

County Agent News
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2016 Crop Budgets and Planning

The 2016 Crop Budget Guides from NDSU are out and they don't look good. That is not big news to most ag producers. Most producers already knew that prices are poor and inputs are still high although some inputs like fuel and fertilizer are falling. Using the projected crop budgets to compare the crops you are currently raising and crops you might consider raising is a good way to look at your options. Another good use for the budgets is comparing your own actual costs of crop production with the averages in the guides. This may help you see strengths and weaknesses compared to an "average" crop budget. If you have a cost line item that is significantly above or below the "normal", it may mean that you need to look at why that expense is above or below the average. Maybe that is a real strength of your operation and you can expand that strength into other areas of your operation or maybe it is a weakness that you need to focus on improving.

Projected 2016 Crop Budgets



**North Central
North Dakota**

Andrew Swenson, Farm Management Specialist
Ron Haugen, Farm Management Specialist

In addition to the published crop budgets another tool for crop comparison is the Crop Compare program which has been updated for 2016. Here is a news release about the updated program.

The North Dakota State University Extension Service has updated the Crop Compare program, which is a spreadsheet designed to compare cropping alternatives.

The program uses the direct costs and yields from the 2016 projected crop budgets for nine regions of North Dakota, but producers are encouraged to enter the expected yields and input costs for their farm.

The user designates a reference crop and enters its expected market price. Depending on the region, a broad selection of nine to 18 crops are compared. The program provides the prices for competing crops that would be necessary to provide the same return over variable costs as the reference crop.

"Producers can compare these 'break-even' prices to expected market prices to see which crop is most likely to compete with the reference crop," says Andy Swenson, NDSU Extension Service farm management specialist. "Grain prices can move quickly. The program provides a tool for producers to check the changing scenarios until final planting decisions are made this spring."

It should be noted that an underlying assumption is that fixed costs, such as machinery ownership, land, and the owner's labor and management, do not vary among crop choices and therefore do not need to be included in the analysis.

"In practice, there may be differences in fixed costs that should be considered," Swenson says. "For example, there may be additional labor, management and risk associated with a competing crop. If all the labor and management is provided by the owner-operator, it would be considered a fixed cost and could be excluded. However, the producer should add some cost if he or she would only want to produce the crop when an adequate reward would be received for the extra time and management required relative to the reference crop."

A similar rationale could be used if a competing crop is considered higher risk. The Crop Compare program is available at <https://www.ag.ndsu.edu/farmmanagement/tools>

Also, the complete 2016 crop budgets are available at <http://bit.ly/2016NDCropBudgets>.