

UNIVERSITY OF CALIFORNIA  
AGRICULTURAL EXTENSION SERVICE  
Stanislaus County - 1971

BEEF CATTLE COST STUDY

By

WILLIAM J. VAN RIET - FARM ADVISOR

BEEF CATTLE PRODUCTION IN STANISLAUS COUNTY

The beef cattle industry in Stanislaus County consists of stocker operations, cow-calf operations, and feedlot operations. Some are in drylot, some on irrigated pasture, some on rangeland, and many utilize a combination of these.

The most prevalent production system is the cow-calf operation selling weaner calves, which utilizes rangeland for winter feed and irrigated pasture for summer feed.

Costs vary widely from ranch to ranch and year to year, as does the market price of cattle bought and sold. However, since the adoption of the Land Conservation Act and the "in-lieu" cattle tax, some important cost changes are occurring. Taxes, as a percentage of total cash costs, have gone down. Stanislaus County has almost 50 percent of all its total land acreage under Land Conservation Act agreements. This includes the majority of privately owned rangeland.

Although the more favorable cattle prices of 1970-1971 have increased the cattle producer's income over recent years, it is well to note that the cow-calf operator who owns his own land can in no way recover interest on investment comparable with many other investment opportunities (it is about 1.16%). The land values used for this study may not agree with some cattlemen's estimates of values, but are based on information obtained from the county assessor as being typical full cash values.

The study which follows is not intended to be an average, but to be a guide in working out costs for your own herd. While it is not an average, it is believed to approximate actual production costs closely enough to be a decision-making aid to those considering entering the cattle business. Your own projected costs and returns will make your decisions still more accurate. It is felt that the study will also be useful for the more common herd size of two hundred cows; the costs and returns per cow unit will vary only slightly from those found in this four-hundred cow herd study.

Some assumptions used in this cost study:

1. 400-cow herd
2. 90% calf crop
3. 2% mortality
4. 16-2/3% replacement
5. Owned land
6. Land values based on County Assessor's Office estimates of "typical" range and irrigated pasture full cash values for the Eastside area. Tax rates are on these typical values.
7. Prices for cattle based on 1971 average prices received by area producers.
8. Cull cows sold in spring; steers sold end of August.

Acknowledgment is made to Ed Yeary, Statewide Farm Advisor in farm management, for his review of this study, and to the Stanislaus County Assessor's Office for information on land and tax values.

BEEF CATTLE SAMPLE COSTS -- STANISLAUS COUNTY -- 1971

COW-CALF OPERATION SELLING WEANERS -- (Eastside)

400 Cow Herd -- Owned Land

90% Calf Crop, 16-2/3 % Replacement, 2% Mortality

INVESTMENT	Total Value	Per Cow	Per CWT Sold
RANGELAND: 10 acres per cow = 4000 acres @ \$250	\$1,000,000	\$2,500.00	
IRRIGATED PASTURE: 1/2 acre per cow = 200 acres @ \$850	170,000	425.00	
STOCK: Cows 400 @ \$280 av. value	112,000	280.00	
Replacement heifers 60 @ \$200	12,000	30.00	
Bulls 16 @ \$500 av. value	8,000	20.00	
Horses & Saddles 2 @ \$600 (Av. value \$500)	1,000	2.50	
FENCES: \$12,600 cost - 20 yr. life; av. value	6,300	15.75	
CORRALS: 2 @ \$2000 = \$4000; Bldgs. \$3,150 av. value	3,575	8.94	
IRRIG. PASTURE STAND: \$4,400 cost - 10 yrs.; av. value	2,200	5.50	
EQUIP: Pickup, Scale, Misc. \$6000 cost; av. value	3,000	7.50	
<b>TOTAL INVESTMENT</b>	<b>\$1,308,075</b>	<b>\$3,270.19</b>	<b>\$633.76</b>
<b>CASH COSTS</b>			
BULL REPLACEMENTS: 4 @ \$600 av.	\$ 2,400	\$ 6.00	\$ 1.16
FEED PURCHASED: 160 tons of hay @ \$35	5,600	14.00	2.71
HIRED LABOR: 1 man full time	6,000	15.00	2.90
IRRIGATED PASTURE WATER: @ \$7.00 per acre	1,400	3.50	.68
IRRIGATED PASTURE FERTILIZER: @ \$7.50 per acre	1,500	3.75	.73
COUNTY TAXES: (With Land Conservation Act Agreement) Range \$2.50 per acre; Irrig. pasture @ \$15 per acre	13,000	32.50	6.30
Cattle @ \$.005/hd-day (200,900 hd. days); Horses @ \$4	1,012	2.53	.49
MISC: Gas, Repairs, Vet., Salt, Pickup, Trucking stock, etc.	7,000	17.50	3.39
<b>TOTAL CASH COSTS WITH LAND CONSERVATION AGREEMENT</b>	<b>\$ 37,912</b>	<b>\$ 94.78</b>	<b>\$ 18.37</b>
COUNTY TAXES: (Without Land Conservation Act Agreement) Pasture \$20/acre; Range \$6/acre = \$28,000. Additional tax:	\$ 15,000	\$ 37.50	\$ 7.27
<b>TOTAL CASH COSTS WITHOUT LAND CONSERVATION ACT AGREEMENT</b>	<b>\$ 52,912</b>	<b>\$ 132.28</b>	<b>\$ 25.64</b>
<b>DEPRECIATION</b>			
HORSES & SADDLES: \$1200 cost - 12 yr. life	\$ 100	\$ .25	\$ .05
FENCES: \$12,600 - 20 yr. life	630	1.58	.31
CORRALS & BUILDINGS: \$7,150 cost - 20 yr. life	357	.89	.17
IRRIGATED PASTURE STAND: \$4,400 cost - 10 yr. life	440	1.10	.21
PICKUP, SCALE, MISC: \$6,000 cost - 10 yr. life	600	1.50	.29
<b>TOTAL DEPRECIATION COSTS</b>	<b>\$ 2,127</b>	<b>\$ 5.32</b>	<b>\$ 1.03</b>
<b>TOTAL CASH &amp; DEPRECIATION (With Land Act Agreement)</b>	<b>\$ 40,039</b>	<b>\$ 100.10</b>	<b>\$ 19.40</b>
<b>TOTAL CASH &amp; DEPRECIATION (Without Land Act Agreement)</b>	<b>\$ 55,039</b>	<b>\$ 137.60</b>	<b>\$ 26.67</b>

BEEF CATTLE SAMPLE COSTS -- STANISLAUS COUNTY -- 1971

COW-CALF OPERATION SELLING WEANERS -- (EASTSIDE)

BEEF SOLD	NO.	AV. WEIGHT	TOTAL POUNDS	PRICE PER CWT.	TOTAL VALUE	PER COW	PER CWT. SOLD
Weaner Steers	180	500	90,000	\$36.00	\$32,400	\$ 81.00	
Weaner Heifers	112	450	50,400	32.00	16,128	40.32	
Cull Cows & Heifers	60	1,000	60,000	22.50	13,500	33.75	
Cull Bulls	4	1,500	6,000	27.00	1,620	4.05	
<b>TOTAL INCOME</b>	<b>356</b>	<b>-----</b>	<b>206,400</b>	<b>-----</b>	<b>\$63,648</b>	<b>\$159.12</b>	<b>\$30.84</b>

FINANCIAL SUMMARY (WITH LAND CONSERVATION ACT AGREEMENT)

	TOTAL	PER COW	PER CWT. SOLD
Total Income	\$63,648	\$159.12	\$30.84
Less Cash and Depreciation Costs	<u>-40,039</u>	<u>-100.10</u>	<u>-19.40</u>
Net Farm Income	\$23,609	\$ 59.02	\$11.44
Less Operator's Labor and Management	<u>-8,400</u>		
Return to Capital	\$15,209		
Percent Return on Investment	1.16%		

FINANCIAL SUMMARY (WITHOUT LAND CONSERVATION ACT AGREEMENT)

	TOTAL	PER COW	PER CWT. SOLD
Total Income	\$63,648	\$159.12	\$30.84
Less Cash and Depreciation Costs	<u>-55,039</u>	<u>-137.60</u>	<u>-26.67</u>
Net Farm Income	\$ 8,609	\$ 21.52	\$ 4.17
Less Operator's Labor and Management	<u>-8,400</u>		
Return to Capital	\$ 209		
Percent Return on Investment	0.015%		

SUMMARY OF COST STUDY



	IN LAND PRESERVE.		NOT IN LAND PRESERVE	
	Per Cow	Per Cwt Sold	Per Cow	Per Cwt Sold
Cost (Cash Only)	\$ 94.78	\$18.37	\$132.28	\$25.64
Cost (Cash and Depreciation)	100.10	19.40	137.60	26.67
Cost (Cash, Depreciation, and Operator's Salary)	121.10	23.47	158.60	30.74
Cost (All Cost Plus 6% Interest On Investment)	\$317.31	\$61.49	\$354.81	\$68.76



PERCENT OF TOTAL CASH COSTS	IN LAND PRESERVE	NOT IN LAND PRESERVE
Taxes	37%	53%
Miscellaneous (Gas, Vet., Trucking, Repairs, Etc.)	18%	13%
Hired Labor	16%	12%
Feed Purchased	15%	11%
Pasture Fertilizer and Water	8%	6%
Bull Replacements	6%	5%
	100%	100%

POUNDS MEAT SOLD PER COW

516

POUNDS MEAT SOLD PER ACRE

49

POUNDS MEAT SOLD PER DOLLAR INVESTMENT

**0.158**

UC Cooperative Extension