

COST OF PRODUCING MILK

115 COW GRADE "A" DAIRY FARM IN HUMBOLDT COUNTY

by

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Dairying is a highly competitive business. A thorough knowledge of the costs involved in production is essential if the enterprise is to be successful. This cost analysis sheet gives sample costs of production when better than average management practices are followed. It is for use as a guide in analyzing production practices on an individual dairy. Costs are for one cow. Multiply the costs shown by the number of cows in your herd to get yearly totals for your herd.

Family labor, including the operator, is not shown in these costs, nor is an allowance for management. These costs show what must be paid yearly before the operator earns labor or management income.

A typical Humboldt County bottom land dairy is used as a guide for cost and management practices. Cows are pastured and dry lotted on hay during the winter. The grain level provided during milking should satisfy production and maintenance needs and allow the cows to put on some extra weight before going dry.

Replacements are valued at \$350 each. That is a fair market value for springers of the size needed. It may be possible to raise them for less than \$350, which would lower the cost as calculated. The replacement cost shown is the difference between the cost of 32 heifers at \$350 each and the cull value of 29 cows at \$.30 per pound.

Most of the costs shown are size oriented, not production oriented. That is, they go on whether you get high production or low production. For example, labor, supplies, bedding, utilities, irrigation, repairs, insurance and many others are related to the size of the ranch and cow herd, not to the level of B.F. production. The production related costs are feed, fertilizer, seed, veterinarian and medicine and breeding fees. The production related costs are adjusted in the table below to show the importance of efficient high production.

Lbs. B.F. Per Cow	425	500	575
Total All Costs Per Cow	\$568.84	\$620.47	\$665.31
Cost Per Cwt. 4.5% Milk	6.02	5.82	5.21
Cost Per Lb. B.F.	1.34	1.28	1.16

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115 COW GRADE A DAIRY - HUMBOLDT COUNTY, APRIL 1973

The dairy farm is 150 acres of irrigated bottom land owned by the operator. Included are sufficient feed barns, corrals, etc., to handle the 115 cow herd. All costs are based on current replacement values. Cows weigh 1,200 pounds and produce 11,000 pounds of milk with 500 pounds of B.F. yearly, with 97% of the production available for sale. Cows are fed eight pounds of concentrate daily while milking (305 days), pasture or green chop during the season, and provided with 1½ tons of alfalfa hay and 1½ tons of pasture crop hay during the winter. The herd is replaced on the basis of 3% death loss and 25% cull-out each year. Replacements are valued at \$350 each. Labor includes owner-operator and one hired man at \$700 per month, including wages and other benefits. Concentrates are valued at \$88 per ton, alfalfa hay at \$50 per ton. The cost of producing pasture hay is included in the operating costs. Total investment for the owner-operator is \$234,456.

	EACH COW PER YEAR	PER LB. B.F.	YOUR COST
CASH EXPENSES:			
Feed		\$.38	
Alfalfa hay, 1½ ton @ \$50	\$ 75.00		
Pasture hay, 1½ ton (cost included below)	-----		
Concentrates, 2,440 lbs. @ \$88	107.58		
Labor		.15	
Owner-operator, full-time	-----		
One full-time man @ \$700/mo.	73.04		
General Expenses		.43	
Dairy supplies (\$10.43) & utilities (\$6.78)	17.21		
Bedding, 20 loads (1,400 cu. ft. ea.) @ \$25	4.35		
Vet and medicine	10.00		
Fertilizer, 300 lbs./acre x 145 acres @ \$87/ton	16.45		
Seed 20 acres/year @ \$25/acre	4.35		
Irrigation power, 5 mos. @ \$250/mo.	10.87		
Cow replacement annual average	6.61		
Breeding fee	10.00		
Repairs, equipment and ranch	43.48		
Gas and oil	8.70		
Milk hauling \$.15/Cwt.	16.00		
Cow testing dues and assessments	10.00		
Interest on annual operating money	3.48		
Insurance and licenses	5.22		
Taxes - land & buildings, cows & equipment, assessed value x \$11/hundred	43.61		
Less credit for 60 drop calves @ \$35	-18.26	- .04	
	TOTAL CASH EXPENSES	\$.92	
NON-CASH EXPENSES:			
Depreciation			
Buildings \$45,000 (20 & 30 yrs.)	15.94		
Field equipment \$38,270 (10 yrs.)	33.28		
Irrigation equipment \$12,336 (15 & 20 yrs.)	6.40		
Milk equipment \$8,600 (10 yrs)	6.26		
	TOTAL	\$.13	
Interest on Investment:			
Land, 150 acres @ \$600/acre @ 7%	54.78 ✓		
Buildings, half-cost @ 7%	13.70		
Cows, 115 @ \$350 = \$40,250 @ 7%	24.50 ✓		
Milk equipment, half-cost @ 7%	2.52		
Field equipment, half-cost @ 7%	11.65		
Irrigation equipment, half-cost @ 7%	3.75		
	TOTAL	\$.23	
TOTAL ALL COSTS OF PRODUCTION	\$ 620.47	\$ 1.28	
CASH COST PER CWT. SHIPPED 4.5% B.F.	\$ 4.20		
TOTAL COST PER CWT. SHIPPED 4.5% B.F.	\$ 5.82		