

MARKET MILK PRODUCTION IN THE SAN JOAQUIN VALLEY
COST ANALYSIS WORK SHEET 1973

Costs are based on a herd of 300 cows weighing 1400 lbs. each, and producing an average of 550 lbs. butterfat per year from 15,277 lbs. of milk testing 3.6% fat. Cows are fed an average of 18 lbs. concentrates daily for 305 days, and 40 lbs. of dry alfalfa hay or equivalent daily, allowing for average wastage. The dairy is a modern facility, fully equipped with milking barn, covered holding corral, and dry-lot feed mangers and corrals with adequate mounds and shades. All costs are calculated at current replacement value.

Replacements are purchased at \$600 each, cull cows are sold at \$475 and all calves are sold. The herd is replaced on the basis of 27% cull-out and 2% death loss each year.

Two milkers received wages and other benefits, totaling \$850 each per month, and one laborer \$550 total per month.

The dairy set-up is built on 20 acres of land, but additional acreage would be required for waste disposal. This would normally be land upon which forage crops were raised for the dairy herd.

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	SAMPLE COSTS			Your Costs
	Each cow per year	Annual herd total cost	Per lb. B.F.	
Cash Costs:				
Feed:				
alfalfa hay: 7.3 tons per cow @ \$70.	\$ 511.00			
concentrates: 2.75 tons @ \$115.	316.25			
Labor: 2 milkers @ \$850 month total for ea.	68.00			
1 laborer @ \$550 month total	22.00			
Replacements: net cost per cow in herd	45.75			
Breeding cost \$8.00 per cow in herd	8.00			
Taxes and insurance	18.00			
Production testing	6.00			
Dues and assessments	12.50			
Veterinary and medicine	12.00			
Supplies	15.00			
Miscellaneous: including business and other costs, repairs and maintenance, clipping and trimming, incidental cash costs and interest on operating capital	36.00			
TOTAL CASH COSTS	\$1070.50			
Depreciation:				
Milking barn, houses, corrals, mangers, land improvements, etc. \$95,000., 25 yr. life	\$ 12.67	\$3800.00		
Equipment \$20,000 10 years	6.67	2000.00		
TOTAL DEPRECIATION	\$ 19.34			
*Interest on Investment at 8%:				
Land: 20 acres @ \$500. \$10,000 @ 8%	\$ 2.67	\$ 800.00		
Buildings and corrals, etc. \$47,000 @ 8%	12.53	3760.00		
Equipment: \$10,000 at 8%	2.67	800.00		
Cows: based on a value of \$537.50 ea.	43.00			
TOTAL INTEREST ON INVESTMENT	\$ 60.87			

*This rate on the total amount is used on the assumption that the owner has a substantial equity in the business, so the total indebtedness is considerably less than the total value.

TOTAL ALL COSTS OF PRODUCTION	\$1150.71
LESS CREDIT FOR CALVES \$65 VALUE -	
5% DEATH LOSS	\$ 61.75
NET COST WITH 100% OF MILK SOLD	\$1088.96
NET COST WITH 95% OF TOTAL MILK SOLD	
PER CWT.	\$ 7.51
NET COST/LB. B.F. WITH 95% OF MILK SOLD, AND ALL COSTS ASSIGNED TO THE BUTTERFAT	\$ 2.08

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