

Projections for Planning Purposes Only -- Not to be Used without Updating

2014 Estimated Costs and Returns per Acre

Alfalfa, Pivot Irrigated - 122 Acres

South Plains Extension District - 2

Crop Acres		122				Enterprise
REVENUE	Quantity	Units	\$/Unit	Total		Total
Hay - Alfalfa	5.00	Ton	\$200.00	\$1,000.00		\$122,000.00
Total Revenue				\$1,000.00		\$122,000.00
VARIABLE COSTS	Quantity	Units	\$/Unit	Total		Enterprise
Production Costs						
Fertilizer						
Fertilizer (P)	60	Pound	\$0.60	\$36.00		\$4,392.00
Herbicide						
Herbicide and Application Alfalfa	1	Acre	\$24.00	\$24.00		\$2,928.00
Insecticide						
Insecticide Application Alfalfa	1	Acre	\$12.00	\$12.00		\$1,464.00
Custom						
Fertilizer Application	1	Acre	\$10.00	\$10.00		\$1,220.00
Custom Baling - Round	5	Ton	\$25.00	\$125.00		\$15,250.00
Irrigation						
Energy or Water Cost	22.00	AcreInch	\$9.00	\$198.00		\$24,156.00
Irrigation Labor	1.00	Hour	\$11.75	\$11.75		\$1,433.50
Repairs & Maintenance						
Pickup/General Use Equipment	1	Acre	\$1.75	\$1.75		\$213.50
Irrigation Equipment	1	Acre	\$30.00	\$30.00		\$3,660.00
Interest on Credit Line			6.00%	\$6.49		\$791.50
Total Variable Costs				\$454.99		\$55,508.50
Planned Returns Above Variable Costs:				\$545.01		\$66,491.50
Breakeven Price to Cover Variable Costs			\$91.00	Ton		
FIXED COSTS	Quantity	Units	\$/Unit	Total		Enterprise
Equipment Investment						
Pickup/General Use Equipment	\$35.78	Dollars	7.00%	\$2.50		\$305.55
Irrigation Equipment	\$714.29	Dollars	7.00%	\$50.00		\$6,100.00
Allocated Establishment Cost	1	Acre	\$80.00	\$80.00		\$9,760.00
Cash Rent - Alfalfa	1	Acre	\$130.00	\$130.00		\$15,860.00
Total Fixed Costs				\$262.50		\$32,025.55
Total Specified Costs				\$717.49		\$87,534.05
Returns Above Specified Costs				\$282.51		\$34,465.95
Breakeven Price to Cover Total Costs			\$143.50	Ton		

Example Breakeven Prices

Example Yield Percent	Example Yield Ton	Price Needed to Cover Example Variable Costs		Price Needed to Cover Example Total Costs		
		Own/Rent	ShareTenant	Own/Rent	ShareTenant	Landlord
75%	3.75	\$121.33	\$121.33	\$191.33	\$191.33	\$0.00
90%	4.50	\$101.11	\$101.11	\$159.44	\$159.44	\$0.00
100%	5.00	\$91.00	\$91.00	\$143.50	\$143.50	\$0.00
110%	5.50	\$82.73	\$82.73	\$130.45	\$130.45	\$0.00
125%	6.25	\$72.80	\$72.80	\$114.80	\$114.80	\$0.00

Developed by Jackie Smith, Professor and Extension Economist, Texas A&M AgriLife Extension.

Information presented is prepared solely as a general guide and not intended to recognize or predict the costs and returns from any one operation. Brand names are mentioned only as examples and imply no endorsement.