

## PREFACE

This handbook's purpose is to gather in one place information on estimating costs of and returns to agricultural enterprises. Some of the earliest formal work in agricultural economics related to the analysis and interpretation of cost data (H. C. Taylor). A major task of many individuals over the years has been the preparation and distribution of detailed cost of production estimates and projections. Undergraduate students in farm management classes have spent many hours learning how to prepare a projected corn or rice budget. In many states the extension service routinely prepares representative cost of production projections for use by area producers. And in many areas farm record associations provide annual cost of production summaries based on data collected from members. The United States Department of Agriculture (USDA) has been involved in the estimation of costs and returns (CARs) to agricultural enterprises for many years, the latest effort under the auspices of the Agricultural Resource Management Study (ARMS). This monograph was prepared by a Task Force organized by the American Agricultural Economics Association's Economic Statistics and Information Resources Committee. The mission given to the Task Force by the committee was *"to recommend standardized practices for generating costs and returns estimates for agricultural commodities after a careful examination of the relevant economic theory and the merits of alternative methods."* The Task Force first met in February 1992. Based on discussions at that meeting, the Task Force was organized into three committees and twelve subcommittees. The drafts of Chapters 3-13 were prepared by these subcommittees. Chapters 1-2 and 14-15 were prepared by the steering committee. At later meetings of the Task Force, issues that spanned more than one committee were analyzed and debated. Additional drafts were prepared and distributed to the members of the Task Force. All members of the Task Force had the opportunity to comment on each chapter. The steering committee prepared the penultimate draft based on comments on earlier drafts and consultation with committee chairs concerning inconsistencies between various chapters in the handbook. This draft was distributed to all Task Force members in the Fall of 1996 and was returned in early 1997. The final copy before you was prepared by the steering committee and is based on this last set of comments and consultation with committee members.

Thanks are due to many individuals who helped in the preparation of this report. The names of all 68 members of the Task Force are listed in an appendix to the handbook. Special thanks is due to the committee chairs, **Ken Paxton** of Louisiana State University, **Cole Gustafson** of North Dakota State University, and **Odell Walker** of Oklahoma State University. Subcommittee chairs were **Jim Wade** of the University of Arizona and now of the University of Maryland, **Stan Spurlock** of Mississippi State University, **Darrel Kletke** of Oklahoma State University, **Glenn Helmers** of the University of Nebraska, **Lindon Robison** of Michigan State University, **Wallace Huffman** of Iowa State University, **Tim Cross** of Oregon State and now of the University of Tennessee, **Carol House** of the National Agricultural Statistics Service, **George Casler** of Cornell University, **Steve Harsh** of Michigan State University, and **Brian Davey** of Ag Canada. Special thanks goes to **Jim Johnson** and **Mary Aheam** of ERS who had a big part in the appointment of this Task Force. A number of individuals not on the Task Force were gracious enough to read drafts of chapters. These include **Bud Stanton** of Cornell, **Bruce Bjornson** of the University of Missouri, **Rob Innes** of the University of Arizona, **Scott Irwin** of Ohio State University, **Bruce Gardner** of the University of Maryland, and **Greg Perry** of Oregon State University. The technical editor was **Linda Chimenti** of Ames, Iowa. **Joe Balagtas** and **Ke Fei Li** of Iowa State University were also very helpful in proofing various drafts of the manuscript for readability and computational accuracy. **Marilyn Clement** of the University of Minnesota was responsible for collecting the initial drafts and preparing a readable document for distribution and editing. **Donna Otto** of Iowa State provided her standard superb efforts in typing, proofing, and assembling the later versions of the manuscript.

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