

Cotton Cost-Return Budget in Southwest Kansas



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Kansas State University Agricultural Experiment Station and Cooperative Extension Service

Troy J. Dumler
Agricultural Economist

Daniel M. O'Brien
Agricultural Economist

Kent L. Martin
Crops and Soils, SW

While Kansas has not historically been known for its cotton production, the acres planted to cotton in the state have increased sharply in the last several years. Cotton is a potential alternative summer crop in an intensified dryland wheat-summer crop-fallow cropping system. The limiting factor for cotton becoming a major crop in Kansas is the number of growing degree units. Cotton requires approximately 1,900 heat units to produce a successful crop. Many areas of Kansas do not regularly receive enough heat units to produce cotton. Following is a cost-return budget for no-till cotton in a W-CT-F rotation in western Kansas.

Income Per Acre

Crop production costs per unit and net returns are highly dependent on yields. The following estimated budgets include three different yield levels, which are intended to represent expected yields for land of varying quality for a given level of management. Producers can compare the profitability of crop enterprises on farmland tracts with varying yield potential by considering alternative expected yield scenarios. Land values and government payments have been adjusted for alternative yield levels in this budget.

Price per pound of lint represents an expected harvest price in southwest Kansas, accounting for government marketing loan price support levels. The addition of a cotton gin in western Kansas will offer producers a local market for their

Table 1. Production Inputs — Wheat/Cotton/Fallow

Item	Yield Level (Lint lbs)			
	300	400	500	
Seed, 1,000/a*	52	52	52	\$1.13/1,000
Fertilizer:				
N (anhydrous)	0	0	0	\$0.44/lb
N	30	40	50	\$0.68/lb
P	15	15	20	\$0.80/lb
K	0	0	0	\$0.55/lb
Lime	0	0	0	\$0.01/lb
Herbicide				
RT3 + 2,4-D	2.0	2.0	2.0	\$5.62/a
Roundup Original Max + Ammonium Sulfate	2.0	2.0	2.0	\$3.39/a
Harvest Aids**	9.25	22.34	22.34	\$0.00/a
Insecticide / Fungicide				
Orthene	0.18	0.18	0.18	\$17.20/lb

* Cruiser treated

** Yield level I includes one application, yield levels II and III include two applications.

Table 2. Machinery and Land Resources — Wheat/Cotton/Fallow

Item	Yield Level (lint lbs)			Custom Rate
	300	400	500	
Tillage/Planting/Chemical Applications:				
Sweep	0	0	0	\$7.92/a
Disk	0	0	0	\$9.89/a
Field cultivate	0	0	0	\$9.49/a
Plant	1	1	1	\$15.48/a
Anhydrous application	0	0	0	\$10.89/a
Fertilizer application	1	1	1	\$5.36/a
Herbicide application	4	4	4	\$5.47/a
Insecticide application	1	1	1	\$5.54/a
Harvest				
Charge for stripping and module building	300	400	500	\$0.10/lb
Extra charge for yields exceeding	0	0	0	\$0.000/lb
Hauling to gin and ginning	300	400	500	\$0.030/lb
Non-machinery labor	0.76	0.87	0.98	\$13.00/hr
Land charge/rent	\$42.00	\$52.50	\$63.00	
Interest on capital				6.5%

cotton. Producers in other regions of Kansas should use an expected price that is representative for their location.

Crop insurance was not included as an input expense in this budget because yields reflect an average of all years (good and bad). If crop insurance is included as an input expense, than an expected value for indemnity payments should be included in the returns section. Historically, crop insurance indemnity payments have exceeded premiums due to government subsidies.

Costs Per Acre

Production costs at the three production levels are shown on lines 1-13. Kansas Custom Rates for specific field operations are used to represent fuel and labor costs as well as machinery repair, depreciation, and interest expenses in these budgets. Table 1 identifies the typical seed, fertilizer, herbicide, and insecticide requirements (rate and cost/unit) for no-till cotton. Herbicide requirements include both pre-crop and in-crop treatments. Table 2 outlines the machinery and land resources used for no-till cotton in a wheat-cotton-fallow rotation. Each tillage, planting, and harvest operation is identified.

COST-RETURN PROJECTION — COTTON (W/C/F ROTATION) — SOUTHWEST KANSAS

	Yield Level (lint, lbs)			Your Farm
	300	400	500	
INCOME PER ACRE				
A. Yield per acre: Lint cotton.....	300	400	500	
B. Price per pound: Lint cotton.....	\$ 0.80	\$ 0.80	\$ 0.80	
C. Net government payment.....	\$ 11.22	\$ 12.20	\$ 13.17	
D. Indemnity payments.....	\$	\$	\$	
E. Miscellaneous income.....	\$	\$	\$	
F. Returns/acre ((A × B) + C + D + E).....	\$ 251.22	\$ 332.20	\$ 413.17	
COSTS PER ACRE				
1. Seed.....	\$ 58.76	\$ 58.76	\$ 58.76	
2. Herbicide.....	27.27	40.36	40.36	
3. Insecticide / Fungicide.....	3.10	3.10	3.10	
4. Fertilizer and Lime.....	32.40	39.20	50.00	
5. Crop Consulting.....				
6. Crop Insurance.....				
7. Drying.....				
8. Miscellaneous.....	5.50	5.50	5.50	
9. Custom Hire / Machinery Expense.....	87.26	100.26	113.26	
10. Non-machinery Labor.....	9.86	11.33	12.80	
11. Irrigation				
a. Labor.....				
b. Fuel and Oil.....				
c. Repairs and Maintenance.....				
d. Depreciation on Equipment and Well.....				
e. Interest on Equipment.....				
12. Land Charge / Rent.....	42.00	52.50	63.00	
G. SUB TOTAL.....	\$ 266.15	\$ 311.01	\$ 346.77	
13. Interest on ½ Nonland Costs.....	7.28	8.40	9.22	
H. TOTAL COSTS.....	\$ 273.43	\$ 319.41	\$ 356.00	
I. RETURNS OVER COSTS (F - H).....	\$ -22.21	\$ 12.79	\$ 57.18	
J. TOTAL COSTS/POUND (H ÷ A).....	\$ 0.91	\$ 0.80	\$ 0.71	
K. RETURN TO ANNUAL COST (I + 13) ÷ G.....	-5.61%	6.81%	19.15%	

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