

GRADE A MILK PRODUCTION
Cost Analysis Work Sheet

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Sample costs to produce Grade A milk in Fresno County. Based on a herd of 250 cows, weighing 1300 lbs. each and producing 13,500 lbs. of milk and 500 lbs. of butterfat annually. Cows are fed 10 lbs. of concentrates daily for 305 days per year, 2 lbs. daily for 60 days while dry, and 39 lbs. of alfalfa hay or equivalent daily, allowing for 7% wastage. Costs of livestock, buildings and equipment represent current replacement values.

Two milkers receive wages and other benefits totaling \$525 each per month. One laborer receives \$375 total per month.

Replacement heifers were purchased for \$315 and cull cows sold at \$200. The herd was replaced on the basis of 1½% death loss and 25% cull-out per year. Alfalfa hay is valued at \$30 per ton and concentrates at \$68 per ton, both delivered to the dairy. Total investment is \$149,750.

	<u>Each Cow Per Year</u>	<u>Per Lb. B.F.</u>	<u>My Costs</u>
CASH COSTS:			
Alfalfa hay: 6.52 tons @ \$30.00	\$195.60		_____
Concentrates: 1.59 tons @ \$68.00	108.12		_____
Labor:			
2 milkers @ \$525/month \$50.40			
1 laborer @ \$375/month \$18.00	68.40		_____
Replacement cost - annual average	33.48		_____
Utilities	21.00		_____
Taxes, insurance, licenses, registration	25.00		_____
Breeding cost	6.00		_____
Misc. costs, including veterinary, medicine, testing, supplies, cow clipping, equipment repairs, building maintenance, etc.	37.00		_____
Office, car, operating capital	15.00		_____
Total Cash Costs	509.60	\$1.02	
DEPRECIATION:			
Milking barn, holding corrals, building; original cost \$50,000.00	15.50		_____
Dairy equipment - cost \$16,000.00	8.00		_____
Total Depreciation	23.50	.05	
INTEREST ON INVESTMENT @ 6%:			
Land: \$5,000.00 cost	1.20		_____
Cows: \$ 315.00, depreciation to \$200; 6% on average value \$257.50	15.45		_____
Bldgs., corrals, equipment; ½ cost \$33,000.00	7.92		_____
Total Interest on Investment	24.57	.05	
TOTAL COST OF PRODUCTION	557.67	1.12	
Less credit for:			
calf \$15.00			
manure \$10.00			
Total credit \$25.00	532.67	1.07	_____
NET COST WITH 97% OF PRODUCTION SOLD:			
Total per cwt. milk	\$4.07		
Total per lb. butterfat	1.10		

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Dairying at the present time is a highly competitive business. A thorough knowledge of the costs involved in production is essential if the enterprise is to be successful. This cost analysis sheet gives sample costs of production when better than average management practices are followed. It is for use as a guide in analyzing production practices on an individual dairy.

No allowance for the cost of management was included.

Alfalfa hay was valued at 50% T.D.N. in all calculations. Excellent quality hay will exceed this value. Hay having the palatability to be eaten at high levels may contain 55% T.D.N. or more.

All the milk produced is not available for sale even when no calves are raised. Losses are found daily in the milk lines and bulk tank. Housemilk, spillage, and antibiotic treatment of cows will add to this loss. These costs per lb. B.F. or cwt. of milk were calculated assuming a 3% loss of production.

These costs assume a period of stability. During a herd-building program, in numbers or in production per cow, the costs may range 20% higher than those shown. Higher feeding levels, increased replacement costs and more veterinary expenses would be the main differences. A herd being sharply reduced in numbers may have as much as 20% lower costs. This is caused by the lower replacement costs and the reduced number of dry cows.

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