

# Estimated Costs of Crop Production

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2021 Economic Summit Webinar Series  
Iowa Farm Bureau - January 28, 2021

<https://www.extension.iastate.edu/agdm/>

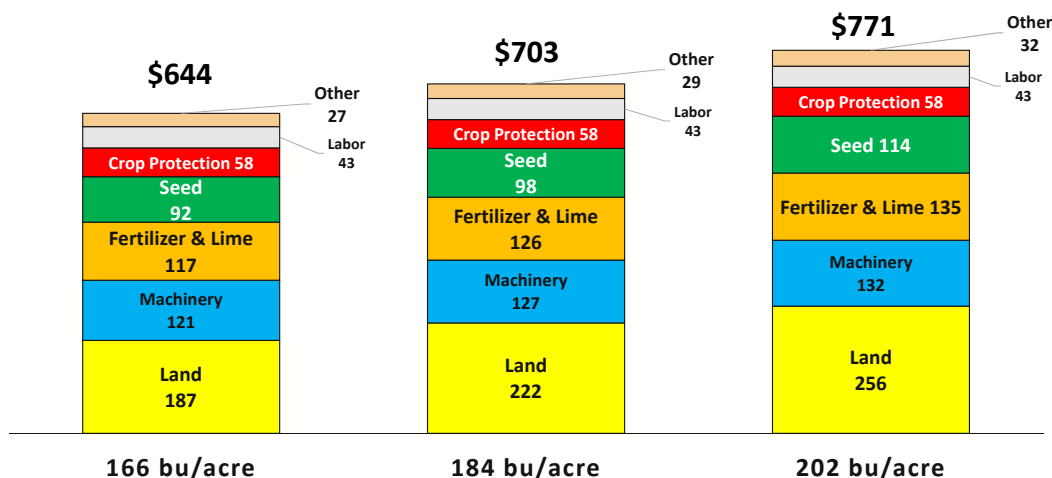
The screenshot shows the homepage of the Ag Decision Maker website. At the top, there is a red navigation bar with the Iowa State University logo and the text "Extension and Outreach" and "AG DECISION MAKER". To the right of the logo is a search bar and a navigation menu with links for "RECENT UPDATES", "RESOURCES", and "OUTLOOK". Below the navigation bar is a main banner with the title "Ag Decision Maker" and the subtitle "An agricultural economics and business website for farm business decisions being made today". The banner features a background image of a farm at night with a full moon. Below the banner are three main content sections. The first section on the left is titled "IMPACT Ag Decision Maker" and features a video player with a play button. The middle section is titled "Newsletter 01/2021" and lists several topics: "Talk of hog supply contraction is premature", "Factors driving prices", "Outlook for land values in 2021 and beyond: results from the 2020 Iowa land value survey", and "Virtual farm bill meeting series for 2021". The bottom section is titled "January 2021 Updates" and lists "Crops" and "Costs & Returns". Under "Costs & Returns", there are two bullet points: "Estimated Costs of Crop Production -- A1-20" and "Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) -- A1-44". A red arrow points from the "Costs & Returns" section to the "Estimated Costs of Crop Production" link. To the right of the "Costs & Returns" section is an image of a corn cob and a soybean pod.

## Average Costs for Farms in Iowa

- Cost estimates include:
  - cost of purchased inputs
  - return to land
  - return to labor
- Cost estimates exclude:
  - return to management or profit margin
  - storage costs
- Differences in costs: fixed costs per acre (farm size), soil productivity, quantity of inputs used, timing of input purchase

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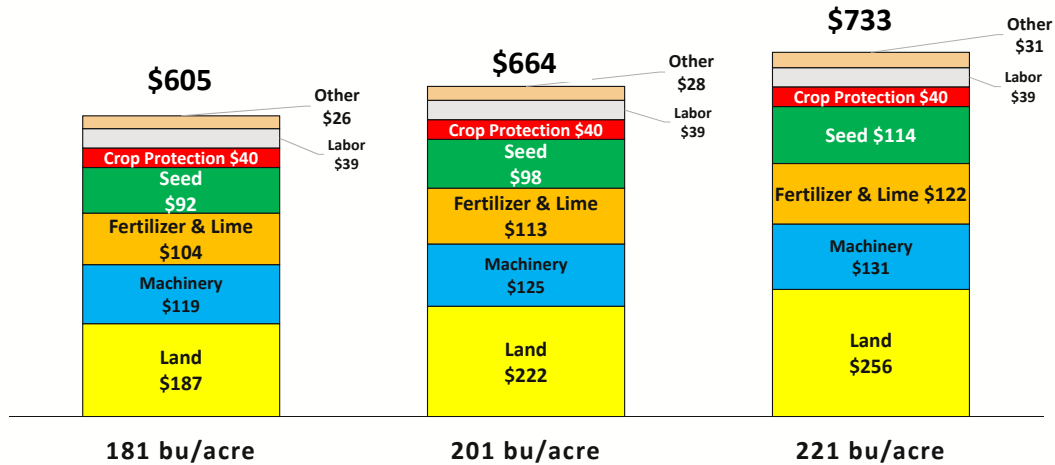
## 2021 Costs of Continuous Corn, \$ per acre



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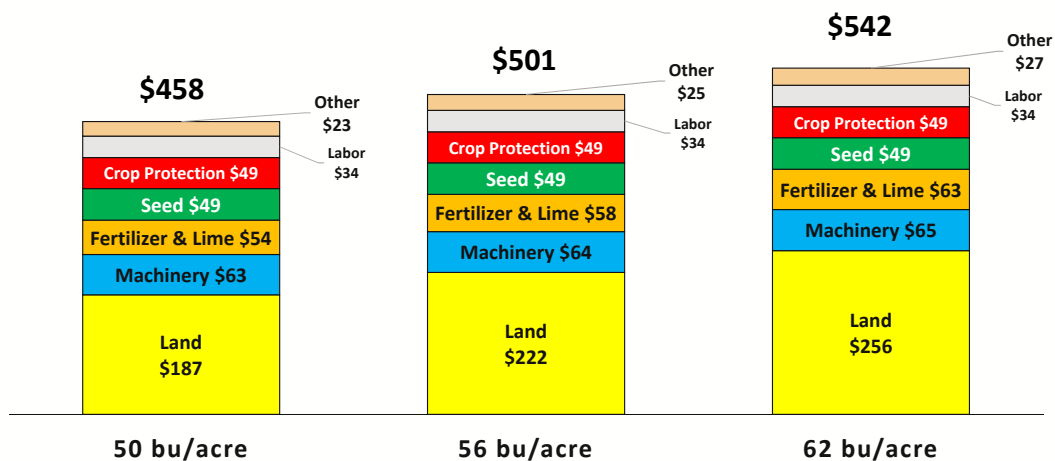
## 2021 Costs of Corn following Soybeans, \$ per acre



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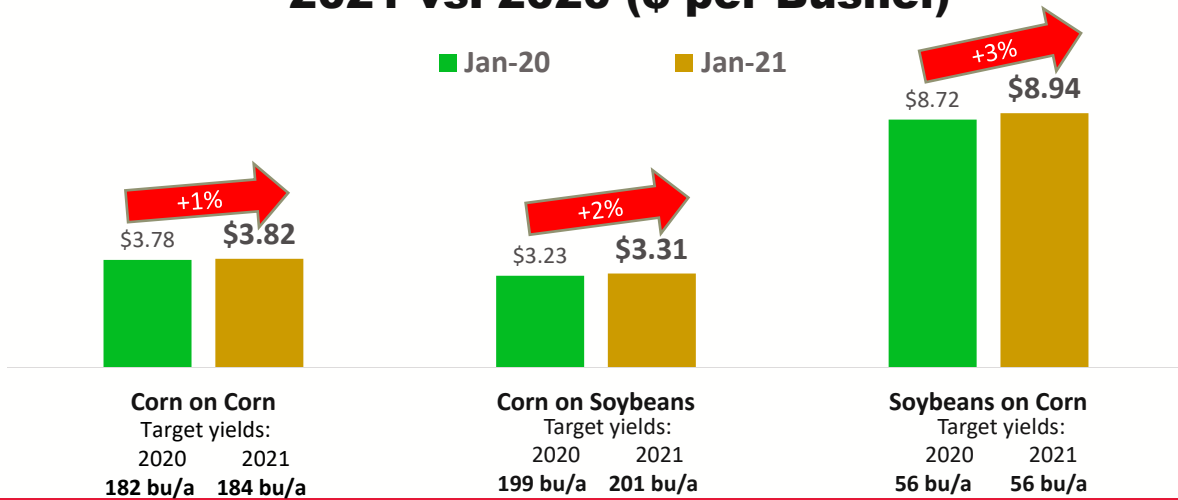
## 2021 Costs of Soybeans following Corn, \$ per acre



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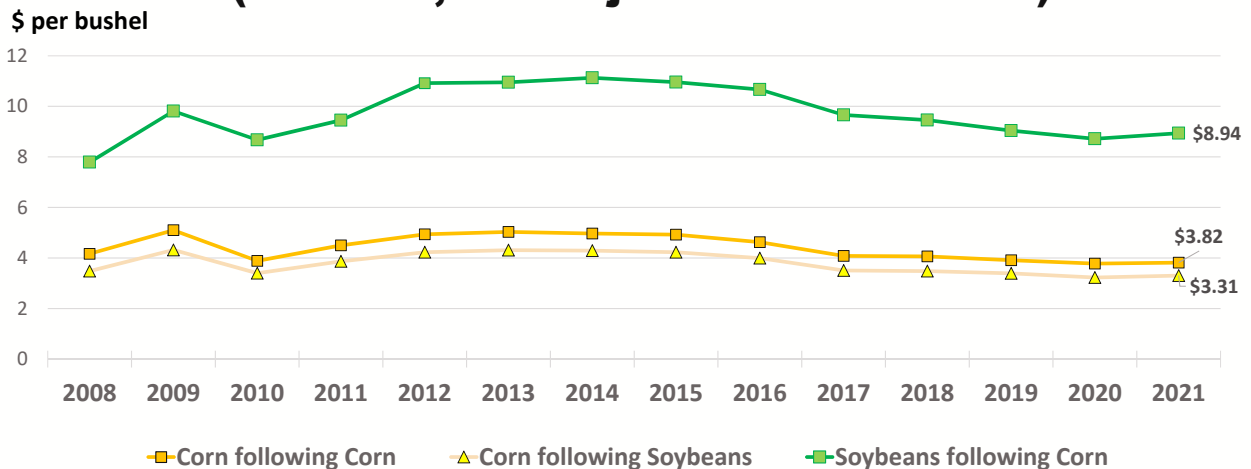
## Estimated Costs for Average Target Yields: 2021 vs. 2020 (\$ per Bushel)



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## 2008-2021 Estimated Costs of Crop Production (nominal, not adjusted for inflation)



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### Corn Following Soybeans

	161 bushels per acre		201 bushels per acre		221 bushels per acre		Your Estimate
	Fixed	Variable	Fixed	Variable	Fixed	Variable	
<b>Preharvest Machinery</b> <sup>1/</sup>	\$18.70	\$16.10	\$18.70	\$16.10	\$18.70	\$16.10	\$
<b>Seed, Chemical, etc.</b>	Units		Units		Units		
Seed @ \$3.27 per 1000 kernels	28,000	\$91.56	30,000	\$98.10	35,000	\$114.45	\$
Nitrogen @ \$0.34 per pound	133	45.22	146	49.64	159	54.06	
Phosphate @ \$0.39 per pound	68	26.52	75	29.25	83	32.37	
Potash @ \$0.30 per pound	54	16.20	60	18.00	66	19.80	
Lime (yearly cost)		15.69		15.69		15.69	
Herbicide		39.58		39.58		39.58	
Crop insurance		7.80		8.60		9.30	
Miscellaneous		9.00		10.00		11.00	
Interest on preharvest variable costs (8 months @ 5.0%)		8.92		9.50		10.41	
<b>Total</b>		\$260.49		\$278.36		\$306.66	\$
<b>Harvest Machinery</b>							
Combine	\$12.50	\$6.10	\$12.50	\$6.10	\$12.50	\$6.10	\$
Grain cart	5.90	2.70	5.90	2.70	5.90	2.70	
Haul	7.42	6.15	8.24	6.83	9.06	7.51	
Dry (LP gas @ \$1.30 per gallon)	9.05	28.24	10.05	31.36	11.05	34.48	
Handle (auger)	3.00	3.02	3.34	3.36	3.67	3.69	
<b>Total</b>	\$37.88	\$46.21	\$40.03	\$50.35	\$42.18	\$54.48	\$
<b>Labor</b>							
2.55 hours @ \$15.25		\$38.89		\$38.89		\$38.89	\$
<b>Land</b>							
Cash rent equivalent		\$187.00		\$222.00		\$256.00	\$
<b>Total fixed, variable</b>							
Per acre	\$282.46	\$322.81	\$319.62	\$344.81	\$355.77	\$377.24	Yield:
Per bushel	\$1.56	\$1.78	\$1.59	\$1.72	\$1.61	\$1.71	bushels
<b>Total cost per acre</b>	\$605.27		\$664.42		\$733.01		per acre
<b>Total cost per bushel</b>	\$3.34		\$3.31		\$3.32		\$

\$	
	<b>Your Estimate</b>
6.10	\$
4.45	\$
4.06	

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# PANEL DISCUSSION

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