

Simulating Corn and Soybean Cropping Decisions

Agricultural Budget Calculation Software (ABCS)

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Introduction

The Agriculture Budget Calculation Software (ABCS) program was used to calculate the cost and returns of forage budgets. ABCS is a budgeting program extension has used since 1993. It was updated into the Windows format you see today in 1997. The program is divided into two major sections.

One section is the entry of the “recipe”, the technique, the method, or the steps required to raise a crop. In this section you enter operations like “planting” with the pounds of seed, fertilizer, and other inputs needed with that operation but not the price of those ingredients or the price of the tractor and planter. In this section you also enter the yield, miscellaneous cost items such as crop scouting and property taxes, and machine sheds and other durables.

The other major section is for entry of product prices, input prices, fuel and labor costs, performance rates, fuel per hour, etc. Separating the input in this manner allows the user to run a budget against more than one data set. ABCS is a stand-alone program that can be purchased from the Center for Dairy Profitability for \$50.00.

Base Budget Corn Production Costs

There are many factors to consider when calculating the cost of production. The operation’s machinery set, its cost of the various inputs, and expected yield are just a few of the factors that affect cost of production. In addition sometimes the impact of the previous crop, whether or not manure was spread on the land, and program payment are forgotten when the full cost of production is calculated.

Several crop enterprise budgets for various farm types and more information about enterprise budgeting is available on the Center For Dairy Profitability’s website at: <http://cdp.wisc.edu/>, under the heading **Crop Enterprise Budgets & Economics**

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Summary

Enterprise budgets can be used as a planning tool or an analysis tool. They can help the farm manager better understand the pros and cons of a component of their business. Producing sound enterprise budgets requires the author to have both a detailed understanding of a farm’s production practices and an understanding of the basic budgeting framework.

Sound enterprise budgets provide more information than just the enterprise’s profitability. They can identify the most profitable enterprises on a farm, provide the basis for partial budgeting and cost of production calculations, plus they can be used to produce price and/or production break-even analysis, as well as price or production factors sensitivity analysis.

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