On-Farm Cost Analysis of Conservation Tillage Versus Conventional Tillage Peanuts in Creating Enterprise Budgets

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Summary: Georgia peanut farmers plant an estimated 175,000 acres of conservation tillage peanuts; with strip-tillage being the most popular method used. Often times, farmers want to know the economic costs and potential yields of a particular production practice before they make their planting decisions. The University of Georgia, Department of Agricultural and Applied Economics develops annual enterprise budgets to aid in this decision-making process. It is important to verify costs in the budgets with actual on-farm costs. During 2006, cost and yield data were collected on four farms in Pulaski County. All four farms were located within a one mile radius. Three farms used conservation tillage methods to produce peanuts, while one farm used conventional tillage methods. The UGA enterprise budget for irrigated, strip-tillage peanuts was considered comparable to actual on-farm operations and costs. Most significantly, the budget had higher chemical costs. Across farms, the conservation tillage farms had lower fixed costs than the conventional tillage farm. In addition, the conservation tillage farms had higher yields on average and therefore required a lower breakeven price to cover total costs.