**Duane’s Rules of Thumb**

Budgets:

Crop Budgets:

* Use Actual Production History (APH) Crop Insurance Yields whenever possible
* FSA Commodity Price list must be used when applying for FSA loans- see website link
* Check fertilizer prices against the total provided by client (they are usually more)
* Ask about supplemental hail insurance along with Federal Crop Insurance?
* Ask about seed treatment along with the prices of seed, especially soybeans
* A reasonable cash rent is generally about 25% of gross crop value
* If possible break up chemical/fertilizer application from cost when custom hiring
* Calculating Line of Credit interest (operating loan) look at working capital first and see how much is available
	+ Then calculate 100% of expenses for crops in 8 months. Subtract working capital and you will get an estimate of the amount of Operating Loan funds needed
	+ Cattle Line of Credit: use number of months on feed for total expenses and subtract working capital
* Fuel usually averages $20/acre for minimum and no till operators
* Repairs generally average $35 to $50/acre
* Custom work goes under other farm income, one can however make a budget for it
* Use gross income for off-farm contribution so that tax calculation can be made for all income received.
* Rebate back the state of Kansas income tax calculation. You can manually change the tax owed in FINLRB
* Labor hours should be included in each budget. Most crops are around 2 hours per acre, alfalfa 3, prairie/brome 1.5, beef cows 8, etc. If a farm is no-till and has lots of custom hire, then less. Smaller farms would have more, bigger farms less.
* To change pasture from AUM to acres, but a “1” in for yield, treat the rest of the FINPACK analysis as if pasture was in acre terms (not AUMs)

Livestock Budgets:

* Sale barns charge about 2% of sale value for marketing expense
* Death loss typically 1-5%, look at salebarn receipts for actual number of calves sold to evaluate
* Don’t forget to add trucking expenses on livestock budgets, if there is any
* Typical cowherd has 90% live calf crop with 15% withheld for replacements, therefore the sales quantity would be 75%
* Unless calves sold at weaning it’s best to wean calf off the cow at no price sold then enter into a backgrounding budget at no price paid. You will get a warning message but just ignore it.
* Growing budgets calculate intake at 2.5 to 2.75% Dry Matter
* Bull expenses calculation: Purchase price less salvage value divided into number of cows serviced over generally a 3 year period. Example: $6000 purchase price - $2000 salvage = $4000 value consumed / 25 cows = $53/cow/year
* 3 pounds of silage equals 1 pound of dry hay.
* Value a ton of silage is usually 9 or 10 times the value of a bushel of corn.