

Developing enterprise budgets for major agricultural and forest crops in Lower Suwannee and Lower Flint region

Unmesh Koirala¹, Guy Hancock², Fei He³, Damian Adams¹, Amanda Smith², Tatiana Borisova³, Kevin Athearn⁴

¹School of Forest Resources & Conservation, University of Florida

²Department of Agricultural and Applied Economics, University of Georgia

³Food and Resource Economics Department, University of Florida

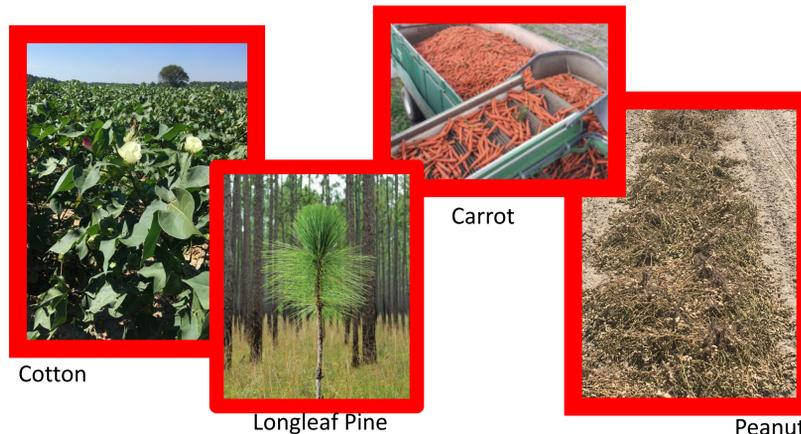
⁴North Florida Research & Education Center – Suwannee Valley, University of Florida

What are Enterprise Budgets?

- An estimate of the expenditures and revenues that are incurred during production of a single enterprise (product) (Dillon, 1993).
- Tools that help agricultural landowners make decisions regarding potential changes in technology, production systems, and market conditions (Ludena et. al., 2003).
- Resources that provide estimates for projected costs, revenue, and net returns for a single enterprise that can be used for assessing the feasibility or profitability of that enterprise. All these variables are estimated using a constant base unit, i.e. per acre.
- Aids in assessing the effects of expanding the enterprise, changing or adopting new production practices, buying new equipment, substituting crop commodities, considering new enterprise and so on (SARE, 2014).
- Depiction of how the enterprise will perform under these scenarios and whether implementing them will be financially feasible and profitable for the owners.



Fig: Carrot production experiments in Live Oak, FL

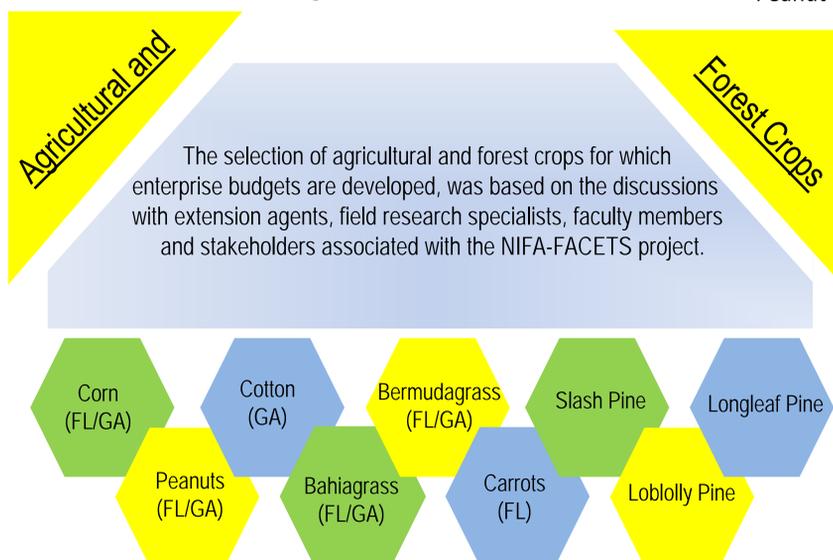


Cotton

Longleaf Pine

Carrot

Peanut



The selection of agricultural and forest crops for which enterprise budgets are developed, was based on the discussions with extension agents, field research specialists, faculty members and stakeholders associated with the NIFA-FACETS project.

Future Outputs

- To inform the development of a farm-scale stochastic financial analysis model for alternative production scenarios that reflects risk.
- Evaluation of impacts of potential changes agricultural landowners will have to make for adopting alternative BMPs or land use change.

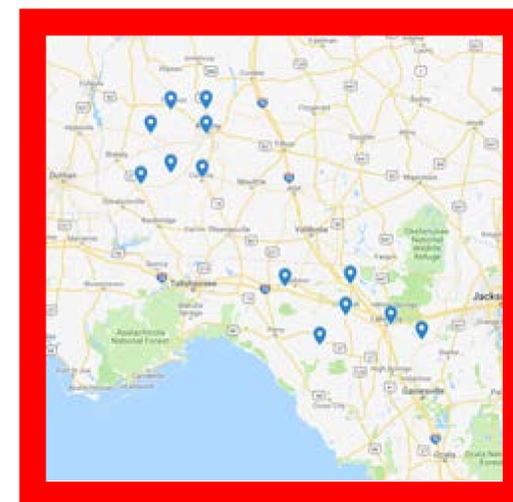


Fig: Georgia and Florida interview locations

Methods

- Interviewing producers, suppliers, local businesses, and area extension agents and specialists.
- Aggregating the production practices and inputs used by producers and/or recommended by the extension specialists.
- Creating budgets that are representative of typical production methods in the region.
- Identifying key production inputs, including pre-harvest variable cost, pre-harvest fixed costs, and harvest and marketing costs based on an average size farm.
- Using interviews and published statistics to identify the prices paid by producers for agricultural supplies in the past five years.

Conclusion

- In this study, enterprise budgets for some major agricultural and forest crops will be updated or developed for the Lower Suwannee and Lower Flint river area.
- These budgets will help us assess the baseline financial viability of the current enterprises in the area for different agronomic crops.
- They will also help in developing the stochastic enterprise financial model that can evaluate the financial impacts of different BMP adoption and land use scenarios.
- The budgets can also be used by extension agents and landowners as a reference for examining their own production decisions.

Objectives

- To develop enterprise budgets for major agricultural and forest crops produced in the Lower Suwannee and Lower Flint region in Florida and Georgia respectively.
- To develop farm/forest scale economic model to assess the profitability of alternate land-use and Best Management Practices (BMPs) adoption scenarios.



Guy Hancock



Fei He



Unmesh Koirala

Resources

- Dillon, C. (1993). Advanced breakeven analysis of agricultural enterprise budgets. *Agricultural Economics*, 9(2), 127-143.
- Ludena, C. E., McNamara, K., Hammer, P. A., & Foster, K. (2003). Development of a stochastic Model to evaluate plant growers' enterprise budgets. In *American Agricultural Economics Annual Meeting Presentation*. July (pp. 27-30).
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