



# Cost and Returns Budget for Straight Seeded Certified Timothy

This budget estimates the direct income and expenses over a five-year life span of a timothy stand on one acre. These numbers are only intended to assist producers in evaluating the basic financial requirements over this period.

The **budget margin** must provide funds for interest, overhead and other indirect expenses as well as a return for living, loan repayment and investment. A total farm financial analysis should be completed to determine the impact of this enterprise on the total farm business.

## Assumptions

The following assumptions for field operations were assumed in deriving these costs:

### Year 1 – Establishment

- Prev. fall** 1. Pre-harvest glyphosate for perennial weed control.
- May** 2. Cultivation
- 3. Seed timothy
- June** 4. Spray Buctil M
- 5. Mow
- Aug/Sept** 6. Mow
- 7. Broadcast fertilizer

### Year 2 – Production

- May** 1. Spray MCPA/Lontrel
- July** 2. Swath
- August** 3. Combine/truck/augers
- 4. Bale (zero net cost)<sup>1</sup>
- October** 6. Broadcast fertilizer

<sup>1</sup> Assumption that returns for baling aftermath will cover costs.

### Year 3 – Production

- May** 1. Spray MCPA/Lontrel
- July** 2. Swath
- August** 3. Combine/truck/augers
- 4. Bale (zero net cost)
- October** 6. Broadcast fertilizer

Years 4 and 5 – Production (same as Year 3)

Year 5 – add breaking cost

## Price and production sensitivity

The following table shows the impact on budget margin in the established stand (Year 3) resulting from a change in projected market returns and yields (Table 1).

Table 1. Price and yield sensitivity

Price \$/lb	Yields: lbs. per acre				
	100	200	300	400	500
0.20	-42.30	-22.30	-2.30	17.70	37.70
0.30	-32.30	-2.30	27.70	57.70	87.70
0.40	-22.30	17.70	57.70	97.70	137.70
0.50	-12.30	37.70	87.70	137.70	187.70
0.60	-2.30	57.70	117.70	177.70	237.70
0.70	7.70	77.70	147.70	217.70	287.70
0.80	17.70	97.70	177.70	257.70	337.70

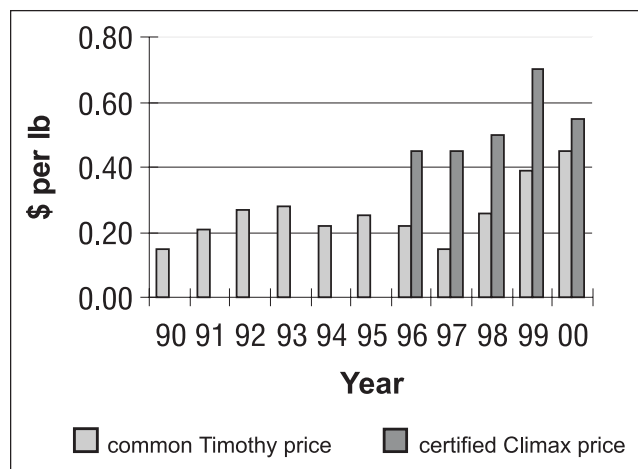
## Marketing alternatives

Common or certified Climax timothy seed is generally sold to local elevators or seed companies. Some seed companies have production contracts for proprietary varieties. The prices on these contracts are generally based on the price of Climax.

The price of common timothy will fluctuate greatly. Certified seed usually commands a large premium over common seed. Growing certified seed has additional cost for field inspection.

The graph below shows historical yearly average prices over the last 5 years for certified Climax and the 10 year average price for common timothy (Figure 1).

**Figure 1. Common Timothy and certified Climax – average yearly prices 1990 to 1999**



**Prepared by:**

Calvin Yoder – Forage Specialist, Spirit River  
George Monner – Farm Management Specialist, Fairview

**Table 2. Per acre costs and returns for straight seeded certified Timothy**

			Establish	Year 2	Year 3	Year 4	Year 5	Five Year Average
Timothy: Yield				300	300	300	300	
Price				0.50	0.50	0.50	0.50	
<b>TOTAL INCOME</b>				<b>150.00</b>	<b>150.00</b>	<b>150.00</b>	<b>150.00</b>	<b>120.00</b>
<b>DIRECT EXPENSES</b>								
	<u>Quantity</u>	<u>Price Unit</u>						
Seed: Timothy Seed	1.5	3.5 lbs	5.25					1.05
Fertilizer: 11-51-0	19/40	0.19 lb	3.58	7.53	7.53	7.53		5.23
20-0-0-24	20	0.12 lb	2.45					0.49
0-0-62	12	0.10 lb	1.23					0.25
34-0-0	206/220	0.12 lb	24.77	26.45	26.45	26.45		20.82
Chemicals: Buctril M (Litre)	0.4	15.19 litre	6.08					1.22
Glyphosate (Litre)		8.99 litre	8.99					1.80
Lontrel (Litre)	0.115	132.88 litre		15.28	15.28	15.28	15.28	12.22
MCPA (Litre)	0.35	6.19 litre		2.17	2.17	2.17	2.17	1.73
Crop Inspection Fee <sup>1</sup>				3.68	3.68	3.68	3.68	2.94
Equipment operating & maint.			12.28	7.19	7.19	7.19	19.78	10.73
<b>TOTAL DIRECT EXPENSES</b>			<b>64.62</b>	<b>62.30</b>	<b>62.30</b>	<b>62.30</b>	<b>40.91</b>	<b>58.49</b>
<b>BUDGET MARGIN</b>			<b>-64.62</b>	<b>87.70</b>	<b>87.70</b>	<b>87.70</b>	<b>109.09</b>	<b>61.51</b>

<sup>1</sup> Fee based on 160 acres of crop

This information is provided as a guideline only. Projected yields indicate above average production. An individual crop plan should be developed by each producer.