

MARKET MILK PRODUCTION IN TULARE COUNTY
COST ANALYSIS WORK SHEET 1975

Costs are based on a herd of 400 cows weighing 1400 lbs. each, and producing an average of 550 lbs. butterfat per year from 14,900 lbs. of milk testing 3.7% fat. Cows are fed an average of 18 lbs. concentrates daily for 305 days, and 40 lbs. of dry alfalfa hay or equivalent daily, allowing for average wastage. The dairy is a modern facility, fully equipped with milking barn, covered holding corral, and dry-lot feed mangers and corrals with adequate slope and shades. All costs are calculated at current replacement value.

Replacements are purchased at \$550 each, cull cows are sold at \$300 and all calves are sold. The herd is replaced on the basis of 27% cull-out and 2% death loss each year.

Two milkers received wages and other benefits, totaling \$850 each per month, and one laborer \$550 total per month.

The dairy set-up is built on 20 acres of land, with additional acreage for waste disposal and for the production of forage crops used to feed the dairy herd.

	SAMPLE COSTS			
	Each Cow Per Year	Total Herd Cost	Per Cwt milk	Your Costs
Cash Costs:				
Feed:				
Alfalfa hay - 7.3 tons per cow @ \$70	\$ 511.00	\$204,400	\$3.43	\$
Concentrates - 2.75 tons @ \$120	333.00	132,000	2.22	
Labor: 2 milkers @ \$850/month each	51.00	20,400	.34	
1 laborer @ \$550/month	16.50	6,600	.11	
Replacements: Net cost per cow in herd	78.50	31,400	.53	
Breeding cost \$10.00 per cow in herd	10.00	4,000	.07	
Taxes and insurance	23.00	9,200	.15	
Production testing	6.50	2,600	.04	
Dues and assessments	13.00	5,200	.09	
Veterinary and medicine	14.00	5,600	.09	
Supplies	17.50	7,000	.12	
Miscellaneous: including business and other costs, repairs and maintenance, clipping and trimming, incidental cash costs and interest on operating capital	45.00	18,000	.30	
TOTAL CASH COSTS	\$1,116.00	\$446,400	\$7.49	\$
Depreciation:				
Milking barn, houses, corrals, mangers, land improvements, etc.				
\$220,000 - 25 yr. life	\$ 22.00	\$ 8,800	\$0.14	\$
Equipment \$35,000 - 10 years	8.75	3,500	.06	
TOTAL DEPRECIATION	\$ 30.75	\$ 12,300	\$0.20	\$
*Interest on Investment at 8%:				
Land: 20 acres @ \$1100 - \$22,000 @ 8%	\$ 4.40	\$ 1,760	\$0.03	\$
Buildings and corrals, 50% of \$168,000 @ 8%	16.80	6,720	.11	
Equipment: 50% of \$35,000 = \$17,500 @ 8%	3.50	1,400	.02	
Cows - based on a value of \$450 ea.	36.00	14,400	.24	
TOTAL INTEREST ON INVESTMENT	\$ 60.70	\$ 24,280	\$0.40	\$

This rate on the total amount is used on the assumption that the owner has a substantial equity in the business, so the total indebtedness is considerably less than the total value.

	SAMPLE COSTS			
	Each Cow Per Year	Total Herd Cost	Per Cwt Milk	Your Costs
TOTAL ALL COSTS OF PRODUCTION	\$1,207.45	\$482,980	\$8.07	\$
LESS CREDIT FOR CALVES \$10 VALUE -				
5% DEATH LOSS	\$ 9.50	\$ 3,800	\$0.06	\$
NET COST WITH 100% OF MILK SOLD	\$1,197.95	\$479,180	\$8.01	\$
NET COST WITH 95% OF TOTAL MILK SOLD				
PER CWT	\$ 8.46	\$ 3,384	\$8.46	\$
NET COST/LB. B.F. WITH 95% OF MILK SOLD, AND ALL COSTS ASSIGNED TO THE BUTTERFAT	\$ 2.29	\$ 916		\$

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