

Using Partial Budgets for Decision Making

What is this really going to cost me?



To look at a specific aspect of the business...

Partial Budgeting:

Used to compare the costs and benefits of a change to a specific aspect of the operation. Looks only at those changes to income or expenses that would be directly related to the implementation of that change.

How to Create a Partial Budget:

For Cover Crops & No Till

Increased Income

Increased Yields
Improved Quality

Reduced Income

Lower Yields
Lower Quality

Reduced Cost

Fuel
Equipment Maintenance
Labor

Increased Cost

Seed
New Equipment
Termination

Farm Machinery Cost Estimator

This worksheet assists in calculating per acre costs of farm equipment.

Step 1: Choose the power equipment from the "Power Equipment" drop down menu and select "Open" to view the cost details (select as many pieces of equipment as necessary). Also select self propelled equipment if applicable. Adjust any values in the white cells as needed.

Power Equipment:

Step 2: Select all Tillage, Planting, Crop Maintenance and Harvesting Equipment associated with the selected Power Equipment. Select "Open" to view the cost details for each piece of equipment selected. Adjust any values in the white cells as needed. To remove equipment, select it and press "Close".

Tillage Equipment:

Planting Equipment:

Crop Maintenance Equipment:

Harvesting Equipment:

Step 3: Enter the PTO HP to pull the farm Implement (yellow cells in row 20). This value should match the PTO value from the Power Equipment. If more than one piece of power equipment is selected, match the farm implement PTO with the associated PTO of the power equipment. Self propelled equipment PTO does not need to be matched to other power equipment.

Step 4: Enter the "Passes Over the Field" (C322w t6(e)35e poET

Other Considerations:

- For multiple options, separate budgets should be prepared and analyzed
- Results are only as good as the data used in preparing
- Non-economic factors