

UNIVERSITY OF CALIFORNIA  
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## BEEF BREEDING HERD INCOME AND COSTS

By

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The beef cattle industry in Stanislaus County consists of cow and calf operations, stocker 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. The last few years have seen all costs of production rise rather dramatically. The variable cash costs have risen particularly fast following the earlier rise we witnessed in property taxes. Adding to this change in proportion of total costs is that most all rangeland is now under the Land Conservation Act Agreement.

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. Your own projected costs and returns will make your decisions still more accurate. The figures used have resulted from extensive study, followed by review by a committee of cattlemen, and subsequent revisions.

Some assumptions used in the study:

1. 200 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 east Stanislaus area. Taxes are on these typical values.
7. Prices for cattle are above the February-March-April prices, but below the 52-preceding-week average price.
8. Cull cows sold in spring; steers sold end of August.

Acknowledgement is made to area cattlemen who assisted in compiling this study and to the Stanislaus County Assessor's Office for information on land and tax values.

BEEF BREEDING HERD INCOME AND COSTS--STANISLAUS COUNTY  
COW-CALF OPERATION SELLING WEANERS -- (EASTSIDE)

200 Cow Herd -- Owned Land  
 90% Calf Crop, 16-2/3% Replacement, 2% Mortality

INVESTMENT	Total Ranch	Per Cow	Per CWT Sold
RANGELAND: 8 acres per cow = 1600 acres @ \$250	\$400,000	\$2,000.00	
IRRIGATED PASTURE: .8 acre per cow = 160 acres @ \$800	128,000	640.00	
STOCK: Cows 200 @ \$375 av. value	75,000	375.00	
Replacement heifers 34 @ \$300	10,200	51.00	
Bulls 8 @ \$800 av. value	6,400	32.00	
Horses & Saddles 2 @ \$ 750 (av. value \$500)	1,000	5.00	
FENCES: \$14,000 cost - 20 yr. life; av. value	7,000	35.00	
CORRALS: 2 @ \$2,500 = \$5,000; Bldgs. \$15,000 cost	10,000	50.00	
IRRIG. PASTURE STAND: \$4,500 cost - 10 yrs.; av. value	2,250	11.25	
EQUIP: Pickup, Scale, Trailer, Misc. \$9,000 cost; av. value	4,500	22.50	
<b>TOTAL INVESTMENT</b>	<b>\$644,350</b>	<b>\$3,221.75</b>	<b>\$586.00</b>
<b>CASH COSTS</b>			
BULL REPLACEMENTS: 2 @ \$1,000 av.	\$ 2,000	\$ 10.00	\$ 1.82
FEED PURCHASED: 27 tons liquid supplement @ \$100	2,700	13.50	2.45
40 tons of hay @ \$75	3,000	15.00	2.73
HIRED LABOR: Part-time	2,600	13.00	2.20
IRRIGATED PASTURE WATER: \$9 per acre	1,440	7.20	1.00
IRRIGATED PASTURE FERTILIZER: \$21 per acre	3,360	16.80	3.06
COUNTY TAXES: (With Land Conservation Act Agreement) Range \$2.15 per acre; Irrig. pasture @ \$12 per acre	5,440	27.20	4.95
Cattle @ \$.005/hd-day (109,010 hd-days); Horses @ \$4	552	2.76	.50
VETERINARY:	1,750	8.75	1.59
SALT:	400	2.00	
FUEL:	650	3.25	.59
REPAIRS:	900	4.50	.82
TRUCKING:	290	1.45	.26
INSURANCE:	1,240	6.20	1.13
UTILITIES:	230	1.15	.21
SUPPLIES:	280	1.40	.25
MISCELLANEOUS	760	3.80	.69
<b>TOTAL CASH COSTS WITH LAND CONSERVATION AGREEMENT</b>	<b>\$ 27,592</b>	<b>\$ 137.96</b>	<b>\$ 25.10</b>
COUNTY TAXES: (Without Land Conservation Act Agreement) Range @ \$5.96/acre; Pasture @ \$19.08/acre = \$12,589. Additional tax:	\$ 7,149	\$ 35.75	\$ 6.50
<b>TOTAL CASH COSTS WITHOUT LAND CONSERVATION ACT AGREEMENT</b>	<b>\$ 34,741</b>	<b>\$ 173.71</b>	<b>\$ 31.60</b>

BEEF BREEDING HERD INCOME AND COSTS--STANISLAUS COUNTY

DEPRECIATION	Total Ranch	Per Cow	Per CWT Sold
HORSES & SADDLES: \$1,400 cost - 10 yr. life (\$500 salvage)	\$ 90	\$ .45	\$ .08
FENCES: \$14,000 - 20 yr. life	700	3.50	.64
CORRALS & BUILDINGS: \$20,000 - 25 yr. life	800	4.00	.72
IRRIGATED PASTURE STAND: \$4,500 - 10 yr. life	450	2.25	.41
PICKUP, SCALE, MISC: \$9,000 - 10 yr. life	900	4.50	.82
<b>TOTAL DEPRECIATION COSTS</b>	<b>\$ 2,940</b>	<b>\$ 14.70</b>	<b>\$ 2.67</b>
<b>TOTAL CASH &amp; DEPRECIATION (With Land Act Agreement)</b>	<b>\$ 30,532</b>	<b>\$ 152.66</b>	<b>\$ 27.77</b>
<b>TOTAL CASH &amp; DEPRECIATION (Without Land Act Agreement)</b>	<b>\$ 37,681</b>	<b>\$ 188.40</b>	<b>\$ 34.27</b>

INCOME

BEEF SOLD	NO.	AV. WEIGHT	TOTAL POUNDS	PRICE PER CWT.	TOTAL VALUE	PER COW	PER CWT. SOLD
Weaner Steers	90	550	49,500	\$48.00	\$23,760	\$119.80	
Weaner Heifers	56	490	27,440	43.00	11,799	59.00	
Cull Cows & Heifers	30	1,000	30,000	30.00	9,000	45.00	
Cull Bulls	2	1,500	3,000	40.00	1,200	6.00	
<b>TOTALS</b>	<b>178</b>	<b>--</b>	<b>109,940</b>	<b>--</b>	<b>\$45,759</b>	<b>\$228.80</b>	<b>\$41.62</b>

FINANCIAL SUMMARY (WITH LAND CONSERVATION ACT AGREEMENT)

	TOTAL	PER COW	PER CWT. SOLD
Total Income	\$45,759	\$228.75	\$41.62
Less Cash and Depreciation Costs	-30,532	-152.66	-27.77
Net Farm Income	15,227	\$ 76.09	\$13.85
Less Operator's Labor & Management	-10,000		
Cash Return To Capital	5,227		
Percent Return on Investment	0.81%		
*Plus Increase in Land Value @ 5% per year	26,400		
Total Return To Capital (cash + noncash)	\$31,627		

FINANCIAL SUMMARY (WITHOUT LAND CONSERVATION ACT AGREEMENT)

	TOTAL	PER COW	PER CWT. SOLD
Total Income	\$45,759	\$228.75	\$41.62
Less Cash & Depreciation Costs	-37,681	-188.40	-34.27
Net Farm Income	8,078	\$ 40.35	\$ 7.35
Less Operator's Labor & Management	10,000		
Cash Return To Capital	(- 1,922)		
Percent Return on Investment	(- 0.3%)		
*Plus Increase in Land Value @ 5% per year	26,400		
Total Return to Capital (cash + noncash)	\$24,478		

\*This figure is not shown on most agricultural cost studies; however, even though it is not realized until a ranch is sold, it is very real and must in some way be accounted for yearly, just like depreciation.

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$$\frac{10,000}{2,290 \div 200} = 11.45$$

$$\frac{7,710}{200} = 38.55$$