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EC808 Cost of Producing Corn : Fillmore and Saunders Counties

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Cost of Producing Corn

Fillmore and Saunders Counties

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COST OF PRODUCING CORN

FILLMORE AND SAUNDERS COUNTIES

Prepared by Mason Yerkes and A. W. Medlar.

The volume of business to date has not been up to the expectation of the more enthusiastic predictions. There is no real seriousness in the situation. Expectations were too high.

Business has been unusually prosperous for a long period and was due for a decline on account of maladjustment among the various branches of industry. The period of depression will have the least effect on the business that depends on efficiency of management rather than on bulk of sales.

Whether management is as important a factor to success in agriculture as in other lines of business may be a debatable question. However, regardless of the answer efficiency of production over a period of time spells success.

The summary of fourteen records on cost of producing corn in Fillmore County, 1925, brought out a wide degree of variation in cost of producing a bushel of corn.

The total operating expense per acre varied from $6.85 to $16.45; the total cost per bushel varied from 45 cents to $1.33. Man labor per acre varied from 3 hours to 10.8 hours; per bushel from 7 minutes to 46 minutes. Horse labor per acre varied from 14.3 hours to 39.8 hours.

Comparison of two farms that had low cost of production and yielded the largest net profit per bushel with the two farms that had high cost of production and showed the greatest loss per bushel.

	Farm No.3	Farm No.13	Farm No.10	Farm No.8
Total Operating Expense Per Acre	$ 8.03	$ 16.45	$ 11.96	$ 7.49
Net Cost per bushel	.40	.48	1.28	.91
*Total Income Per Acre	11.83	20.65	5.91	5.18
Net Profit Per Acre	3.80	4.20	-6.05	-2.31
Net Profit Per Bushel	.21	.13	- .67	- .30

* Income figured on basis of 61 cents average farm price of corn, January 1 in Nebraska.

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	Farm No.3	Farm No.13	Farm No.10	Farm No.8
Man Labor Per Acre. Hours	4.7	10.8	7.6	8.5
Man Labor Per Bushel. Minutes	8	12	31	41
Wage per Man Hour. Cents	.80	.40	-.79	-.25
Tenant's Yield per A. Bu. (3/5)	18.	33.	9.	8.
Total Acres in Corn	59	40	73	48.

Although farms 3 and 13 were both profitable, the profits evidently were not secured in the same fashion.

The expense of farm 13 was more than twice as much as for farm 3. However, the yield was almost twice as great. Natural conditions as well as management greatly affect yields. The table, however, indicates that while farm number 13 made a larger profit per acre, it also had more labor and more expense per bushel. Farm 13 made the greater profit per acre because of the larger yield. On the basis of time, however, farm 3 did much better, making 80 cents for each hour up to husking, than farm 13 which made 40 cents per hour.

The following table shows why Farm No. 3 made a larger wage per hour.

	Farm No.3	Farm No.13
Total Operating Expense Per Bu.	45 cents	51 cents
Man Labor per Bushel	8 min.	12 min.

The question that every farmer has to decide is how much labor is really necessary to bring the largest net profit per hour.

In noting farms 10 and 8, it is readily seen that the low yield per acre was one of the big factors in the high cost per bushel. The low yield also increased the time required to product a bushel. Again natural conditions probably played a part in the low yield per acre.

SAUNDERS COUNTY

	Farm No. 1	Farm No. 12	Farm No. 16	Farm No. 10
Total Operating Expense per Acre	$ 8.67	$ 6.45	$13.60	$15.44
Net Cost per Bushel	.23	.23	.66	.70
Total Income per Acre	21.10	15.07	12.70	13.48
Net Profit per Acre	12.43	8.60	-.89	-1.96
Net Profit per Bushel	.38	.37	-.05	-.09

	Farm No.1	Farm No.12	Farm No. 16	Farm No. 10
Man Labor Per Acre. Hours	5.5	2.9	8.9	10.9
Man Labor Per Bushel. Bushels	6	5	17	19
Wage Per Man Hour - Cents	$ 2.25	2.94	-.10	-.18
Tenant's Yield per Acre -- Bushel (3/5)	33	23	19	21
Total Acres in Corn	60	130	50	82

The study of cost of producing corn in Saunders county shows results very similar to Fillmore county. In general, the same explanations would apply to both counties.

Farms 1 and 12 of Saunders county, however, show a more uniform relation throughout than do farms 3 and 13 of Fillmore county; i.e. while the expense of 12 is less than 1, the yield is correspondingly lower. As a result the net costs per bushel or net profits per bushel on farms 1 and 12 are very nearly the same.

There are, however, two noticeable differences between the two counties. The first difference is the uniformly higher yield throughout in Saunders county, which, of course, tends to lower the cost of production per bushel. This difference may be accounted for in two ways. It may be, and very probably is, due to the natural conditions being more favorable to corn production in Saunders county. The second way that the difference in yield could be accounted for, is largely one of management.

As to yield, we quote from the Report of the 1925 Corn Yield Contest of the Nebraska Crop Growers Association. "Perhaps the most outstanding thing shown by the records of the 38 contestants in the eastern region is the effect of the legume crops on corn yield. The average yield per acre of these 38 men was 69 bushels per acre. According to official statistics, the average yield of all corn in the eastern region this past season was about 35 bushels per acre. (Records from Fillmore give an average of 28.7 bushels per acre.) What made the 34 bushel increase per acre on the 10-acre fields entered by the contestants? A look at the records shows that of these 38 men only five did not have alfalfa, red or sweet clover on these fields within the last four years and most of them within the last two years . . . It cannot be said that the contestants entered bottom or creek land fields because the majority of them did not do so."

The second very noticeable difference is one that appears largely to be one of management and concerns the expenses entering into the cost of production.

Farm Number	Tenant Yield Per Acre 1	2	3	4	Expenses Per Acre 1	2	3	4
Fillmore	18	33	9	8	$ 8.03	$ 16.45	$ 11.96	$ 7.49
Saunders	33	23	19	21	8.67	6.45	13.60	15.44

*

Farms are so numbered for reference -- but are the same farms and arranged in the same order as in the previous tables.

The two farms 3 and 4 of Fillmore county had a large expense per bushel largely because of the relatively low yield per acre. It will be noticed that the expense per acre of farms in Fillmore county does not vary to the same extent that the farms in Saunders county do.

Notice especially farms 4 and 2 of Saunders county. Farm 4 with but two bushels less yield per acre had practically nine dollars more expense. Reference to the original figures on farm 4 indicates that the labor item, both man and horse labor, was out of proportion. The reason for this proportionately large amount of labor may have been due to the unnecessary cultivation. Experimental data tends toward the conclusion that if the soil is free from weeds and has more or less of a natural mulch -- not hard and apt to crack, -- additional cultivation is simply adding to the expense. Whatever the reason may have been, Farm Accounts will do more to remedy such a situation than will any amount of legislation.

Remember the two essential points that affect the income from corn.
(a) Lowest expense possible and yet maintain maximum efficiency.
(b) Largest yield possible.

How is the farmer to remember the two essentials?

"Farm accounting offers a greater hope to the grower than the tariff, cooperative marketing, or anything else, but its application is not easy owing to the factors of joint products and expenditures of the farm family's time and money. Thus far scarcely a start has been made in farm accounting. Therefore, we cannot disprove the recent statement that the establishment of a cost sign on products would mean one billion dollars to American Agriculture." *

*Principles and Practices of Cooperative Marketing. p. 56

Mears and Tobriner of Leland Stamford University.

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SOME FACTORS AFFECTING CORN PRODUCTION. Saunders County, 1925

Farm Number**	Net Profit Per Bushel	Net Cost Per Bushel	Net Profit Per Acre	Total Cost Per Acre	Net Profit Per Man Hour	*Man Labor Per Acre	Yield Per Acre (Tenant 3/5)	Total Number of Acres
	Dollars	Dollars	Dollars	Dollars	Dollars	Hours		
1	.38	.23	12.43	8.67	2.25	5.5	33	60
12	.37	.23	8.60	6.45	2.94	2.9	23	130
17	.25	.35	5.92	9.52	1.40	4.2	24	100
13	.25	.36	5.29	8.64	1.74	3.0	21	90
15	.22	.39	7.25	14.00	1.45	5.0	33	42
5	.21	.40	6.46	13.41	.84	7.7	30	62
2	.19	.42	4.81	11.22	.87	5.5	24	55
20	.19	.42	4.74	10.76	.56	8.5	25	100
Average	.17	.43	4.03	11.26	.59	6.8	24	67
7	.16	.45	3.54	10.99	.42	8.4	22	20
4	.14	.47	3.28	11.44	.64	5.1	27	80
8	.14	.47	2.80	10.26	.44	6.3	20	55
6	.13	.49	3.33	12.89	.51	6.5	24	65
9	.11	.50	2.73	14.32	.24	10.9	26	25
18	.09	.52	2.30	13.34	.24	8.7	24	65
3	.09	.52	2.09	13.05	.26	8.1	27	80
11	.06	.55	.90	10.14	.11	8.2	15	55
14	.05	.55	.96	12.10	.08	11.4	20	41
19	.04	.80	.69	12.94	.07	9.9	21	85
16	-.05	.59	-.89	13.60	-.10	8.9	19	50
10	-.09	.70	-1.96	15.44	-.18	10.9	21	82

* Hours Man Labor up to Husking Time.

** Numbers refer to farmers cooperating with this Department.

Farms are arranged in order of net profit per bushel.

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SOME FACTORS AFFECTING CORN PRODUCTION — Fillmore County, 1925

Farm Number**	Net Profit Per Bushel	Net Cost Per Bushel	Net Profit Per Acre	Net Cost Per Acre	Net Profit Per Man Hour	*Man Labor per Acre	Yield Per Acre (Tenant 3/5)	Total Number of Acres
	Dollars	Dollars	Dollars	Dollars	Dollars	Hours		
3	.21	.40	3.80	8.03	.80	4.1	18	59
11	.17	.44	3.41	10.40	.94	4.3	21	142
6	.17	.44	3.12	8.98	.51	6.0	18	20
13	.13	.48	4.20	16.45	.40	10.8	33	40
14	.13	.48	1.89	8.12	.43	4.5	15	40
5	.10	.50	2.15	11.66	.27	7.7	21	110
2	.08	.53	1.44	10.45	.22	6.7	18	43
12	.06	.54	1.33	11.71	.20	6.1	20	70
4	.05	.56	1.09	13.20	.17	6.2	21	55
7	.05	.56	.56	6.85	.20	3.0	12	115
Average	.04	.61	.80	10.88	.12	6.4	18	70
1	.02	.59	.32	13.49	.04	9.4	21	88
9	-.18	.79	-2.94	13.79	-.38	7.7	16	80
8	-.30	.90	-2.31	7.49	-.25	8.9	8	48
10	-.67	1.28	-6.05	11.96	-.79	7.6	9	73

* Hours Man Labor Up to Husking Time.

** Numbers refer to farmers cooperating with this Department. Farms are arranged in the order of net profit per bushel.

Additional copies may be had upon request. Address the State Extension Agent, Department of Rural Economics, College of Agriculture, Lincoln, Nebraska.

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