

ESTIMATED COSTS OF COMMERCIAL BEEF PRODUCTION  
IN KERN COUNTY

June, 1967

This Kern County cost study is based on actual cost figures of range operators as to their costs and incomes. The many figures are then blended into one hypothetical 300 cow operation. It does not represent any one specific ranch, but we feel the figures are quite realistic.

These calculations are based on an assumed herd of 300 commercial cows selling weaner calves. The figures use an 80 percent calf crop and assume that each year 20 percent of the cow herd will be replaced by heifers which have been raised on the ranch.

Some of the items may need some explanation, - for instance, a \$6,000 return was allotted to the owner for his labor and management but it was broken down into two items for operators labor and operator management. Additional part-time help was hired.

Costs are divided into cash costs, or out-of-pocket operating costs, and non-cash costs for depreciation and interest.

The "net farm income" is a figure often used by people discussing a ranch operation. This item includes income as compared to cash costs and depreciation, but not interest on investment. When interest on investment is included, it puts this hypothetical ranch into a loss position. On the accompanying table, figures shown in parenthesis indicate loss.

The "capital return" item is an item in which the ranch pays the operator for his own labor and management with the remainder being interest on investment or capital return,- in this case a loss.

This cost study does not take into account any land appreciation value, which could reflect in increased net worth. It is also recognized that not all operators pay interest on investment as is shown here, and not all borrow operating capital; however, it seems necessary to include and show those items in an over-all cost study such as this.



## ESTIMATED INCOME, INPUTS, AND COSTS

Income	No. head	Ave. Wt.	Total	Pounds Per Cow	Price	Total Value	Per cow
Weaner steer calves	120	450	54,000		29¢	\$15,660	
Weaner heifers	60	410	24,600		24¢	5,904	
Cows	57	1,100	62,700		18¢	11,286	
Bulls	3	1,500	4,500		21¢	945	
<b>Total sales</b>	<b>240</b>		<b>\$145,800</b>			<b>\$33,795</b>	<b>\$112.65</b>

### Costs

Labor (hired)	\$ 1,500	
Labor (operator)	4,000	
Management (operator)	2,000	
Range Supplement mix - 300 lb/cow: 45 T. @ \$75	3,375	
Hay - 500 lbs. per cow: 75 T. @ \$24	1,800	
Salt and minerals	105	
Gas and oil	900	
Repairs and maintenance	2,100	
Vet. and medicine	600	
Administration and overhead (Accounting, dues, fees, license, legal, postage, insurance, social security, etc.)	600	
Interest on operating capital (\$20,000 @ 7.5% - 9 mo.)	1,125	
Taxes on cattle	1,155	
Taxes on land	5,400	
Taxes on equipment	60	
Bull replacement - 3 @ \$500	1,500	
<b>TOTAL CASH COSTS</b>	<b>\$26,220</b>	<b>\$ 87.40</b>
<u>Noncash Costs</u>		
Depreciation	\$ 3,650	\$ 12.17
Interest on investment	41,313	137.71
<b>TOTAL NONCASH COSTS</b>	<b>\$44,963</b>	<b>\$149.88</b>
<b>TOTAL COST OF PRODUCTION</b>	<b>\$71,183</b>	<b>\$237.28</b>
<b>GROSS FARM INCOME (LOSS)</b>	<b>(\$37,388)</b>	<b>(\$124.63)</b>
<b>NET FARM INCOME</b> Cash income less cash costs and depreciation	<b>\$ 3,925</b>	<b>\$ 13.08</b>
<b>CAPITAL RETURN</b> (Net farm income less operators, labor and management)	<b>( 2,075)</b>	<b>(\$ 6.92)</b>