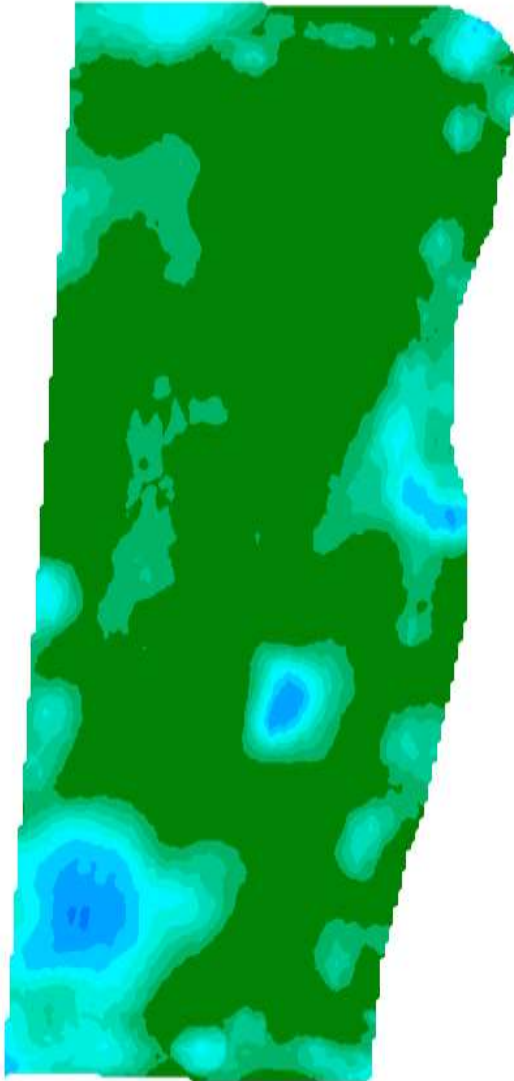


COST/BENEFIT ECONOMICS OF IMPLEMENTING CONSERVATION PRACTICES ON A WORKING FARM.





EXAMPLE 1



- Land is rented from neighbor for \$175/acre
- Corn yield on “good” ground is 175 bu/acre
- Yield monitor shows affect of poor soil type (145 bu/acre VS. 175+ bu/acre = 30 bu/acre less on 5 acres).

C.O.P. ON 175 bu/acre CORN

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$93.52
Seed		\$123.83
Starter fertilizer		\$41.66
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$67.63
Combine		\$25.00
Trucking	175 bu @ \$0.16/bu	\$28.00
Drying	175 bu from 22% to 15%	\$55.12
Misc expenses (repairs/technology/other equip)		\$41.46
TOTALS		\$808.15
INCOME		PRICE/ACRE
Yield	175 bu/acre @ \$5.00/bu	\$875.00
TOTALS		\$875.00
PROFIT/LOSS PER ACRE		\$66.85

4 OPTIONS TO MANAGE THE FIELD

1. Do not farm the dry area – let it sit fallow.
2. Farm the entire field as usual and accept 30 bu/acre loss on the 5 acres.
3. Farm the dry area using Variable Rate Technology (VRT).
4. Enroll dry hill in CRP

DO NOT FARM DRY AREA

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$0.00
Dry fertilizer (P and K)		\$0.00
Seed		\$0.00
Starter fertilizer		\$0.00
Pre-emerge herbicide		\$0.00
Pre-emerge fertilizer		\$0.00
Planting w/tractor		\$0.00
Post-emerge fertilizer		\$0.00
Combine		\$0.00
Trucking	175 bu @ \$0.16/bu	\$0.00
Drying	175 bu from 22% to 15%	\$0.00
Misc expenses (technology/interest/etc)		\$0.00
TOTALS		\$175.00
INCOME		PRICE/ACRE
Yield	0 bu/acre @ \$5.00/bu	\$0.00
TOTALS		\$0.00
PROFIT/LOSS PER ACRE		(\$175.00)

FARM AS USUAL ACCEPTING 30 BU/ACRE LOSS

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$93.52
Seed		\$123.83
Starter fertilizer		\$41.66
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$67.63
Combine		\$25.00
Trucking	145 bu @ \$0.16/bu	\$23.20
Drying	145 bu from 22% to 15%	\$44.95
Misc expenses (technology/interest/etc)		\$41.46
TOTALS		\$793.18
INCOME		PRICE/ACRE
Yield	145 bu/acre @ \$5.00/bu	\$725.00
TOTALS		\$725.00
PROFIT/LOSS PER ACRE		(\$68.18)

FARM DRY AREA WITH VRT

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$65.23
Seed		\$102.77
Starter fertilizer		\$35.78
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$49.12
Combine		\$25.00
Trucking	145 bu @ \$0.16/bu	\$23.20
Drying	145 bu from 22% to 15%	\$44.95
Misc expenses (technology/interest/etc)		\$41.46
	TOTALS	\$719.44
INCOME		PRICE/ACRE
Yield	145 bu/acre @ \$5.00/bu	\$725.00
	TOTALS	\$725.00
PROFIT/LOSS PER ACRE		\$5.56

ENROLL DRY HILL IN CRP

- **Farmer's benefits**
 - Less risk
 - Field's "average" yield increases from 167 to 175.
- **Farmer's negatives**
 - Less land to farm
 - Has to work around CRP (more corners, less efficient)
 - Slight loss of income
- **Landowner's benefits**
 - By reducing risk to farmer, could increase rent
 - Assured of being in compliance with HEL standards
- **Landowner's negatives**
 - CRP income is \$158/acre
 - Rent income is \$175/acre
 - **Loss of \$17/acre**

BEST OPTION FOR DRY AREA:

Farmer

Farm dry area with VRT

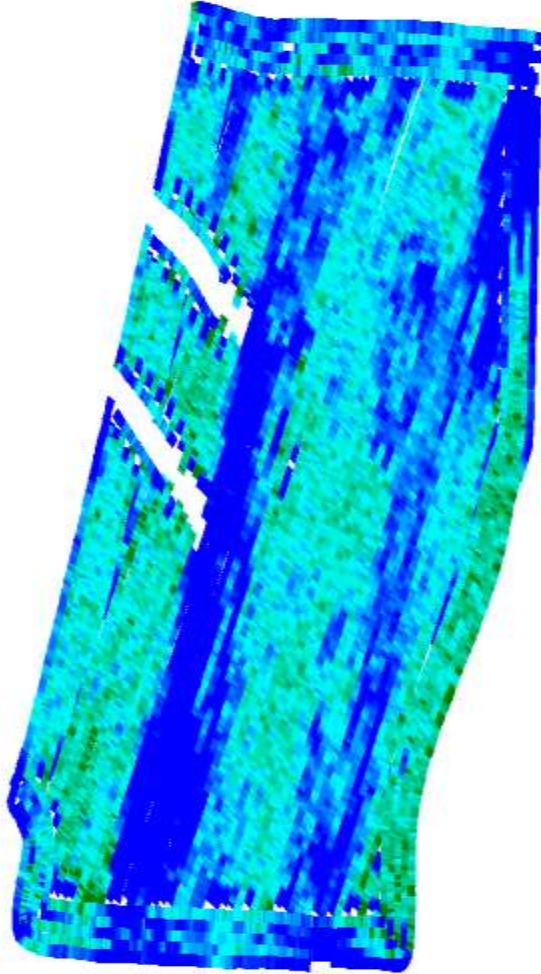


Landowner

Continue renting to farmer



EXAMPLE 2



500 ft



- Land is rented from neighbor for \$175/acre
- Corn yield on “good” ground is 175 bu/acre
- Yield monitor shows affect of wet area (134 bu/acre VS. 175 bu/acre = 41 bu/acre less on 11 acres).

C.O.P. ON 175 bu/acre CORN

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$93.52
Seed		\$123.83
Starter fertilizer		\$41.66
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$67.63
Combine		\$25.00
Trucking	175 bu @ \$0.16/bu	\$28.00
Drying	175 bu from 22% to 15%	\$55.12
Misc expenses (repairs/technology/other equip)		\$41.46
TOTALS		\$808.15
INCOME		PRICE/ACRE
Yield	175 bu/acre @ \$5.00/bu	\$875.00
TOTALS		\$875.00
PROFIT/LOSS PER ACRE		\$66.85

5 OPTIONS TO MANAGE THE FIELD

1. Do not farm the wet area – let it sit fallow.
2. Farm the entire field as usual and accept 41 bu/acre loss on the 11 acres.
3. Farm the wet area using Variable Rate Technology (VRT).
4. Tile the wet area to improve drainage
5. Enroll the wet area in CREP

DO NOT FARM WET AREA

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$0.00
Dry fertilizer (P and K)		\$0.00
Seed		\$0.00
Starter fertilizer		\$0.00
Pre-emerge herbicide		\$0.00
Pre-emerge fertilizer		\$0.00
Planting w/tractor		\$0.00
Post-emerge fertilizer		\$0.00
Combine		\$0.00
Trucking	175 bu @ \$0.16/bu	\$0.00
Drying	175 bu from 22% to 15%	\$0.00
Misc expenses (technology/interest/etc)		\$0.00
TOTALS		\$175.00
INCOME		PRICE/ACRE
Yield	175 bu/acre @ \$5.00/bu	\$0.00
TOTALS		\$0.00
PROFIT/LOSS PER ACRE		(\$175.00)

FARM AS USUAL ACCEPTING 41 BU/ACRE LOSS

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$93.52
Seed		\$123.83
Starter fertilizer		\$41.66
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$67.63
Combine		\$25.00
Trucking	134 bu @ \$0.16/bu	\$21.44
Drying	134 bu from 22% to 15%	\$41.54
Misc expenses (technology/interest/etc)		\$41.46
TOTALS		\$788.01
INCOME		PRICE/ACRE
Yield	134 bu/acre @ \$5.00/bu	\$670.00
TOTALS		\$670.00
PROFIT/LOSS PER ACRE		(\$118.01)

FARM WET AREA WITH VRT

COST OF PRODUCTION WORKSHEET		
EXPENSES	QUANTITY	COST/ACRE
Rent		\$175.00
Insurance		\$19.13
Dry fertilizer (P and K)		\$72.01
Seed		\$95.35
Starter fertilizer		\$41.66
Pre-emerge herbicide		\$63.08
Pre-emerge fertilizer		\$54.72
Planting w/tractor		\$20.00
Post-emerge fertilizer		\$52.08
Combine		\$25.00
Trucking	134 bu @ \$0.16/bu	\$21.44
Drying	134 bu from 22% to 15%	\$41.54
Misc expenses (technology/interest/etc)		\$41.46
	TOTALS	\$722.47
INCOME		PRICE/ACRE
Yield	134 bu/acre @ \$5.00/bu	\$670.00
	TOTALS	\$670.00
PROFIT/LOSS PER ACRE		(\$52.47)

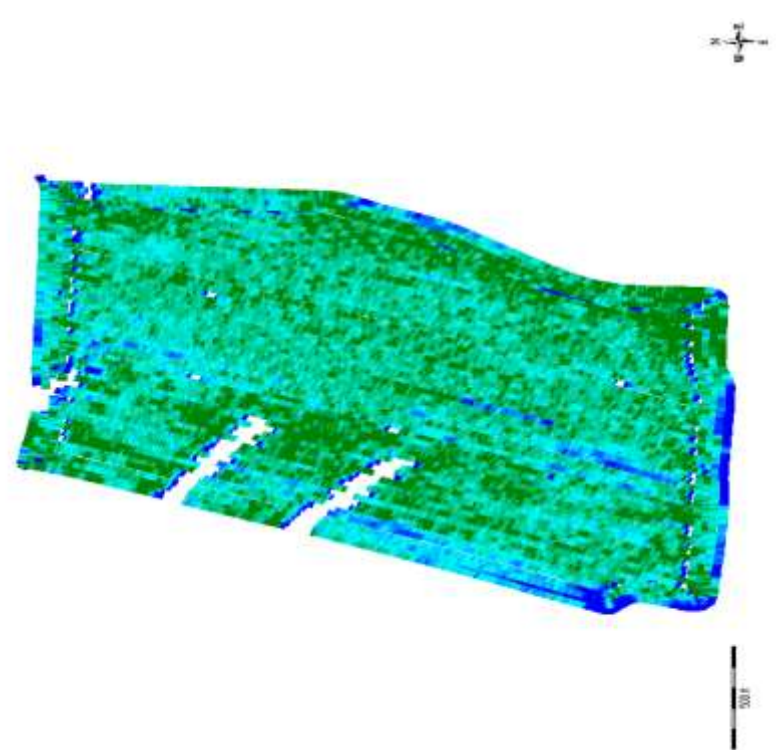
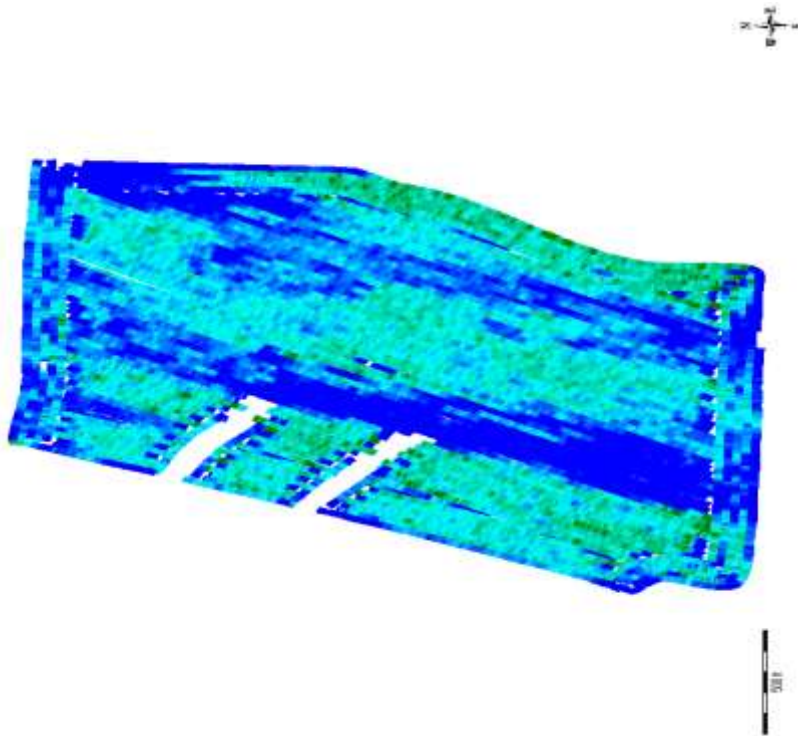
TILE THE WET AREA

BEFORE

- Losing \$118.01/acre farming wet area.

AFTER

- Profit \$66.85/acre farming the wet area.



ENROLL WET AREA IN CREP

- **Farmer's benefits**
 - Less risk
 - Field's "average" yield increases from 160 to 175
 - Don't have to convince landowner to tile land
- **Farmer's negatives**
 - Less land to farm
 - Has to work around CREP (more corners, less efficient, wet at edges)
 - Potential loss of income
- **Landowner's benefits**
 - By reducing risk to farmer, could increase rent
 - Doesn't have to invest in tile (\$11,600 expense)
 - CREP income is \$253/acre
 - Rent income is \$175/acre
 - Increased income of \$78/acre
- **Landowner's negatives**
 - Has to maintain CREP (willow, canary grass)
 - Ties up land for 10 years

BEST OPTION FOR WET AREA:

Farmer

Tile wet area



Photo courtesy of USDA NRCS

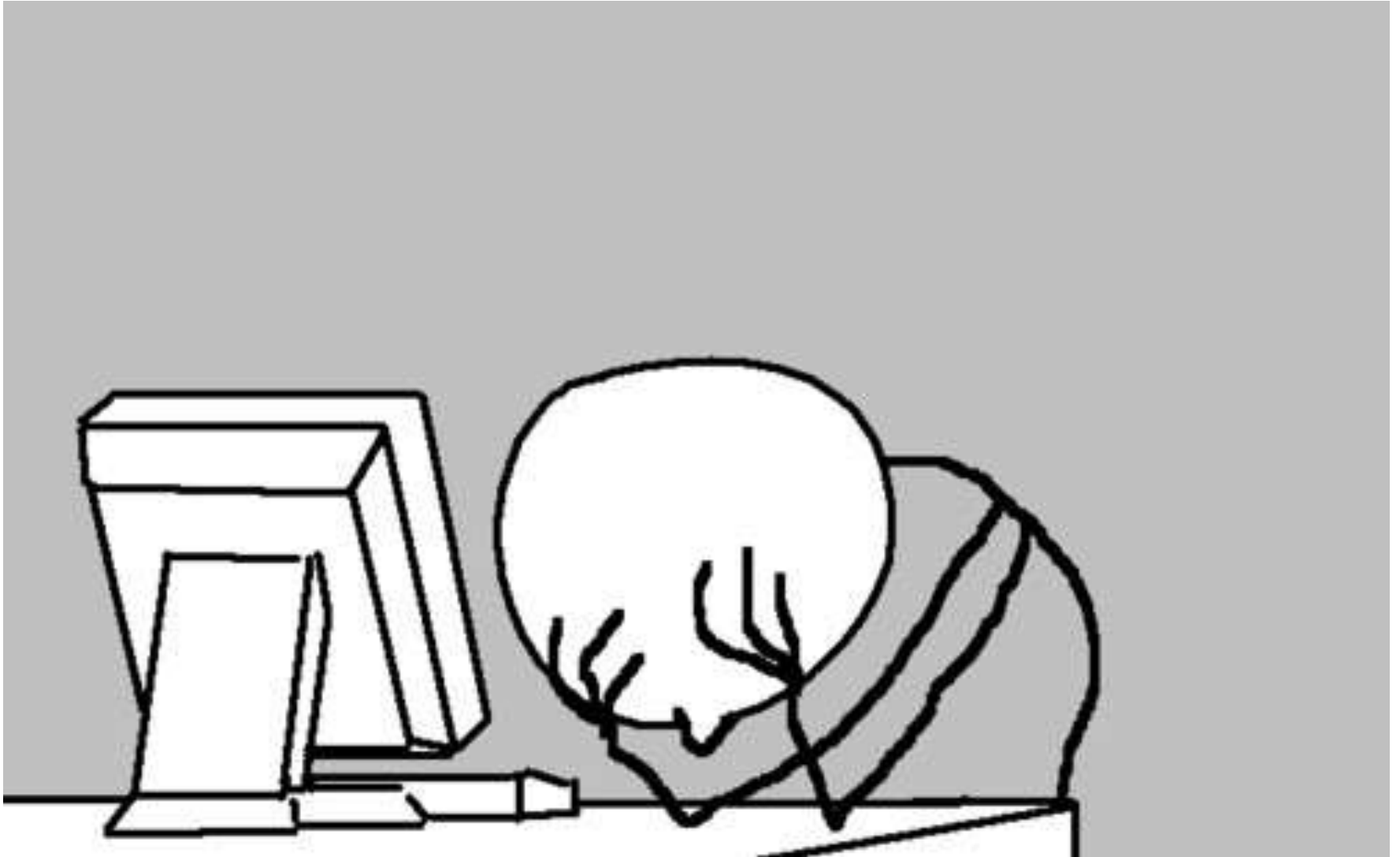
Landowner

Enroll in CREP



Photo courtesy of USDA NRCS

NOW THAT YOU HAVE LOST ALL
HOPE...



NEVER GIVE UP

Pick who you should work with (landowner or farmer) based on cost/benefit analysis.

When developing programs, think “AND”, not “EITHER/OR”.

Consider short term programs.

Don't be boring.

