

Department of Agricultural and Resource Economics

2021 BURLEY TOBACCO BUDGET

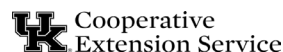
February 2021

Alan B. Galloway
Area Farm Management Specialist



BURLEY TOBACCO BUDGET

2021 ESTIMATED COSTS AND RETURNS



7,000 Plants Per Acre

ITEM	DESCRIPTION	UNIT	AMOUNT (Qty/AC)	PRICE (\$/UNIT)	TOTAL (\$/AC)	TOTAL (\$/LB)	YOUR FARM
GROSS REVENUE							
Tobacco Sales	Burley Tobacco	lb	2300	\$2.00	\$4,600.00		_____
VARIABLE COSTS							
Transplants	Purchased	1000	7	\$42.00	\$294.00	\$0.13	_____
Planting/setting		acre	1	\$70.00	\$70.00	\$0.03	_____
Fertilization	Lime	ton	1	\$24.00	\$24.00	\$0.01	_____
	Nitrogen- N*	lb	200	\$0.40	\$80.00	\$0.03	_____
	Phosphorus -P	lb	130	\$0.59	\$76.70	\$0.03	_____
	Potassium- K**	lb	180	\$0.60	\$108.00	\$0.05	_____
Herbicide		acre	1	\$54.70	\$54.70	\$0.02	_____
Insecticide		acre	1	\$53.25	\$53.25	\$0.02	_____
Fungicide		acre	1	\$114.08	\$114.08	\$0.05	_____
Sucker Control		acre	1	\$61.00	\$61.00	\$0.03	_____
Cover Crop		bu	2	\$11.00	\$22.00	\$0.01	_____
Hired Labor***		hrs	150	\$15.10	\$2,265.00	\$0.98	_____
Miscellaneous	Fuel/Oil, Repairs, Supplies, Materials	acre	1	\$120.00	\$120.00	\$0.05	_____
Crop Insurance		lb	2300	\$0.07	\$149.50	\$0.07	_____
GAP****	Certification		1	\$100.00	\$100.00	\$0.04	_____
Trucking/Hauling		lb	2300	\$0.02	\$46.00	\$0.02	_____
Interest	Variable Costs, 6 months	\$	\$3,592.23	6.00%	\$86.21	\$0.04	_____
TOTAL VARIABLE COSTS					\$3,724.44	\$1.62	_____
RETURN OVER VARIABLE COSTS					\$875.56	\$0.38	_____
FIXED COSTS*****							
Machinery	Depreciation, Insurance, Storage	acre	1	\$115.00	\$115.00	\$0.05	_____
3-Tier Barn	Depreciation, Insurance	acre	1	\$215.00	\$215.00	\$0.09	_____
Tobacco Sticks	Depreciated over 8 years	acre	1	\$45.00	\$45.00	\$0.02	_____
Interest	Barns, Machinery	acre	1	\$185.00	\$185.00	\$0.08	_____
TOTAL FIXED COSTS					\$560.00	\$0.24	_____
RETURN TO LAND, OPERATOR LABOR AND MANAGEMENT					\$315.56	\$0.14	_____
Land	Value of Land/Rental Cost	acre	1	\$200.00	\$200.00	\$0.09	_____
RETURN TO OPERATOR LABOR AND MANAGEMENT					\$115.56	\$0.05	_____
Operator Labor	Unpaid Operator and/or Family Labor	hrs	35	\$15.00	\$525.00	\$0.23	_____
RETURN TO MANAGEMENT					-\$409.44	-\$0.18	_____

Revised January 2021 - Alan B. Galloway, Area Farm Management Specialist, UT Extension

* Nitrogen cost shown was reduced by 10% presuming DAP is used as phosphorus source

** Potassium cost includes 100# muriate of potash (60# of K) + 240# sulphate of potash (120# of K)

*** Labor cost allows for most of H-2A related expenses

**** Total GAP certification cost is estimated to be \$300 to \$700 per year per farm

***** Fixed Costs are shown to provide long-term information on all possible costs of production

This budget is intended as a guide only. Each farm should adjust the estimated income and expenses as appropriate.

TABLE 1. PER ACRE RETURN OVER VARIABLE COSTS AT VARYING YIELDS AND PRICES					
Burley					
Yield Per Acre	Average Sale Price Per Pound				
	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
2000	\$76	\$176	\$276	\$376	\$476
2100	\$266	\$371	\$476	\$581	\$686
2200	\$456	\$566	\$676	\$786	\$896
2300	\$646	\$761	\$876	\$991	\$1,106
2400	\$836	\$956	\$1,076	\$1,196	\$1,316
2500	\$1,026	\$1,151	\$1,276	\$1,401	\$1,526

TABLE 2. PER ACRE RETURN OVER VARIABLE AND FIXED COSTS AT VARYING YIELDS AND PRICES					
Yield Per Acre	Average Sale Price Per Pound				
	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
2000	-\$484	-\$384	-\$284	-\$184	-\$84
2100	-\$294	-\$189	-\$84	\$21	\$126
2200	-\$104	\$6	\$116	\$226	\$336
2300	\$86	\$201	\$316	\$431	\$546
2400	\$276	\$396	\$516	\$636	\$756
2500	\$466	\$591	\$716	\$841	\$966

TABLE 3. PER ACRE RETURN TO MANAGEMENT AT VARYING YIELDS AND PRICES					
Yield Per Acre	Average Sale Price Per Pound				
	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
2000	-\$1,209	-\$1,109	-\$1,009	-\$909	-\$809
2100	-\$1,019	-\$914	-\$809	-\$704	-\$599
2200	-\$829	-\$719	-\$609	-\$499	-\$389
2300	-\$639	-\$524	-\$409	-\$294	-\$179
2400	-\$449	-\$329	-\$209	-\$89	\$31
2500	-\$259	-\$134	-\$9	\$116	\$241

TABLE 4. PER POUND RETURN OVER VARIABLE COSTS AT VARYING YIELDS AND PRICES					
Yield Per Acre	Average Sale Price Per Pound				
	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
2000	\$0.04	\$0.09	\$0.14	\$0.19	\$0.24
2100	\$0.13	\$0.18	\$0.23	\$0.28	\$0.33
2200	\$0.21	\$0.26	\$0.31	\$0.36	\$0.41
2300	\$0.28	\$0.33	\$0.38	\$0.43	\$0.48
2400	\$0.35	\$0.40	\$0.45	\$0.50	\$0.55
2500	\$0.41	\$0.46	\$0.51	\$0.56	\$0.61

TABLE 5. PER POUND RETURN TO MANAGEMENT AT VARYING YIELDS AND PRICES					
Yield Per Acre	Average Sale Price Per Pound				
	\$1.90	\$1.95	\$2.00	\$2.05	\$2.10
2000	-\$0.60	-\$0.55	-\$0.50	-\$0.45	-\$0.40
2100	-\$0.49	-\$0.44	-\$0.39	-\$0.34	-\$0.29
2200	-\$0.38	-\$0.33	-\$0.28	-\$0.23	-\$0.18
2300	-\$0.28	-\$0.23	-\$0.18	-\$0.13	-\$0.08
2400	-\$0.19	-\$0.14	-\$0.09	-\$0.04	\$0.01
2500	-\$0.10	-\$0.05	\$0.00	\$0.05	\$0.10

The tobacco budget was developed to assist producers in estimating the cost of production and net return to land and management. This budget should be considered a template or guide to estimating expenses and revenues, and it should not be considered representative of all circumstances. Users of this budget are encouraged to enter information into the budget that reflects their individual situation and production practices. Using information most closely related to a particular operation will improve the decision-making process.

Disclaimer: Significant variability in inputs, prices and production practices exist across operations and from region to region. The information contained in this spreadsheet relies on estimates and assumptions specific to Tennessee and Kentucky. This budget should not be construed as a reflection of all circumstances, as regional variability does exist. To improve the value of this tool, users are encouraged to use inputs, prices, production practices and management that are employed on their specific operation.



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D 37-A 2/21

D 37-A (Rev) 2/21 Programs in agriculture and natural resources, 4-H youth development, family and consumer sciences, and resource development. University of Tennessee Institute of Agriculture, U.S. Department of Agriculture and county governments cooperating. UT Extension provides equal opportunities in programs and employment.