

**TABLE 7-3. TEN YEAR COMPARISON: AVERAGE COST OF PRODUCING MILK PER HUNDREDWEIGHT
New York Dairy Farms, 1989 to 1998**

Item	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
<u>Operating Expenses</u>										
Hired labor	\$ 1.62	\$ 1.77	\$ 1.74	\$ 1.80	\$ 1.86	\$ 1.80	\$1.78	\$1.89	\$1.97	\$2.06
Purchased feed	4.02	4.28	3.88	3.92	3.85	3.89	3.71	4.73	4.63	4.18
Machinery repair, vehicle expense & rent	.96	1.11	.93	.97	.93	.92	.85	1.02	.94	1.12
Fuel, oil & grease	.33	.41	.37	.35	.34	.31	.27	.31	.28	.25
Replacement livestock	.17	.20	.15	.21	.17	.21	.15	.19	.18	.24
Breeding fees	.18	.19	.18	.18	.19	.17	.15	.15	.15	.16
Veterinary & medicine	.30	.32	.33	.35	.37	.40	.39	.42	.41	.45
Milk marketing	.49	.53	.58	.63	.64	.67	.70	.59	.52	.53
Other dairy expenses	.60	.68	.65	.70	.72	.88	.92	.99	1.05	1.09
Lime & fertilizer	.50	.50	.40	.37	.36	.33	.31	.32	.33	.35
Seeds & plants	.22	.22	.20	.21	.20	.19	.19	.20	.21	.22
Spray & other crop expense	.21	.22	.20	.21	.20	.20	.20	.21	.23	.24
Land, building & fence repair	.27	.32	.19	.24	.21	.21	.16	.23	.19	.27
Taxes	.36	.37	.38	.35	.34	.29	.27	.26	.23	.21
Insurance	.23	.24	.23	.22	.20	.18	.17	.18	.16	.17
Utilities (farm share)	.39	.39	.39	.38	.39	.38	.38	.39	.35	.32
Interest paid	1.06	1.05	1.07	.88	.80	.81	.94	.91	.90	.89
Misc. (including rent)	.43	.47	.43	.44	.41	.40	.40	.41	.38	.41
Total Operating Expenses	\$12.34	\$13.27	\$12.30	\$12.41	\$12.18	\$12.24	\$11.94	\$13.40	\$13.12	\$13.15
<u>Less:</u> Nonmilk cash receipts	1.75	1.75	1.73	1.67	1.65	1.30	1.15	1.07	1.14	1.18
Increase in grown feed & supplies	.02	.26	.04	.23	.13	.25	.14	.15	.07	.25
Increase in livestock	.12	.15	.18	.08	.22	.21	.25	.18	.15	.22
OPERATING COST OF MILK PRODUCTION	\$10.45	\$11.11	\$10.35	\$10.43	\$10.18	\$10.47	\$10.40	\$12.00	\$11.76	\$11.50
<u>Overhead Expenses</u>										
Depreciation: machinery & buildings	\$ 1.31	\$ 1.35	\$1.28	\$ 1.19	\$ 1.17	\$ 1.13	\$1.07	\$1.04	\$0.95	\$1.08
Unpaid labor	.12	.19	.18	.16	.15	.12	.12	.13	.13	.11
Operator(s) labor ^a	.98	1.10	1.06	.99	1.00	.86	.92	.88	.79	.74
Operator(s) management (5% of cash receipts)	.81	.85	.73	.76	.74	.73	.70	.80	.73	.82
Interest on farm equity capital (5%)	1.24	1.24	1.20	1.11	1.11	1.00	.94	.94	.87	.85
Total Overhead Expenses	\$ 4.46	\$ 4.73	\$ 4.45	\$ 4.21	\$ 4.17	\$ 3.84	\$ 3.75	\$3.79	\$3.47	\$3.60
TOTAL COST OF MILK PRODUCTION	\$14.91	\$15.84	\$14.80	\$14.64	\$14.35	\$14.31	\$14.15	\$15.79	\$15.23	\$15.10
AVERAGE FARM PRICE OF MILK	\$14.53	\$14.93	\$12.95	\$13.58	\$13.14	\$13.44	\$13.03	\$14.98	\$13.65	\$15.60
Return per cwt. to operator labor, capital & mgmt.	\$ 2.65	\$ 2.28	\$ 1.14	\$ 1.80	\$ 1.64	\$ 1.72	\$ 1.44	\$ 1.81	\$ 0.81	\$2.91
Rate of return on farm equity capital	3.3%	1.3%	-2.7%	0.2%	-0.4%	0.6%	-1.0%	0.7%	-4.1%	8.0%

^a1989 = \$1,050/month, 1990 = \$1,250/month, 1991 = \$1,300/month, 1992 = \$1,350/month, 1993 = \$1,400/month, 1994 and 1995 = \$1,450/month, 1996 = \$1,500/month, 1997 = \$1,550/month, and 1998 = \$1,600/month of operator labor.

**TABLE 7-4. TEN YEAR COMPARISON: SELECTED BUSINESS FACTORS
New York Dairy Farms, 1989 to 1998**

Item	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Number of farms	409	395	407	357	343	321	321	300	253	305
<u>Cropping Program</u>										
Total tillable acres	316	325	330	346	351	392	399	415	462	497
Tillable acres rented	117	121	124	135	135	159	166	183	207	232
Hay crop acres	164	166	169	171	182	195	197	198	219	239
Corn silage acres	81	82	88	98	96	110	117	120	156	175
Hay crop, tons DM/acre	2.6	2.7	2.4	2.8	2.7	3.0	2.8	2.8	2.5	3.1
Corn silage, tons/acre	13.4	14.4	13.7	14.5	14.9	16.4	15.6	15.9	16.1	18.0
Fert. & lime exp./tillable acre	\$29	\$29	\$25	\$25	\$25	\$25	\$25	\$26	\$28	\$31
Machinery cost/cow	\$425	\$483	\$438	\$444	\$430	\$438	\$402	\$450	\$429	\$471
<u>Dairy Analysis</u>										
Number of cows	104	107	111	123	130	151	160	167	190	210
Number of heifers	83	87	92	96	100	116	121	124	139	155
Milk sold, cwt.	17,975	19,005	20,060	23,130	24,448	30,335	32,362	33,504	39,309	43,954
Milk sold/cow, lbs.	17,259	17,720	18,027	18,789	18,858	20,091	20,269	20,113	20,651	20,900
Purchased dairy feed/cwt. milk	\$3.99	\$4.27	\$3.87	\$3.91	\$3.85	\$3.89	\$3.70	\$4.73	\$4.63	\$4.18
Purc. grain & conc. as % of milk receipts	27%	28%	29%	28%	29%	28%	27%	30%	33%	26%
Purc. feed & crop exp/cwt. milk	\$4.92	\$5.21	\$4.67	\$4.70	\$4.61	\$4.61	\$4.39	\$5.46	\$5.39	\$5.00
<u>Capital Efficiency</u>										
Farm capital/cow	\$6,407	\$6,556	\$6,688	\$6,587	\$6,462	\$6,398	\$6,264	\$6,218	\$6,196	\$6,161
Real estate/cow	\$2,977	\$2,977	\$3,063	\$3,015	\$2,932	\$2,859	\$2,763	\$2,701	\$2,650	2,537
Mach. invest./cow	\$1,154	\$1,233	\$1,267	\$1,203	\$1,165	\$1,150	\$1,098	\$1,107	\$1,108	1,118
Asset turnover ratio	.48	.48	.43	.47	.46	.50	.49	.55	.52	0.61
<u>Labor Efficiency</u>										
Worker equivalent	3.30	3.37	3.38	3.60	3.68	4.02	4.40	4.48	5.01	5.35
Operator/manager equivalent	1.39	1.39	1.37	1.41	1.45	1.49	1.56	1.56	1.60	1.62
Milk sold/worker, lbs.	544,598	563,349	593,297	641,893	664,868	755,178	736,269	747,861	784,604	821,565
Cows/worker	32	32	33	34	35	38	36	37	38	39
Labor cost/cow	\$469	\$541	\$538	\$552	\$568	\$558	\$570	\$582	\$598	\$609
<u>Profitability & Financial Analysis</u>										
Labor & mgmt. income/operator	\$18,004	\$14,328	\$-955	\$11,254	\$9,000	\$14,789	\$10,346	\$18,651	\$-1,424	\$55,917
Farm net worth	\$468,848	\$471,322	\$480,131	\$515,215	\$542,126	\$608,749	\$624,261	\$648,186	\$685,665	\$798,297
Percent equity	68%	66%	64%	64%	65%	63%	61%	61%	57%	59%

TABLE 7-9. MILK PRODUCTION CASH COSTS AND RETURNS BY REGION
\$ Per Hundredweight, 1998

Item	Northeast	Southeast	Upper Midwest	Corn Belt	Southern Plains	Pacific
Gross value of production:						
Milk	\$15.63	\$17.63	\$15.48	\$15.39	\$15.70	\$15.07
Cattle	0.73	0.92	0.94	1.04	0.84	0.61
Other income	<u>0.43</u>	<u>0.51</u>	<u>0.68</u>	<u>0.47</u>	<u>0.36</u>	<u>0.56</u>
Total, gross value of production	16.79	19.06	17.10	16.90	16.90	16.24
Cash expenses:						
Feed						
Concentrates	4.07	5.79	4.07	4.41	5.50	2.94
By-products	0.04	0.50	0.13	0.28	0.19	0.47
Liquid whey	0.15	0.05	0.18	0.26	0.01	0.05
Hay	1.48	0.77	1.14	1.64	2.56	2.34
Silage	2.03	1.09	1.67	1.28	0.13	0.95
Pasture and other forage	<u>0.03</u>	<u>0.06</u>	<u>0.14</u>	<u>0.13</u>	<u>0.10</u>	<u>0.12</u>
Total feed costs	7.80	8.26	7.33	8.00	8.49	6.87
Other						
Hauling	0.69	0.95	0.29	0.45	0.53	0.38
Artificial insemination	0.20	0.12	0.17	0.12	0.04	0.11
Veterinary and medicine	0.44	0.49	0.49	0.41	0.17	0.20
Bedding and litter	0.38	0.00	0.34	0.32	0.00	0.05
Marketing	0.45	0.52	0.29	0.31	0.24	0.44
Custom services and supplies	0.55	0.64	0.39	0.39	0.28	0.39
Fuel, lube, and electricity	0.65	0.31	0.56	0.52	0.44	0.26
Machinery and building repairs	1.01	0.67	1.13	0.99	0.47	0.32
Hired labor	0.57	1.27	0.50	0.54	0.72	0.52
DHIA fees	0.10	0.05	0.08	0.07	0.04	0.07
Dairy assessment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total, variable cash expenses	12.84	13.28	11.57	12.12	11.42	9.61
General farm overhead	0.61	0.74	0.75	0.66	0.53	0.39
Taxes and insurance	0.48	0.40	0.46	0.33	0.18	0.14
Interest	<u>0.87</u>	<u>0.67</u>	<u>1.29</u>	<u>0.79</u>	<u>0.67</u>	<u>0.71</u>
Total, fixed cash expenses	1.96	1.81	2.50	1.78	1.38	1.24
Total, cash expenses	14.80	15.09	14.07	13.90	12.80	10.85
Gross value of production less cash exp.	1.99	3.97	3.03	3.00	4.10	5.39
Economic (full ownership) costs:						
Variable cash expenses	12.84	13.28	11.57	12.12	11.42	9.61
General farm overhead	0.61	0.74	0.75	0.66	0.53	0.39
Taxes and insurance	0.48	0.40	0.46	0.33	0.18	0.14
Capital replacement	2.07	2.51	2.53	2.21	1.99	1.34
Operating capital	0.11	0.11	0.10	0.10	0.10	0.08
Other nonland capital	0.82	1.47	1.03	0.87	0.79	0.56
Land	0.00	0.01	0.01	0.01	0.00	0.01
Unpaid labor	<u>2.38</u>	<u>0.31</u>	<u>1.95</u>	<u>2.68</u>	<u>0.83</u>	<u>0.43</u>
Total, economic costs	19.31	18.83	18.40	18.98	15.84	12.56
Residual returns to management and risk	-2.52	0.23	-1.30	-2.08	1.06	3.68

Source: USDA, ERS, Costs of Production

