



ENTERPRISE BUDGETS AND PRODUCTION COSTS FOR ORGANIC PRODUCTION

BUSINESS AND MARKETING

Abstract: This resource list contains Internet-based sources of enterprise budgets and production cost information for organic production of horticultural and agronomic crops and for organic livestock enterprises.

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INTRODUCTION

Enterprise budgets are an important tool for planning and for ongoing farm financial management. While many producers develop their own budgets, some producers choose to start with existing budgets and adjust them for their own enterprises. These budgets represent only one set of many possible cultural and management practices, and they do not account for geographic differences. They serve as a starting point for individual producers to adapt to their own specific enterprises and situations.

Budgets generally include variable operating costs, fixed costs, and expected production returns. Labor is under the operating costs in the two-part system. If costs are divided into three parts, the third part is labor. Labor is sometimes treated separately to show a return to labor and management, in addition to a return over operating costs. This is especially important for enterprises in which all the labor is supplied by the enterprise's owner and the owner's family, since the owner needs to understand what his or her labor is being "paid" in terms of returns. Returns on an enterprise often look attractive, but when calculated as returns on your labor, may well be below minimum wage. When returns are not specified as "return to labor and management," you should calculate your per-hour returns for

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your labor and management. Simply divide returns after costs by the number of hours of labor that you put into the enterprise. This can clarify whether the enterprise is worthwhile for you or whether your labor can be put to more lucrative uses elsewhere.

The budgets and production costs listed below represent many different enterprises in different parts of North America; some are quite recent, while others are quite old, but still useful. If you don't have access to the Internet, contact Cooperative Extension for the state listed, or call ATTRA for paper copies of the budgets you would like to have. In many instances, your local Cooperative Extension Service specialist for farm management (typically located in the Agricultural Economics department of your local land-grant

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university) should be able to assist or recommend someone to assist in adapting enterprise budgets to reflect your individual enterprises, and show you how to use the budgets to improve your farm financial management. Since resources vary widely from state to state, no single route exists for local assistance.

For conventional production, the Agricultural Risk Budget Library at www.agrisk.umn.edu contains budgets for a very wide range of crops and livestock. In developing a budget for organic production, in many cases, a budget for conventional cropping or livestock may be the best starting point. The budget can then be tailored to specific individual situations, including organic production.

TRANSITION TO CERTIFIED ORGANIC BUDGETS

British Columbia (2002)

Available budgets: dairy (fluid milk), spelt, potatoes, oat, apple, sweet corn, carrots, winter squash, spinach, salad greens, and cauliflower.

www.agf.gov.bc.ca/busmgmt/budgets/specialty_organic.htm

HORTICULTURAL CROPS: VEGETABLES

British Columbia (1992-1996)

Available budgets: garlic, carrots, celery, corn for processing, peas for processing, whole beans for processing.

www.agf.gov.bc.ca/busmgmt/budgets/specialty_organic.htm

California (1996)

Available budgets: processing tomatoes, mixed vegetables.

www.agecon.ucdavis.edu/outreach/crop/cost.htm

California, Central Coast (1994)

Available budgets: cabbage, cauliflower, cucumbers, garlic, leaf lettuce, romaine lettuce, red onions, yellow onions, non-staked snap peas, non-staked snow peas, green bell peppers, red bell peppers, sweet corn, large variety winter squash, small variety winter squash, barley cover crop, vetch cover crop.

Included are yield and return ranges for selected central coast organic vegetable crops, whole farm annual equipment, investment, and business overhead costs for a diversified organic vegetable operation, and hourly equipment costs for a diversified organic vegetable operation.

<http://vric.ucdavis.edu/veginfo/topics/prodcosts/organiccosts.html>

New Jersey (1996)

Available budgets: bell pepper, cabbage, cauliflower, cucumber, leaf lettuce, yellow onions, pumpkins, sweet corn, fresh market tomato, and processing tomato.

<http://aesop.rutgers.edu/~farmmgmt/ne-budgets/organic.html>

North Carolina (2003)

Available budgets: fresh market broccoli, kale, tomatoes, sweet corn, salad mix, leaf lettuce, peppers, and summer squash.

www.ces.ncsu.edu/chatham/ag/SustAg/organiccoststudy.pdf

Wisconsin (1990)

Potatoes: brief comparison of costs and returns of organic and conventional potatoes.

www.wisc.edu/cias/pubs/briefs/004.html

HORTICULTURAL CROPS: FRUITS AND NUTS

California (2003)

Available budgets: strawberries.

www.agecon.ucdavis.edu/outreach/crop/cost-studies/StrawbOrgCC03.pdf

California (2002)

Available budgets: almonds.
www.agecon.ucdavis.edu/outreach/crop/cost-studies/AlmondOrgVN02.pdf

California (1996)

Available budgets: almonds, apples, table grapes, raisins, lemons, oranges, walnuts.
www.agecon.ucdavis.edu/outreach/crop/cost.htm

New Jersey (1996)

Available budgets: fresh market apples, mature trees.
<http://aesop.rutgers.edu/~farmmgmt/nebudgets/organic.html>

New York (no date)

Available budgets: strawberries (greenhouse production).
www.hort.cornell.edu/department/faculty/pritts/straw.html

HERBS

Washington State (2003)

Available budgets: goldenseal.
<http://smallfarms.wsu.edu/crops/organic/Goldenseal.html>

British Columbia (2002)

Available budgets: calendula, American skullcap, catnip, dandelion root, lavender, lemon balm, licorice root, nettle, passion flower, marshmallow root, chamomile, red clover, shepherd's purse, and yarrow.
www.agf.gov.bc.ca/busmgmt/budgets/budget_pdf/small_scale/small_scale_Mixed_herb_Win.pdf

Wisconsin (1999)

Available budgets: echinacea.
www.wisc.edu/cias/pubs/briefs/048.html

AGRONOMIC CROPS

California (1996)

Available budgets: cotton, rice.
www.agecon.ucdavis.edu/outreach/crop/cost.htm

Illinois (2003)

Available budgets: food-grade soybeans, food-grade corn.
<http://web.aces.uiuc.edu/value/>

Illinois (2001)

Available budgets: pasture (red clover, red mammoth clover, alfalfa, timothy), cereal rye grain, blue corn, soft red winter wheat, soybean.
www.aces.uiuc.edu/~asap/research/stew_farm/Appendix-rep-02.html#Production%20Buds,%20Conv

Kansas (2003)

Available budgets: corn, blue corn, sweet corn, wheat, Austrian winter peas, alfalfa, clover seed.
www.kansasruralcenter.org/publications/Organic%20cropping.pdf

Michigan (2001)

Available budgets: grain corn, soybeans, and oats.
Includes downloads of Excel budgets so you can do your own calculations.
www.aec.msu.edu/agecon/aecreports/budgets01.htm

New Jersey (1996)

Available production costs: grain corn, silage corn, soybeans, alfalfa (new seeding), alfalfa (established stand).

<http://aesop.rutgers.edu/~farmmgmt/ne-budgets/organic.html>

North Dakota (2003)

Available budgets: spring wheat, durum, feed barley, grain corn, sunflower oil, confectionery sunflower, soybeans, oats, flax, field peas, millet, buckwheat, rye, and rotational green manure fallow.

Has an excellent overview of organic production, crop rotation, and machinery used in organic production. There are also organic crop budgets from 2000 available.

www.ext.nodak.edu/extpubs/agecon/ecguides/2003org.pdf

LIVESTOCK

British Columbia (2002)

Available budgets: free-range laying hens.

www.agf.gov.bc.ca/busmgmt/budgets/budget_pdf/poultry/organic_eggs_2002.pdf

California (2002)

Production costs for organic and conventional milk.

<http://californiaagriculture.ucop.edu/0205SO/pdfs/orgmilk.pdf>

Iowa (2003)

Available budgets: pork (two-litter pasture farrow-to-finish).

www.extension.iastate.edu/ipic/reports/99swinereports/asl-1679.pdf

Iowa (2003)

Available cost information: pork.

www.extension.iastate.edu/agdm/livestock/html/b1-80.html

New Jersey (1996)

Available budgets: dairy goat, spring lamb.

Budgets for dairy goat include scenarios of production levels of 1500, 1800 or 2100 pounds of milk per doe.

<http://aesop.rutgers.edu/~farmmgmt/ne-budgets/organic.html#live>

Pennsylvania (1999)

Available budgets: egg production (small-scale).

http://agalternatives.aers.psu.edu/livestock/small_scale_egg/small_scale_egg.pdf

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The electronic version of **Enterprise Budgets and Production Costs for Organic Production**

is located at:

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<http://www.attra.ncat.org/attra-pub/enterprisebudgets.html>

PDF

<http://www.attra.ncat.org/attra-pub/PDF/enterprisebudgets.pdf>

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