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"CAN YOU CUT RANCH COSTS?"

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INTRODUCTION

Ranchers of Indian and American Valleys are becoming more conscious of the price cost squeeze. As a result of this awareness they met recently and prepared the following studies. One operation is selling weaner calves from a 100 cow herd while the other is selling heavy yearling feeders from a 65 cow herd. The land on both of these operations is 300 irrigated acres.

These studies are based on typical operation in these two areas and do not necessarily apply to any individual operation. These may be used to review the costs and investments of your operation. This comparison may result in ideas on where you as an operator may cut some of your costs. The column on the right of the study is set up so you can figure your own costs and is labeled "My Value".

INVESTMENT ITEMS

The value of the investment items are the result of the combined observations of those present. The cattle and land are based on present values. The land improvements, equipment and buildings values are based on the present inventory of the representative ranch. They do not represent the costs which would be needed to replace them with new items.

INCOME

Prices received are based on sales in the area in the fall of 1959.

EXPENSES

Only out-of-pocket costs were considered under expenses, except for depreciation. The six dollars per ton is the cash cost for hay harvest. Depreciation was figured as follows: machinery and equipment 10% per year; buildings and corrals 4% per year; and land improvement 5% per year.

FARM INCOME

This is the return to the operator for his labor, management and interest on the investment.



AMERICAN VALLEY AND INDIAN VALLEY
65 COW RANCH - SELLING YEARLING CATTLE

<u>INVESTMENT</u> -	<u>TOTAL VALUE</u>	<u>VALUE/COW</u>	<u>MY VALUE</u>
1. Stock			
a. 65 Cows @ \$200 ea.	\$13,000.00	\$ 200.00	\$ _____
b. 2 Bulls @ \$600 ea.	1,200.00	18.46	_____
c. 1 Horse @ \$150 ea.	150.00	2.31	_____
2. 300 Acres Irrigated Land @ 150/A	45,000.00	692.30	_____
a. Land Improvement			
(1) Irrigation Facilities	7,500.00	115.38	_____
(2) Fences (12 mi. @ \$500/Mi	6,000.00	92.31	_____
(3) Stockwater (Troughs, Wells, Etc.)	1,500.00	23.08	_____
3. Equipment (Spreader, Baler, 2 Tractors, 2 Mowers, Truck, Rake, Plow, Disk, Pickup and Wagon)	10,000.00	153.84	_____
4. Buildings & Corrals (Excludes Owners House)	20,000.00	307.68	_____
Total-	<u>\$104,250.00</u>	<u>\$1,605.38</u>	\$ _____

INCOME -

1. 90% Calf Crop with 15% of Cow Herd Replaced by Heifers			
a. 30 Steers @ 825# = 24,750# @ 26¢	\$ 6,435.00	\$ 99.00	\$ _____
b. 20 Heifers @ 715# = 14,500# @ 24¢	3,480.00	53.54	_____
c. 8 Cows @ 1150# = 9,200# @ 16¢	1,472.00	22.65	_____
d. 1 Bull @ 1500# = 1,500# @ 20¢	300.00	4.62	_____
Total	<u>\$11,687.00</u>	<u>\$ 179.81</u>	\$ _____

EXPENSES -

1. Hay (1½ T/Cow, 1 T/Yearling) 150 T @ \$6/T	\$ 900.00	\$ 13.85	\$ _____
2. Taxes	2,000.00	30.77	_____
3. Hired Labor	1,500.00	23.08	_____
4. Water for Irrigation	360.00	5.54	_____
5. Concentrates & Salt	725.00	11.15	_____
6. Bull Replacement	600.00	9.23	_____
7. Miscellaneous (Veterinary, Drugs, Office, Fuel, Interest on operating capital, etc.)	1,600.00	24.62	_____
8. Depreciation on Buildings & Equip.	2,550.00	39.23	_____
Total -	<u>\$10,235.00</u>	<u>\$ 157.47</u>	\$ _____
Total Income	\$11,687.00	\$ 179.81	\$ _____
Total Expenses	<u>10,235.00</u>	<u>157.47</u>	_____
Farm Income	\$ 1,452.00	\$ 22.34	\$ _____

AMERICAN VALLEY AND INDIAN VALLEY
100 COW RANCH - SELLING WEANER CALVES

<u>INVESTMENT -</u>	<u>TOTAL VALUE</u>	<u>VALUE/COW</u>	<u>MY VALUE</u>
1. Stock			
a. 100 Cows @ \$200 ea.	\$20,000.00	\$ 200.00	\$ _____
b. 3 Bulls @ \$600 ea.	1,800.00	18.00	_____
c. 1 Horse @ \$150	150.00	1.50	_____
2. 300 Acres of Land Irrig. @ \$150/A	45,000.00	450.00	_____
a. Land Improvements			
(1) Irrigation Facilities	7,500.00	75.00	_____
(2) Fences 12 Mi. @ \$500/mi.	6,000.00	60.00	_____
(3) Stockwater (Troughs, Wells, Etc.)	150.00	15.00	_____
3. Equipment (Spreader, Baler, 2 Tractors, 2 Mowers, Truck, Rake, Plow, Disk, Pickup, Wagons)	10,000.00	100.00	_____
4. Buildings and Corrals (Excludes Owners House)	20,000.00	200.00	_____
Total-	<u>\$111,950.00</u>	<u>\$1,119.50</u>	\$ _____

INCOME -

1. 85% Calf Crop = 85 Calves with 17% of Cow Herd saved for replacements			
a. 43 Steers @ 500# = 21,500# @ 30¢	\$ 6,450.00	\$ 64.50	\$ _____
b. 25 Heifers @ 450# = 11,250# @ 28¢	3,150.00	31.50	_____
c. 15 Cows @ 1150# = 17,250# @ 16¢	2,760.00	27.60	_____
d. 1 Bull @ 1500# = 1,500# @ 20¢	300.00	3.00	_____
Total -	<u>\$12,600.00</u>	<u>\$ 126.60</u>	\$ _____

EXPENSES -

1. Hay 1½ T/Cow = 150 T @ \$6/T	\$ 900.00	\$ 9.00	\$ _____
2. Taxes	2,000.00	20.00	_____
3. Hired Labor	1,500.00	15.00	_____
4. Water for Irrigation	360.00	3.60	_____
5. Concentrates & Salt	500.00	5.00	_____
6. 1 Bull Replacement	600.00	6.00	_____
7. Miscellaneous (Veterinary, Drugs, Office, Fuel, Interest on operating capital, etc.)	1,600.00	16.00	_____
8. Depreciation on Buildings & Equip.	2,550.00	25.50	_____
Total -	<u>\$10,010.00</u>	<u>\$ 100.10</u>	\$ _____

Total Income	\$ 12,660.00	\$ 126.60	\$ _____
Total Expenses	<u>10,010.00</u>	<u>100.10</u>	_____
Farm Income	\$ 2,650.00	\$ 26.50	\$ _____