TOTAL DIRECT EXPENSES				822.15	_____
RETURNS ABOVE DIRECT EXPENSES				185.85	_____

TOTAL FIXED EXPENSES				82.16	_____

TOTAL SPECIFIED EXPENSES				904.31	_____
RETURNS ABOVE TOTAL SPECIFIED EXPENSES				103.69	_____

RESIDUAL ITEMS					
RICE LAND RENT	acre	75.00	1.0000	75.00	_____
G&A OVERHEAD	acre	10.50	1.0000	10.50	_____
MANAGEMENT CHARGE	%	1008.00	0.0500	50.40	_____

RESIDUAL RETURNS				-32.21	_____

Note: Cost of production estimates are based on 18-20 levees per 100 acre. General and administrative (G&A) includes accounting, legal, general liability insurance and miscellaneous expenses estimated at \$4,725/year. Vehicle charge is based on IRS allowance for 12,000 miles of annual use.

Table 2. Summary of estimated costs and returns per ACRE
RICE WEST OF HOUSTON-2ND CROP
450 ACRE FARM, District 11, 2011

ITEM	UNIT	PRICE	QUANTITY	AMOUNT	YOUR FARM
		dollars		dollars	
INCOME					
RICE-2ND CROP LOAN	CWT	6.90	16.0000	110.40	_____
RICE-2ND CROP PREM	CWT	7.50	16.0000	120.00	_____

TOTAL INCOME				230.40	_____
DIRECT EXPENSES					
CUSTOM FERT. APPL.	ACRE	9.18	1.0000	9.18	_____
CUSTOM SPRAY	ACRE	7.80	1.0000	7.80	_____
FERTILIZERS	ACRE	35.32	1.0000	35.32	_____
INSECTICIDES	ACRE	4.42	1.0000	4.42	_____
IRRIGATION	ACRE	34.85	1.0000	34.85	_____
CHECKOFF/COMMISSION	ACRE	2.56	1.0000	2.56	_____
DRYING - RICE	ACRE	24.10	1.0000	24.10	_____
RICE HAULING	ACRE	6.94	1.0000	6.94	_____
STORAGE - RICE	ACRE	5.12	1.0000	5.12	_____
OPERATOR LABOR	hour	13.75	0.3500	4.82	_____
RICE WATER LABOR	hour	13.75	0.7100	9.78	_____
DIESEL FUEL	gal	2.45	2.7795	6.80	_____
REPAIR & MAINTENANCE	ACRE	9.76	1.0000	9.76	_____
INTEREST ON OP. CAP.	ACRE	2.93	1.0000	2.93	_____

TOTAL DIRECT EXPENSES				164.38	_____
RETURNS ABOVE DIRECT EXPENSES				66.02	_____

TOTAL FIXED EXPENSES				17.89	_____

TOTAL SPECIFIED EXPENSES				182.27	_____
RETURNS ABOVE TOTAL SPECIFIED EXPENSES				48.13	_____

RESIDUAL ITEMS					
MANAGEMENT CHARGE	%	230.40	0.0500	11.52	_____

RESIDUAL RETURNS				36.61	_____

Note: Cost of production estimates are based on 18-20 levees per 100 acre. All general and administrative costs including accounting, legal, general liability insurance and miscellaneous expenses are charged to 1st crop. All crop insurance and land charges are assigned to 1st crop. Vehicle charges assigned to 1st crop.