



# Policy Matters

*Newsletter of the Agricultural Policy Analysis Center*



## Another Budgeting System?

One of the most wonderful things about agriculture is its stability and predictability — WRONG!

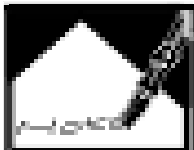
Farmers, extension agents, and researchers alike are all aware of the questions that go along with raising crops and/or livestock. What's the weather going to be this like this year? How much is this fertilizer going to cost me? How's this new policy going to affect my income?

As folks who are interested in these kinds of questions too, we at APAC try to answer them to the best of our abilities and provide that information to you. In keeping with that task we have recently created and made available the APAC Budgeting System (ABS).

Most people involved in agriculture know that there are many budgeting systems available to help make decision-

<p>Agricultural Policy Analysis Center</p> <p>The University of Tennessee, Knoxville Institute of Agriculture</p> <p><a href="#">Text Only Version</a></p> <p><a href="#">Description of ABS</a></p> <p><a href="#">Technical Document</a></p> <p><a href="#">APAC Home</a></p> <p><a href="#">Questions About ABS?</a></p> <p><a href="#">Disclaimer</a></p> <p></p>	<h1>ABS</h1> <h2>APAC Budgeting System</h2>  <p>The APAC Budgeting System provides a method for researchers, extension personnel, farmers, and policy makers to analyze budgets for various crops. ABS consists of crop budgets for the 305 Agricultural Statistics Districts (ASD) in the continental United States. Users merely need choose the desired ASD by its geographic location to access its particular budgets. Each budget contains a cost summary sheet, operation schedule, labor schedule, and machinery cost table. Any questions or comments about ABS will be appreciated.</p>
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**ABS: A New Kind of Budgeting System, Available on the World Wide Web at <http://apacweb.ag.utk.edu/ABSWeb>**



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**Cost Summary Sheet:** Farm revenues, itemized variable input costs, and fixed machinery costs

**Operation Schedule:** Allows users to identify specific field activities by implement on a particular day; provides machine and labor times and quantities of inputs applied

**Machinery Costs Table:** Variable and fixed costs for each machine

**Labor Table:** Monthly labor requirements

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## Items Contained in an ABS Budget, Calculated at a Per Acre Basis

making a bit easier. So what's the difference between other systems and ours?

Many budgeting systems provide simple summaries of per-acre operational costs and require lots of support data. For example, variable input information (e.g. types, prices, and rates) and machine efficiencies (e.g. speed, width, field efficiency, and cost equations) must be added by users. Collecting and inputting this information demands significant resources, which may not be available to all users.

ABS differs from other budget generators in that it operates from a set of extensive internal databases containing technical and region-specific data and sets of previously developed crop and rotation budgets. This minimizes the time and resources needed by users to produce budgetary information and allows us to quickly update the system with reliable new information as it becomes available. Resulting detailed operation schedules and production costs can be referenced for use at the farm or research levels.

Budgets created by ABS contain a cost summary sheet, operation schedule, machinery costs table, and labor table, with all expenditures calculated at a per-acre basis. These four components of the system present users with data such as

itemized variable input costs, variable and fixed costs for each machine used, and machine and labor times.

The best thing about ABS, however, is that pre-generated budgets are accessible in a user-friendly format via the World Wide Web. Although the system does not yet allow users to change budgets to meet their personal needs, pre-generated budgets can be accessed by crop for most of the 305 Agricultural Statistics Districts (ASD). These budgets contain information typical of the particular ASD.

APAC is also in the process of making the budgeting system interactive. This will allow users to modify budgeting input information (such as the amounts of fertilizers used and the cost of machinery) to more accurately reflect their farming practices.

To use the online budgeting system, users must first choose a specific state from the U.S. region map. Next, users are

**Budgets currently available on the ABSWeb are *representative* of the farming practices in each separate region. Given the variability of prices and yields from farm to farm, it is difficult to pinpoint these particular numbers for individual operations. Thus, users are encouraged to insert their own yields and prices specific to their situations.**

directed to pick an ASD within that state. After selecting an ASD, users must choose the crop to be budgeted and the desired tillage practice.

After this process is completed, users are first supplied with the cost summary sheet for the selected crop and tillage practice. From the cost summary sheet users can access the operation schedule,

machinery costs table, and labor table.

The ABSWeb is updated as new information becomes available. We invite you to take a look at these budgets and modify them for your personal budgetary needs. We would be glad to hear any comments or you have about the system.

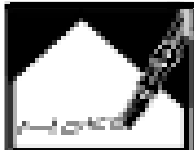
The ABSWeb is located at <http://apacweb.ag.utk.edu/ABSWeb>.

Other tables available with this budget include:  
[Operation Schedule](#) | [Machinery Costs](#) | [Labor Table](#)

**TN-62**  
**UplandCotton - Conventional without Moldboard Plow**

Category	Name	Units	Quantity	Price/Unit	Amount
<b>Revenue</b>					
Revenue	UplandCotton	LB	12.00	0.11	1.32
				Subtotal	1.32
<b>Variable Costs</b>					
Seed	Cottonseed	LB	12.00	0.75	9.00
				Subtotal	9.00
Fertilizer & Lime	Urea (45-0-0)	LB	108.00	0.145	15.66
	Triple Superphosphate (45-0-0)	LB	60.00	0.130	7.80
	Muriate of Potash (0-0-60)	LB	60.00	0.082	4.92
	Lime	LB	1,000.00	0.009	9.00

### Selection from the Cost Summary Sheet for ASD 62: Upland Cotton, Conventional Without Moldboard Plow



APAC uses the information contained in these budgets primarily for research purposes.

The information found in the operation schedule of each budget — the approximated operation dates, types and sizes of machinery used, and types and quantities of inputs applied — was developed using available state-level publications. In the absence of published state-level production information, data from a comparable, neighboring state were adopted. Yields and prices of inputs and crops were included in the budgets as examples for your convenience only, and they should be localized to reflect your specific situation.

While APAC strives to make this information as accurate as possible, it is not intended to replace state-level recommendations made by state extension specialists.