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COST OF PRODUCING MILK IN SAN LUIS OBISPO COUNTY - 1967
(150 Cow Grade "A" Dairy)

by

John H. Evans, Farm Advisor
Ed Yeary, Farm Advisor State-wide

The costs illustrated in this work sheet are intended as sample costs only. They will vary from dairy to dairy depending on herd size, location, management ability, etc. Dairymen should try to improve on these costs whenever possible.

This cost analysis sheet lists sample costs for the average 150 cow grade "A" dairy in San Luis Obispo County. Eighty-five percent of the herd was in milk and 15 percent dry. The average cows weighed 1250 pounds, produced 500 pounds of butterfat, of which 485 pounds or 97 percent was shipped to the processing plant. Approximately 3 percent was either spilled, consumed on the dairy, or dumped due to antibiotic treatment.

Each cow was fed 36 pounds of dry alfalfa hay, or equivalent, and an average of 12 pounds of grain daily during the 305 day milking period. During the 60 day dry period, the amount of grain was reduced to five pounds daily.

All calves were sold as drop calves at \$10 each, and replacements purchased for \$325. Cull cows were sold for an average of \$200. The herd was replaced on the basis of 2 percent death loss and a 30 percent cull out each year.

Alfalfa hay was valued at \$34 per ton and concentrates at \$66 per ton; both delivered to the dairy.

Taxes were calculated at 25 percent of market value as assessed value, except for machinery which was valued at 85 percent of new cost as the basis for assessed value determination. An average current rate of \$8 per hundred was used to determine the actual tax value.

Owner or operator labor costs are not included, nor is an allowance made for management. This study indicated what must be paid before the operator earns labor or management income.

Agricultural Extension Service, University of California

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	Each Cow Per Year	Per Pound Butterfat	Your Cost
CASH COSTS			
Feed		.688	
Alfalfa Hay: 6.57 tons @ \$34	223.38		
Concentrates: 1.83 tons @ \$66	120.78		
Labor		.176	
One herdsman-milker @ \$600/month	48.00		
One milker-feeder-cleanup man @ \$500/month	40.00		
General expenses		.267	
Replacement cost (annual average)	44.00		
Utilities	6.00		
Breeding	8.00		
Corral maintenance	7.50		
Taxes (average equipment and land)			
\$725 x 25% = \$181			
\$181 x 8% = \$14.48			
\$14.48 + \$4.50 (cow tax) =	18.98		
Veterinary, medicine, DHIA, insurance, clipping, equipment, repair, etc.	35.00		
Office, car, operating capital, etc.	14.10		
TOTAL CASH COSTS	\$565.74	1.13	
NON-CASH COSTS			
Depreciation			
Milking barn, building, corrals: new costs (1956) \$21,000 20-year life	7.00		
Dairy equipment:			
new cost tank \$7,500 12-year life	4.17		
Other \$9,000 6-year life	10.00		
TOTAL NON-CASH COSTS	\$ 21.17	.04	
INTEREST ON INVESTMENT @ 7%			
Barns, corrals, buildings: 1/2 cost \$10,500	7.35		
Equipment: 1/2 cost \$8,250	5.78		
Cows: average value \$262.50	18.38		
Land: (1956 value) \$500, 7.5 acres	2.63		
Total interest on investment	\$ 34.14	.068	
TOTAL ALL COST OF PRODUCTION (500# B.F.)	\$621.05	1.24	
Less credit for calves @ \$10	-10.00		
TOTAL COSTS (on 97% total milk sold)	\$611.05	1.22	