

Five size classes of commercial, dryland wheat farms were studied. The size classes were developed around the number of acres in the Wheat enterprise.

Size class	Acres of wheat
1.....	Less than 90.
2.....	90 to 199.
3.....	200 to 349.
4.....	350 to 799.
5.....	800 and over.

A survey of 67 wheat growers in the Panhandle was taken in 1966 and 1967. Farms which were selected represented all five classes for each area. The survey data were used to develop detailed, enterprise cost budgets for each grower's wheat enterprise.

COST COMPONENTS

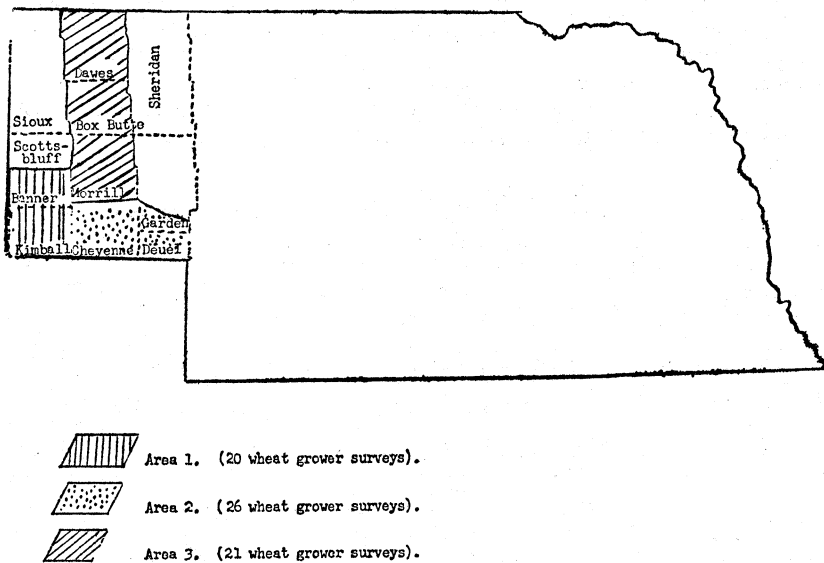


Figure 1. The three study areas and the number of wheat grower surveys, Nebraska Panhandle.

All costs of wheat production with the exception of management were determined. These costs are based on the wheat crop harvested in 1966. Information on which to base management input cost assumptions were not available; therefore, the return to management was considered as a residual after all other enterprise costs were accounted for. The variable and fixed costs of wheat production included in the study are as follows:

Variable costs.—These costs represent out-of-pocket expenditures which vary with production. Variable costs included were: (1) Tractor fuel and oil, (2) combine fuel and oil, (3) owner hauling, (4) machinery repair and building maintenance, (5) seed, (6) chemicals, (7) fertilizer, (8) hired labor, (9) food and shelter for hired labor, (10) custom harvesting, (11) hired hauling, (12) commercial storage, (13) crop insurance, (14) miscellaneous costs, and (15) interest on variable costs at 7% for 10 months.

Fixed costs.—Fixed costs are incurred regardless of level of production. Land was either charged the landlord's share or if owner-operated, a land charge was computed by taking the current value of two acres (one wheat and one fallow) times 5% interest plus taxes on the two acres. A commonly reported land value was \$110 an acre. The labor of the operator (both direct time spent with wheat production and overhead time) was charged at the rate of \$1.85 per hour. This