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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Summary of 1998 Income and Expenses From 12 Monitor Dairy Herds in Nebraska

Market Report	Yr Ago	4 Wks Ago	10/22/99
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$59.38	\$66.01	\$70.31
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	72.14	81.64	82.25
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg.	*	89.54	88.03
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	99.27	103.49	109.91
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt.	27.08	33.63	33.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd.	*	*	29.00
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt.	102.10	102.85	94.70
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	62.45	72.00	68.12
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	148.00	164.00	154.00
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	3.28	2.90	2.71
Corn, No. 2, Yellow Omaha, bu.	1.87	1.66	1.61
Soybeans, No. 1, Yellow Omaha, bu.	5.23	4.35	4.27
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	3.25	2.92	2.71
Oats, No. 2, Heavy Sioux City, IA, bu.	*	1.08	1.14
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	*	92.50	90.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	40.00	32.50	32.50
Prairie, Sm. Square, Good Northeast Nebraska, ton.	70.00	*	*
* No market.			

A survey was conducted involving 12 monitor dairy farms in Nebraska. The size of the farms ranged from 160 to 625 cows, and all of the farms had dairy as the primary enterprise. The farmers were asked to complete input forms that were sent to them. The data was then analyzed using a spreadsheet program developed at the University of Missouri. Income and expenses involved only in the dairy enterprise were considered. Values for some expense items that were common to both the dairy and crop enterprises were split proportionately based on the percentage use on the dairy. This number was provided by the farmer. The cost incurred in raising the heifers on the farm was deducted from the expenses to compute the cost of producing milk.

Depreciation on the dairy cattle was calculated by using the numbers provided by the farmer. This calculation takes into consideration the cost of purchasing a replacement heifer, the salvage value received for the culls and the average life of the cow in the dairy herd. The home-grown feeds were valued at the market value of the respective feeds.

The average number of cows in the 12 farms was 276 with an average total milk production of 54,086 cwt per farm, and the average production per cow per year was 19,609 lbs. The average net income was approximately 7% of the gross farm income. Of all the expense items, feed expenses represented the majority, accounting for 29.5% not including the cost of feeding replacements, followed by depreciation which accounted for 11.4%. This does not include the depreciation on dairy cattle which was calculated separately as herd replacement cost and accounted for 9.7%. Labor costs accounted for 9% and does not include the unpaid labor costs. Other operational expenses such as utilities, building repairs, machinery and equipment repairs, supplies, fuel and oil, etc. accounted for 23%.



Income and Expenses				
	Average	Per Head	Per Cwt of Milk	Percent
Income:				
Milk	\$818,726.09	\$2,968.35	\$15.14	97.69
Calves	6,718.55	24.36	0.12	0.80
Patronage Dividends	3,587.00	13.00	0.07	0.43
Other	9,081.73	32.93	0.17	1.08
Total Income	838,113.36	3,038.64	15.50	100
Operating Expenses:				
Feed: Hay & Silage	91,938.18	333.33	1.70	10.97
Concentrates	209,245.73	758.64	3.87	24.97
Grazing	190.91	0.69	0.00	0.02
Less Cost of Feeding Heifers	-54,539.91	-197.74	-1.01	-6.51
Total Feed	246,834.91	894.92	4.56	29.45
Herd Replacement Cost:				
Depreciation Dairy Cows	48,068.64	174.28	0.89	5.74
Loss on Sale of Cows	33,122.64	120.09	0.61	3.95
Total Herd Replacement Cost	81,191.27	294.37	1.50	9.69
Marketing Expenses: Federal Assessment				
Advertising	684.21	2.48	0.01	0.08
Coop Fees	7,645.91	27.72	0.14	0.91
Milk Hauling	2,406.55	8.73	0.04	0.29
	27,377.36	99.26	0.51	3.27
Total Marketing Expenses	39,000.39	141.40	0.72	4.65
Other Operating Expenses:				
DHI Testing	5,970.64	21.65	0.11	0.71
Veterinary & Medicine	46,757.00	169.52	0.86	5.58
Contract Heifer Raising	24,620.64	89.26	0.46	2.94
Farm Supplies	15,399.00	55.83	0.28	1.84
Fuel & Oil	6,189.45	22.44	0.11	0.74
Utilities	11,152.27	40.43	0.21	1.33
Building Repairs	10,014.09	36.31	0.19	1.19
Machinery & Equipment Repairs	19,399.91	70.34	0.36	2.31
Rent	26,896.09	97.51	0.50	3.21
Farm Taxes	5,841.64	21.18	0.11	0.70
Farm Insurance	6,856.18	24.86	0.13	0.82
Legal & Processing	3,683.80	13.36	0.07	0.44
Custom Hire	15,558.70	56.41	0.29	1.86
Labor	78,553.55	284.80	1.45	9.37
Equipment Lease	360.00	1.31	0.01	0.04
Employee Benefits	5,489.00	19.90	0.10	0.65
Car & Truck Costs	2,357.36	8.55	0.04	0.28
Depreciation - Other	95,821.36	347.41	1.77	11.43
Interest	30,590.09	110.91	0.57	3.65
Other Operational Expenses	5,084.36	18.43	0.09	0.61
Miscellaneous	4,264.82	15.46	0.08	0.51
Less Cost of Raising Heifers	-13,769.27	-49.92	-0.25	-1.64
BST	3,630.00	13.16	0.07	0.43
Herbicides	15,364.00	55.70	0.28	1.83
Services	12,588.00	45.64	0.23	1.50
Total Other Operating Expenses	409,857.45	1,485.97	7.58	48.90
Total Operating Expenses	776,884.03	2,816.65	14.36	92.69
Net Income/Loss	61,229.34	221.99	1.13	7.31

Production Information:

Number of Farms Surveyed	12
Average Number of Cows Milking	275.82
Average CWT of Milk	54,086.82
Pounds Milk/Cow/Year	19,609.5913

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