

GRADE B MILK PRODUCTION
Cost Analysis Work Sheet

Costs are based on 2¼% of body weight of roughage consumed daily, plus 7 lbs. of barley during lactation (305 days). Cows weigh 1050 lbs. and produce 9250 lbs. of 4.0 milk (370 lbs. butterfat) and 35 cows is the average herd size. Family help provides labor at no charge. Suitable barn allowed with 2 milking units and bulk milk tank. Replacements valued at \$225.00 each. Alfalfa hay at \$24.00 per ton with 7% wastage, barley at \$52.00 per ton including milling. One hundred tons corn silage at \$7.00 per ton with 10% waste.

	<u>Each Cow</u> <u>Per Year</u>	<u>Per</u> <u>Lb. B.F.</u>	<u>My</u> <u>Costs</u>
CASH COSTS:			
Feed:			
Alfalfa hay: 3,767 tons @ \$24.00	\$ 90.40		
Barley: 2,135 @ \$52.00 per ton	55.51		
Corn silage: 2,823 tons @ \$7.00	19.75		
Labor:			
All family labor, not charged			
Replacement costs	30.00		
Breeding fee	7.00		
County taxes	5.15		
Misc. costs, including veterinary, medicine, dairy supplies, repairs, testing, utilities, insurance on dairy buildings, etc.	23.00		
Total Cash Costs	230.81	\$.62	
DEPRECIATION:			
Barn and all milking equipment	8.36	.03	
Total Depreciation	8.36	.03	
INTEREST ON INVESTMENT AT 6%:			
Land: (3 acres) @ \$500.00 (\$1500)	2.57		
Cows: \$225.00 (\$7875)	13.47		
Dairy barn & equipment (\$2825) @ ½ cost	2.42		
Total Interest on Investment	18.46	.05	
TOTAL ALL COSTS OF PRODUCTION EXCEPT LABOR	257.63	.70	
Less credit for: calf \$14.00			
manure \$10.00	24.00		
Net cost of production	233.63	.63	
Net cost assuming 97% of production sold	240.86	.65	
Net cost per cwt. milk with 97% of production sold	\$2.60		

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Richard N. Eide - Edward A. Yeary
Farm Advisors

Sample costs to produce milk on a grade "B" dairy in Fresno County. All labor for the herd of 35 cows is provided by the family. Cows weigh 1050 lbs., and each one produces 9250 lbs. of milk, testing 4.0% butterfat, 94,370 lbs. of butterfat annually; 97% of which is sold. Daily net feed consumption per cow is roughage equal to 2½% of body weight, or 24 lbs. of hay or silage equivalent, and 7 lbs. of barley during lactation.

Cows are milked in a conventional grade "B" barn with two bucket units. Milk is stored in a bulk tank. Hay valued at \$24.00 per ton, silage at \$7.00 per ton, and milled barley at \$52.00 per ton, 10% of the silage and approximately 7% of the hay were assumed to be wasted.

Replacements were purchased at \$225.00 each, manure and calves were sold. The annual replacement program offset 1½% death losses and a 25% cull out.

The costs of hay and silage are adjusted to an average of several years rather than to the 1961 market, which was unusually low for purchased roughage feeds. If feeds were produced on the farm at costs below those shown, then this difference represents additional income. The income left over after all costs shown have been paid would be the amount for labor and management.

COSTS AT VARYING PRODUCTION LEVELS

(Assuming 97% of production was sold)

Herd Av. B.F. Lbs.	300 Lbs.	350 Lbs.	400 Lbs.	450 Lbs.
Total Cost Per Cow Per Year	\$241.51	\$253.58	\$265.56	\$281.42
Cost Per Cwt. Sold	3.32	2.99	2.74	2.58
Cost Per Lb. B.F. Sold	.83	.75	.68	.64

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Farm & Home Advisors Office
1720 South Maple Avenue
Fresno, California