2000 Organic Soybeans Production Budget

Jeff Klinge, Farmersburg. Early in January 2000, when I was starting to make my plans for the coming crop year, the company that I decided to work with offered contracts on two varieties for organic soybeans: Vinton 81 and NK 20-20. I was told that the Vinton 81 soybeans would be marketed to Japan while the NK 20-20 soybeans would be marketed domestically. Because the Japanese economy was looking unstable, I decided to go with the NK 20-20 even though the price was lower (Vinton 81's were $15.50 and NK 20-20's were $12.50). I also was aware that the NK 20-20 were known to yield significantly higher than the Vinton 81.

As it turned out, I probably should have gone with the Vinton 81's, because I had trouble marketing the NK 20-20's. I was told by the people I contracted with that the domestic market for the NK 20-20 variety had been overrun with cheaper organic soybeans from China. I had to wait until the end of June 2001 to market my soybeans.

Overall, I was satisfied with crop emergence and weed control during the growing period. One field had a little more foxtail in it than I would like to see, but as a whole, weed control on the total acreage was satisfactory. Profit per acre continues to be the most important issue rather than yield. As you can see (Table 6, click to view), profitability in conventional soybeans is so low that producers are becoming more and more dependent on government subsidies to survive. I am told by my banker that farmers need to look at subsidies as a percent of net income, a percentage that can signal a red light for the operation.

In the 2001 crop year I will be selling all my corn, all my soybeans, and all my barley as organic. I should be able to have charts for all three crops available next year. 2001 was an especially good year for small grains, and I averaged roughly $3.10 per bushel for my barley, with approximately a 70-bushel yield per acre. Corn yields were down because of a cold wet spring, but the price was significantly higher due to the lower yield, which should make up the difference. At Thanksgiving time I was offered $4.15 per bushel for corn picked up at the farm, and it looks like prices could be significantly higher by spring. 2001 soybeans also suffered from a cold, wet spring. In fact, I had to replant 60 acres. Even though they weren't planted until June 11th and 12th, the soybeans yielded approximately 30 bushels per acre - not too bad for Vinton 81's.

Last year I mentioned we had just bought our first group of organic feeder cattle. I received a substantial premium over the conventional market for these organic cattle. However, figuring in the opportunity to sell the grain at an organic price versus feeding it to cattle, my returns are better at this time by just selling the grain. I still believe there is a place for beef in an organic farming system. In time, I think we can improve our marketing to a point that it will add substantially to the profitability of the entire farming system.

Table 6. Soybean production budgets, organic and conventional, Klinge farm, 2000 Crop Year.

Item		Organic	Conventional §
Pre-Harvest Machinery		$27.50 †	$12.50 ‡
Seed			
Organic	@$15/50# bag x 1.5 bags, NK 20-20. 1.5 bu rye @$4.50 as cover crop	$22.50 $6.75	
Conventional	@$22/50# bag x 1.5 bags, Kussmaul Roundup Ready™		$33.00
Fertilizer		$0.00	$0.00
Weed Control	(other than cultivation)		
Organic	walking beans @ $10/hr, ½ hr/acre	$5.00	
Conventional	herbicide (Roundup)		$12.00
Crop Insurance		$12.00	$10.00
Interest	Pre-harvest expense, 9.0% for 8 months	$4.12	$4.05
Pre-Harvest Total		$77.87	$71.55
Harvest Machinery	Combine	$25.00	$25.00
	Haul grain from field	$0.50	$0.50
	Trucking: organic @ $.20/bushel; conventional @ $.12/bu	$8.00	$7.20
Harvest Total		$33.50	$32.70
Labor	@$8.00/hr: 5 hr organic, 2 hr conventional	$40.00	$16.00
Land	cash rent equivalent	$160.00	$160.00
Certification & user fees	(approx. 1½% of sales)	$7.31	$0.00
8 months interest and storage		$18.00 ¶	$0.00
Total Cost per Acre		$336.68	$280.25
Crop Yield (bu/acre) #	organic = 35 bu cleaned beans + 5 bu splits + 1 bu field border	41	60
Cost per Bushel	organic $341.18 ÷ 441 bu/acre conventional $280.25 ÷ 60 bu/acre	$8.09	$4.67
Sale Price (per bu)	cleaned beans only	$12.50	$4.75
Value of Splits	(5 bu @ $9.00/bu)	$45.00	$0.00
Field Border Harvest	(1 bu @$4.50/bu)	$4.50	$0.00
Gross Income/Acre	organic: ($12.50/bu x 35 bu) + $45 + $4.50 conventional: $4.75/bu x 60 bu	$487.00	$285.00
Net Profit/Acre	organic: $487 – $341.18 conventional: $285.00 – $280.25	$150.32	$4.75

§ Conventional soybeans are no longer grown on the Klinge/Tidwell farm. The conventional information came from a neighboring farm, with similar soil type.

† Organic: tandem disk, chisel, field cultivate (2x), harrow, plant, cultivate (3x).

‡ Conventional: chisel plow, field cultivate (1x), plant.

Organic yield based on actual sales from 125 acres. Conventional yield based on actual sales from 120 acres.

¶ The organic soybeans were not marketed until the end of June, 2001. Costs included storage and interest on all expenses.