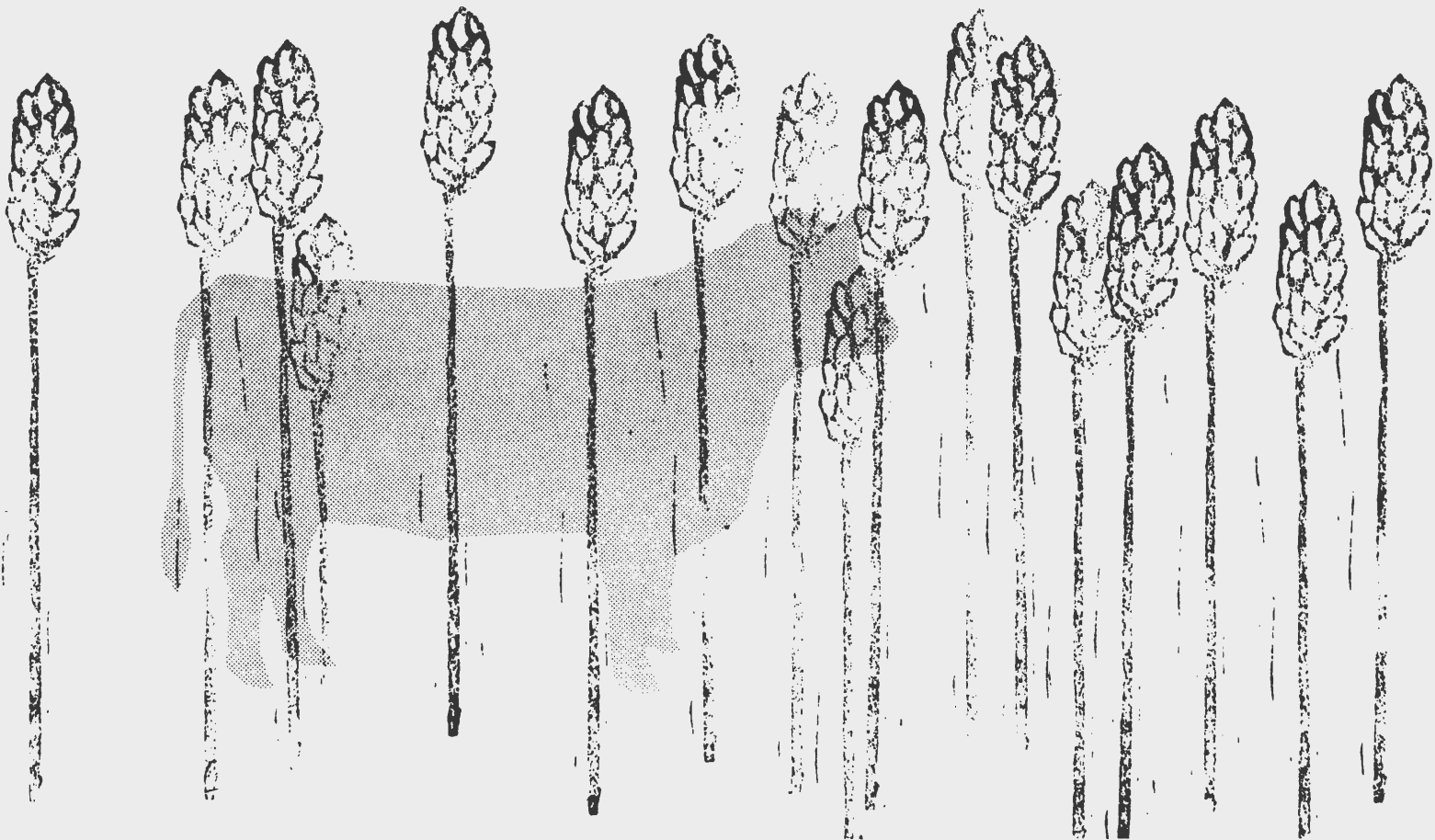


E.M. 2630 • MAY 1966

a grain farm beef enterprise

**COSTS & RETURNS FOR A 50 COW
BEEF COW-CALF ENTERPRISE**



ESTIMATED COSTS AND RETURNS FOR A COW-CALF
ENTERPRISE IN GARFIELD COUNTY, WASHINGTON, 1966

Based on 50 Head of Beef Breed Cows

by
Clifton Perryman^{1/} and Richard W. Brown^{2/}

In cooperation with
The Department of Agricultural Economics
Washington State University

Objectives of the Enterprise Analysis

The objective of the study is first, to develop costs and returns for a 50-cow, "cow-calf" enterprise. This method of operation uses conventional spring calving and fall sale of the calves. The second objective is to develop partial budgets to test the advisability of two different methods of operation. The third objective is to develop a partial budget format that farm managers can use to write in their own costs and returns figures based on their own bundle of resources.

Assumptions

A 50-cow "cow-calf" operation is considered to be too small for an economical, independent enterprise. Therefore, it is treated as a supplemental enterprise to a grain farm.

The study is divided into the following three parts:

1. Spring calving of cows with the calves sold at weaning time in the fall.
2. Carrying the fall-weaned calves through the fall and winter, then selling them as feeders in the spring.
3. Fall calving of cows and selling the calves in the spring.

Details of physical amounts and prices are given in the various tables. Other details are given as footnotes following each table; therefore, very little narrative is used to explain each method of operation.

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Method of Collecting Cost and Return Information

This series of enterprise studies shows the results of combining economic proportions of land, labor, and capital with good management. Figures shown represent the best judgment of a group of leading producers and specialists for the enterprise being studied. Standards given in the enterprise study are guides for farm operators to use in decision-making.

A brief explanation of the tables shown follows:

Budget I, Table I - This table uses broad headings to give a brief summary of the costs and returns for the 50-cow beef enterprise. These cows are spring calved and calves are sold in the fall.

Tables II and III develop the data for the figures used in Table I.

Fill in your own figures under each budget figure. How do your costs and returns compare with these results?

IMPORTANT

The bundle of resources used to develop these budgets are based on a 50-cow "cow-calf" enterprise. The factors of production are combined as shown in detail in the tables. Changes made in any of the amounts of resources used will change the results of an analysis. However, the same format can be used to develop input and output information for any other farm size.

Budget I, Table I - A Summary of Estimated Costs and Returns for a Cow-Calf Enterprise in Garfield County, Washington, 1966. Based on 50 Head of Beef Breed Cows, as a Supplemental Enterprise to a Grain Farm*

	<u>Per Cow</u>	<u>Per Cow</u>	<u>50-Cow Enterprise</u>
A. INCOME			
Total Income (See Table II for details)	<u>\$100.40</u>	<u>\$100.40</u>	<u>\$ 5,020</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
B. COSTS (See Table II for details)			
	<u>Cash Costs^{1/} Per Cow</u>	<u>All Costs^{2/} Per Cow</u>	<u>50-Cow Enterprise</u>
1. Feed	\$ 50.90	\$ 50.90	\$ 2,545
2. Other expenses	21.04	35.44	1,772
3. Livestock Purchased	6.00	6.00	300
4. Miscellaneous and Overhead	<u>4.40</u>	<u>4.90</u>	<u>245</u>
5. Total Costs (Except depreciation, interest, land, and management) (Line 1 + 2 + 3 + 4)	<u>\$ 82.34</u>	<u>\$ 97.24</u>	<u>\$ 4,862</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Depreciation	<u>\$ 3/</u>	<u>\$ 8.88</u>	<u>\$ 444</u>
6. Total Costs (Except interest, land, and management)	<u>\$ 3/</u>	<u>\$106.12</u>	<u>\$ 5,306</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest - except land (See Table III)	<u>\$ 4/</u>	<u>\$ 15.04</u>	<u>\$ 752</u>
7. Total Costs (Except land and management)	<u>\$ 5/</u>	<u>\$121.16</u>	<u>\$ 6,058</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
8. Net Return to Land and Management (Income less line 7)	<u>\$ 6/</u>	<u>\$-20.76</u>	<u>\$-1,038</u>

*A 50-cow "cow-calf" is considered to be a supplementary enterprise. Therefore, an extra column is used for recording only cash costs. See page 4 for a complete list of footnotes 1-7.

	<u>Cash Costs</u> ^{1/}	<u>All Costs</u> ^{2/}	<u>50-Cow</u> <u>Enterprise</u>
	<u>Per Cow</u>	<u>Per Cow</u>	
9. Less my own land charge	\$ <u>7/</u>	\$ <u> </u>	\$ <u> </u>
10. Return to Management (Line 8 minus line 9)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
11. Labor Income - operator and/or unpaid family labor	\$ <u> </u>	\$ <u>14.40</u>	\$ <u>720</u>
12. Return to Labor Management and Land (Line 8 + line 11)	\$ <u> </u>	\$ <u>-6.36</u>	\$ <u>-318</u>
My Farm	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

- 1/ This column is developed for the use of operators who, for various reasons, wish to consider only cash costs. Certain farming enterprises do not cover all economic costs. However, these enterprises make a cash operating profit which will make a contribution to total farm income, or provide a satisfactory flow of cash to meet family needs. The cash column does not make a charge for the owner-operator's labor. No charge is made for certain non-cash overhead costs, or for interest and depreciation based on current values of the enterprise investment.
- 2/ The All Cost column includes the owner-operator's labor at \$1.50 per hour. Four percent interest is charged on the total investment in buildings, equipment, and operating capital.
- 3/ Depreciation is not considered to be a cash cost. However, depreciation costs must be covered if the enterprise is continued indefinitely.
- 4/ Interest on money needed to produce a crop (such as money needed to purchase fertilizer, fuel, hired labor, feed, feeder cattle, etc.) is a cash cost. The operator who expects to borrow money should write in the actual cost of borrowing production credit money.
- 5/ Total cash and depreciation costs plus actual interest paid out equal total cash costs.
- 6/ Total income minus total all cash costs equals return to operators and unpaid family labor, management, and fixed capital.
- 7/ There are many other uses affecting land values. Therefore, the person who wants to separate land from management can make a charge for rent or for taxes plus an interest rate times a land value, both of which are appropriate for his own situation. The land charge should be based on acres being pastured.

Budget I, Table II - A Detailed Worksheet of Estimated Costs and Returns for a Cow-Calf Beef Enterprise in Garfield County, Washington, 1966. Based on 50 Head of Beef Breed Cows with Spring Calving as a Supplemental Enterprise to a Grain Farm

A. INCOME	<u>Per Cow</u>	<u>Per Cow</u>	<u>50-Cow Enterprise</u>
Calves - 37 head to sell, 400 lb./head x \$.25/lb. = \$100/head (90 percent calf crop 15 percent (8 head) saved for replacement)	\$ 74.00	\$ 74.00	\$ 3,700
Cull Cows - 8 head replaced, deaths 1 percent = $\frac{1}{2}$ cow/year = $7\frac{1}{2}$ head weight 1,000 lb. @ 14¢/lb.	21.00	21.00	1,050
Bulls - 1 head 1,500 lb./head @ 18¢=\$270*	<u>5.40</u>	<u>5.40</u>	<u>270</u>
Total Income	<u>\$100.40</u>	<u>\$100.40</u>	<u>\$ 5,020</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
	<u>Cash Costs^{1/}</u>	<u>All Costs^{2/}</u>	<u>50-Cow Enterprise</u>
B. PRODUCTION COSTS	<u>Per Cow</u>	<u>Per Cow</u>	
<u>Feed</u>			
Hay - $1\frac{1}{2}$ ton/head x 50 cows or 2-year- old heifers, 2 ton/head x 2 bulls, 1 ton/head x 8 replacement heifers = 87 ton @ \$25/ton**	\$ 43.50	\$ 43.50	\$2,175
Grain - for replacement heifers, 6 lb./ day x 150 days = 900 lb. x 8 head = 7,200 lbs. + 1,500 lbs. For bulls @ \$56/ton = \$244.	4.88	4.88	244
Salt - 50 lbs./head x 60 head = 3,000 lbs. @ \$2.20/cwt.	1.32	1.32	66

See page 4 for a complete list of footnotes 1-7.

* There is a possibility of selling bulls of this quality (\$600 when purchased) at a slightly higher than beef price for continued service.

** Charges made for feed and other material are based on the amount given in this study. There is a great variation in the methods of feeding; therefore, amounts of and kind of feed and other resources should be adjusted to the particular farm. Other occasional control measures and materials may be needed. New materials may cause changes in practices. Keep abreast of changes by consulting your county agent.

	<u>Cash Costs^{1/}</u>	<u>All Costs^{2/}</u>	50-Cow <u>Enterprise</u>
	<u>Per Cow</u>	<u>Per Cow</u>	
Minerals - \$1.00/head x 60 head	\$ 1.20	\$ 1.20	\$ 60
1. Total Feed Costs	<u>\$ 50.90</u>	<u>\$ 50.90</u>	<u>\$2,545</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
OTHER EXPENSES			
Hired Labor	\$ 1.00	\$ 1.00	\$ 50
Fuel	2.00	2.00	100
Rent tractor 50 hours @ \$4.00	4.00	4.00	200
Rent truck \$1,000 miles @ \$.25/mile	5.00	5.00	250
Repairs (See Table III)	6.04	6.04	302
Vet. and Medicine	2.00	2.00	100
Operator's Labor 480 hrs. @ \$1.50/hr.	_____	14.40	720
Electricity	<u>1.00</u>	<u>1.00</u>	<u>50</u>
2. Total Other Costs	<u>\$ 21.04</u>	<u>\$ 35.44</u>	<u>\$1,772</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
LIVESTOCK PURCHASED			
3. Bull - 1 every 2 years @ \$600	<u>\$ 6.00</u>	<u>\$ 6.00</u>	<u>\$ 300</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
MISCELLANEOUS AND OVERHEAD			
General Expense - office supplies, accounting, phone	<u>\$</u>	\$.50	\$ 25
Taxes (personal property)	2.40	2.40	120
Insurance and social security	<u>2.00</u>	<u>2.00</u>	<u>100</u>
4. Total Misc. and Overhead Costs	<u>\$ 4.40</u>	<u>\$ 4.90</u>	<u>\$ 245</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>

	<u>Cash Costs</u> ^{1/}	<u>All Costs</u> ^{2/}	50-Cow
	<u>Per Cow</u>	<u>Per Cow</u>	<u>Enterprise</u>
5. Total Costs (except depreciation, interest, and management) (Lines 1 + 2 + 3 + 4)	\$ 82.34	\$ 97.24	\$4,862
My Farm	\$	\$	\$
Depreciation (See Table III)	\$ <u>3/</u>	\$ 8.88	\$ 444
6. Total Costs (except interest, land, and management)	\$ <u>3/</u>	\$106.12	\$5,306
My Farm	\$	\$	\$
Interest (except land) (See Table III)	\$ <u>4/</u>	\$ 15.04	\$ 752
7. Total Costs (except land and management)	\$ <u>5/</u>	\$121.16	\$6,058
My Farm	\$	\$	\$
8. Net Return to Land and Management (income less line 7)	\$ <u>6/</u>	\$-20.76	\$-1,038
My Farm	\$	\$	\$
9. Less Your Own Land Charge	\$ <u>7/</u>	\$	\$
10. Return to Management (Line 8 minus Line 9)	\$	\$	\$
11. Labor Income - operator and/or family	\$	\$ 14.40	\$ 720
12. Return to Labor, Management, and Land (Line 8 + Line 11)	\$	\$ -6.36	\$ -318
My Farm	\$	\$	\$

Budget I, Table III - Estimated Investment and Annual Overhead Costs for a Cow-Calf Enterprise in Garfield County, Washington, 1966.
Based on 50 Head of Beef Breed Cows

	Annual Charge - 50-Cow Enterprise					
	Beginning Value	Ending Value	Average Value ^{1/}	Years to Deprec.	Int. 4%	Deprec ^{2/} /Repairs
<u>LAND AND BUILDINGS</u>						
Land for Pasture- 1000 A. @ \$250*	\$25,000	\$25,000	\$25,000	--	--	--
Buildings	4,000	2,000 ^{2/}	3,000	20	\$120	\$200 \$ 60
Fences (outside)	2,500	1,500 ^{2/}	2,000	15	80	100 125
Water System	<u>100</u>	<u>0^{2/}</u>	<u>50</u>	10	2	<u>10</u> <u>10</u>
1. Total Values Land and Buildings	<u>\$31,600</u>		<u>\$30,050</u>			<u>\$310</u> <u>\$195</u>
<u>EQUIPMENT</u>						
Feeders	150	--	150	10		15 5
Corrals	300	100	200	10		20 20
Chute and Headgate	300	100 ^{2/}	200	20		20 10
Electric Fence	200	--	100	10		20 2
Water Troughs	400	100	250	10		30 10
Tractor and Scoop, rented						
Manure Spreader (value of manure offsets cost)						
Truck, rented						
Misc. Equipment and Tools	100	--	100	10		10 10
Horse or jeep or Scout Honda	<u>200</u>	50	<u>125</u>	8		<u>19</u> <u>50</u>
2. Total Equip- ment Values	<u>\$ 1,650</u>		<u>\$ 1,125</u>		\$ 45	<u>\$134</u> <u>\$107</u>
3. Tot. Land, Bldgs., & Equip. Values	<u>\$33,250</u>		<u>\$31,175</u>			<u>\$444</u> <u>\$302</u>

CATTLE INVENTORY (Jan. 1 Annually)

	<u>No.</u>	<u>Ending Value</u>	<u>Value Per Head</u>	<u>Total Value</u>	<u>Int. 4%</u>
Cows and 2-year-old heifers	50	\$10,000	\$200	\$10,000	
Yearling Heifers	8	1,120	140	1,120	
Bulls	2 $\frac{1}{2}$	<u>1,500</u>	600	<u>1,500</u>	
4. Total Cattle Investment		<u>\$12,620</u>		<u>\$12,620</u>	\$505
5. Total Investment and Annual Charges		<u>\$45,870</u>		<u>\$43,795</u>	

1/ Average value was calculated by using the following formula:

$$\frac{\text{Original Cost (\$)} + \text{Trade-in Value (\$)}}{2} = \text{Average Value}$$

2/ Value after 10 years of depreciation

* No charge was made for land in this study. This entry was made to show how the interest would be developed to fill in the blank interest space in the cash column of Table II.

The following costs and returns analysis of wintering spring calves (Budget II, Table I) is developed on a per-calf basis using two different feeding rates. The unit costs were developed on a per-calf rather than a per-cow basis to show a breakdown of cash costs for a livestock man who might wish to buy calves instead of raising them.

Budget II, Table I - Estimated Added Cash Costs and Returns for Wintering Spring Calves. The Calves are Wintered for 115 Days Using Two Different Feeding Rates.

	Production			
	115 lbs. of Gain		185 lbs. of Gain	
	Per Calf ^{1/}	Per Cow ^{2/}	Per Calf ^{1/}	Per Cow ^{2/}
PRODUCTION AND INCOME				
1 lb. of gain/day for 155 days = 115 lbs. + 400 lbs. (original weight) = 5-1/5 lbs. @ 27¢ = \$139.05 per calf	\$139.05	\$	--	--
1.6 lbs. gain/day for 155 days = 185 lbs. + 400 lbs. (original weight) = 585 lbs. @ 27¢ = \$157.95 per calf	--	--	\$157.95	\$
Total Income	<u>\$139.05</u>	<u>\$102.90</u>	<u>\$157.95</u>	<u>\$116.88</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	Costs			
	115 lbs. of Gain		185 lbs. of Gain	
	Per Calf ^{1/}	Per Cow ^{2/}	Per Calf ^{1/}	Per Cow ^{2/}
ADDITIONAL CASH EXPENSES				
Hay - 8 lbs./day x 115 days = 920 lbs. @ \$25/ton	\$ 11.50		--	
Hay - 3.7 lbs./day x 115 days = 425 lbs. @ \$25/ton.	--		\$ 5.31	
Additional Grain - 3.13 lbs./day x 115 days = 360 lbs. @ \$50/ton.	9.00		--	
Grass Pellets - 13 lbs./day x 115 days = 1,495 lbs. @ \$38.50/ton	--		28.78	
Salt and Miscellaneous	.50		.50	
Death Loss	2.00		2.00	
Vet. and Medicine, Spraying	1.00		1.00	
Interest on Investment @ .5%	1.65		1.65	
Gas and Oil	.50		.50	
Taxes	.25		.25	
Total Cash Costs	<u>\$ 26.40</u>		<u>\$ 39.99</u>	
My Farm	<u>\$</u>		<u>\$</u>	

	Costs			
	115 lbs. of Gain		185 lbs. of Gain	
	Per Calf ^{1/}	Per Cow ^{2/}	Per Calf ^{1/}	Per Cow ^{2/}
Cost of Calf (sales price of fall calf)	<u>\$100.00</u>		<u>\$100.00</u>	
Total Cash Costs	<u>\$126.40</u>	<u>\$ 93.54</u>	<u>\$139.99</u>	<u>\$103.60</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net Return to Land, Fixed Capital, Labor, and Management. ^{3/}	<u>\$ 12.65</u>	<u>\$ 9.36</u>	<u>\$ 17.96</u>	<u>\$ 13.28</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

1/ Only the per-calf costs are shown.

2/ This column can be used to develop per-cow costs. This cash cost analysis can be used to estimate returns if the calves were purchased in the fall.

3/ This is the net return when the costs per calf are based on the sales value of the calf if sold in the fall. However, the calf was produced at a loss (see Budget I, Table I). Therefore, Budget II, Table II, is developed on a per-cow basis so that when all costs of wintering are added to cost of producing the spring calf, the costs of, and returns of, Budget I and Budget II, Table II, are comparable.

Budget II, Table II - Estimated Costs and Returns for a Cow-Calf Enterprise in Garfield County, Washington, When Calves Are Wintered and Sold in April or May of the Following Year.

INCOME	115 lbs. of Gain		185 lbs. of Gain	
	Per Cow	50 Head	Per Cow	50 Head
1 lb. of gain/day for 155 days = 115 lbs. + 400 lbs. (original wt.) = 515 lbs. @ 27¢/lb. = \$139.05/calf x 37 head	\$102.90	\$5,145	--	--
1.6 lbs. of gain/day for 115 days = 185 lbs. + 400 lbs. (original wt.) = 585 lbs. @ 27¢/lb. = \$157.95/calf x 37 head	--	--	\$116.88	\$5,844
Cull cows and Bulls (See Table II, Budget I)	\$ 26.40	\$1,320	\$ 26.40	\$1,320
Total Income	<u>\$129.30</u>	<u>\$6,465</u>	<u>\$143.28</u>	<u>\$7,164</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>Total Costs</u>				
Wintering Costs				
515 lb. calf - \$26.40 + \$3.00 labor = \$29.40/calf (See Budget II, Table I)	\$ 21.76	\$1,088	--	--
585 lb. calf - \$39.99 + \$3.00 labor = \$42.99/calf (See Budget II, Table I)	--	--	\$ 31.82	\$1,591
Spring calving costs (except deprec., interest and management) (See Budget I, Table II)	\$ 97.24	\$4,862	\$ 97.24	\$4,862
Depreciation and Interest (Budget I, Table III)	\$ 23.92	\$1,196	\$ 23.92	\$1,196
Total Costs (except land and mgt.)	\$142.92	\$7,146	\$152.98	\$7,649
Net Return to land and management	\$-13.62	\$ -681	\$ -9.70	\$ -485
Labor Income - Operator and/or family \$14.40 + \$3.00 (extra winter labor)	\$ 17.40	\$ 870	\$ 17.40	\$ 870
Return to Labor, Mgt., and Land	<u>\$ 3.78</u>	<u>\$ 189</u>	<u>\$ 7.70</u>	<u>\$ 385</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Budget III, Table I - Estimated Costs and Returns for a Cow-Calf Enterprise for a Grain Farm in Garfield County, Washington, 1966. Based on 50 Head of Beef Breed Cows, Which are Fall Calved. The Calves are Sold the Following Spring.

A. INCOME	<u>Per Cow</u>	<u>Per Cow</u>	50-Cow <u>Enterprise</u>
Total Income (See Budget III, Table II for details)	<u>\$131.30</u>	<u>\$131.30</u>	<u>\$6,565</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
<hr/>			
B. COSTS (See Budget I, Table II for details)	<u>Cash Costs^{1/}</u> <u>Per Cow</u>	<u>All Costs^{2/}</u> <u>Per Cow</u>	50-Cow <u>Enterprise</u>
1. Feed (See Budget III, Table II)	\$ 69.86	\$ 69.86	\$3,493
2. Other Expenses (same as Budget I except add 50 hours labor @ \$1.50/hr.)	\$ 21.04	\$ 36.94	\$1,847
3. Livestock Purchased (Bull)	\$ 6.00	\$ 6.00	\$ 300
4. Miscellaneous and Overhead	<u>\$ 6.00</u>	<u>\$ 6.00</u>	<u>\$ 300</u>
5. Total Costs (except depreciation, interest, land, and management) (Lines 1-4)	<u>\$102.90</u>	<u>\$118.80</u>	<u>\$5,940</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Depreciation	<u>3/</u>	\$ 8.88	\$ 444
6. Total Costs (except interest, land, and management)	<u>3/</u>	<u>\$127.68</u>	<u>\$6,384</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest (except land)	<u>4/</u>	\$ 16.00	\$ 800
7. Total Costs (except land and mgt.)	\$ <u>5/</u>	\$143.68	\$7,184
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
8. Net Return to Land and Mgt. (Income less Line 7)	\$ <u>6/</u>	\$ -12.38	\$ -619
9. Less My Own Land Charge	\$ <u>7/</u>	<u>\$</u>	<u>\$</u>
10. Return to Management (Line 8 minus Line 9)	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Page 14 for footnotes 1-7.

	<u>Cash Costs</u> <u>Per Cow^{1/}</u>	<u>All Costs</u> <u>Per Cow^{2/}</u>	<u>50-Cow</u> <u>Enterprise</u>
11. Labor Income - operator and/or family	--	\$ 15.90	\$ 795
12. Return to labor management and land (Line 8 + Line 11)	<u>\$</u>	<u>\$ 3.52</u>	<u>\$ 176</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>

- 1/ This column is developed for the use of operators who, for various reasons, wish to consider only cash costs. Certain farming enterprises do not cover all economic costs. However, these enterprises make a cash operating profit which will make a contribution to total farm income, or provide a satisfactory flow of cash to meet family needs. The cash column does not make a charge for the owner-operator's labor. No charge is made for certain non-cash overhead costs, or for interest and depreciation based on current values of the enterprise investment.
- 2/ The All Cost column includes the owner-operator's labor at \$1.25 per hour. Four percent interest is charged on the total investment in buildings, equipment, and operating capital.
- 3/ Depreciation is not considered to be a cash cost. However, depreciation costs must be covered if the enterprise is continued indefinitely.
- 4/ Interest on money needed to produce a crop (such as money needed to purchase fertilizer, fuel, hired labor, feed, feeder cattle, etc.) is a cash cost. The operator who expects to borrow money should write in the actual cost of borrowing production credit money.
- 5/ Total cash and depreciation costs plus actual interest paid out equal total cash costs.
- 6/ Total income minus total all cash costs equals return to operators and unpaid family labor, management, and fixed capital.
- 7/ There are many other uses affecting land values. Therefore, the person who wants to separate land from management can make a charge for rent or for taxes plus an interest rate times a land value, both of which are appropriate for his own situation. The land charge should be based on acres being pastured.

Budget III, Table II, which follows, is the worksheet for the preceding table (Budget III, Table I). It is used to develop physical amounts and show prices and subtotals of the individual items that are included in the summary items of feed, other expenses, livestock, and miscellaneous overhead costs shown in Item B, page 13.

Budget III, Table II - Estimated Costs and Returns for a Cow-Calf Beef Enterprise in Garfield County, Washington, 1966. Based on 50 Head of Beef Breed Cows Which are Fall Calved and the Calves are Sold the Following (Late) Spring. This Enterprise is a Supplement to a Grain Farm.

A. INCOME	<u>Per Cow</u>	<u>Per Cow</u>	<u>50-Cow Enterprise</u>
Calves - 37 head to sell, 525 lb./head x \$.27/lb.* = \$141.75/head (90 percent calf crop. 15 percent - 8 head - saved for replacement)**	\$104.90	\$104.90	\$5,545
Cull Cows - 8 head replaced, deaths 1 percent = $\frac{1}{2}$ cow/yr. = $7\frac{1}{2}$ head weight 1,000 lbs. @ 14¢/lb.	\$ 21.00	\$ 21.00	\$1,050
Bulls - 1 head, 1500 lbs./head @ 18¢/lb. = \$270	<u>\$ 5.40</u>	<u>\$ 5.40</u>	<u>\$ 270</u>
Total Income	<u>\$131.30</u>	<u>\$131.30</u>	<u>\$6,565</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
<hr/>			
B. PRODUCTION COSTS	<u>Cash Costs Per Cow^{1/}</u>	<u>All Costs Per Cow^{2/}</u>	<u>50-Cow Enterprise</u>
Feed			
Hay - 2 ton/head x 50 cows or 2-year- old heifers, 2 ton/head x 2 bulls, 1 ton/head x 8 replacement heifers = 112 tons @ \$25/ton*	\$ 56.00	\$ 56.00	\$2,800
Grain - for replacement heifers, 6 lb./day x 150 days = 900 lbs. x 8 head = 7,200 lbs. + 1500 lbs. (for bulls) = 8700 lbs. @ \$56/ton	\$ 4.88	\$ 4.88	\$ 244
Salt - 50 lbs./cow x 60 head = 3000 lbs. @ \$2.20/cwt.	\$ 1.32	\$ 1.32	\$ 66

See Page 14 for footnotes 1-7.

- * An estimated average sales price of \$.27 was used. This price does not represent the 1966 price. It is a projected average price of \$.25 for fall calves + \$.02 average increase in price for spring sales. A preliminary investigation of prices in three Pacific Northwest calf markets indicates that \$.02 per pound would be a conservative average differential over fall calf prices.
- ** Some operators may be able to obtain higher than the 90 percent calf crop, when cows are fall calved.

	<u>Cash Costs Per Cow^{1/}</u>	<u>All Costs Per Cow^{2/}</u>	<u>50-Cow Enterprise</u>
Oats and Supplement for creep feeding calves. 400 lbs./calf @ $2\frac{1}{2}¢/lb.$ = \$10.00 + \$.35 for rolling = \$10.35/calf x 37 head.	\$ 7.66	\$ 7.66	\$ 383
1. Total Feed Costs	<u>\$ 69.86</u>	<u>\$ 69.86</u>	<u>\$3,493</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
2. Other Expenses (See Budget I, Table II)	<u>\$ 21.04</u>	<u>\$ 35.44</u>	<u>\$1,772</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
3. Livestock Purchased (Bulls - 1 bull every 2 years @ \$600)	<u>\$ 6.00</u>	<u>\$ 6.00</u>	<u>\$ 300</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
4. Misc. and Overhead (Budget I, Table I)	<u>\$ 4.40</u>	<u>\$ 4.90</u>	<u>\$ 245</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
5. Total Costs (except depreciation, interest, land, and management) (Lines 1 + 2 + 3 + 4)	<u>\$102.90</u>	<u>\$118.80</u>	<u>\$5,940</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Depreciation (See Budget I, Table III)	<u>3/</u>	\$ 8.88	\$ 444
6. Total Costs (except interest, land, and management)	<u>3/</u>	<u>\$127.68</u>	<u>\$6,384</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest (except land) (See Budget I, Table III)	<u>4/</u>	\$ 16.00	\$ 800
7. Total Costs (except land) (See Budget I, Table III)	<u>5/</u>	<u>\$143.68</u>	<u>\$7,184</u>
My Farm	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Page 14 for footnotes 1-7.

	<u>Cash Costs</u> <u>Per Cow^{1/}</u>	<u>All Costs</u> <u>Per Cow^{1/}</u>	<u>50-Cow</u> <u>Enterprise</u>
8. Net Return to Land and Management (Income less Line 7)	<u>6/</u>	<u>\$-12.38</u>	<u>\$ -619</u>
My Farm	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
9. Less Your Own Land Charge	<u>7/</u>	<u>\$ _____</u>	<u>\$ _____</u>
10. Return to Management (Line 8 minus Line 9)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
11. Labor Income - operator and/or family		\$ 15.90	\$ 795
12. Return to Labor, Management, and Land (Line 8 + Line 11)	<u>\$ _____</u>	<u>\$ 3.52</u>	<u>\$ 176</u>
My Farm	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

See Page 14 for footnotes 1-7.