

# WISCONSIN DAIRY DATA

Fact sheet series from the Center for Dairy Profitability

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2006-03

August 2006

## Benchmarks – Dairy Cost of Production, 2003-2005

Below are final benchmarks for the 2005 financial year and final benchmark data for the years 2003-2005. In the 2005 financial year we have 617 farm financial records; there are 685 records from 2004 and 707 records from 2003.

The 2005 Cost of Production report is on a per CWT EQ basis. Feed cost decreased by \$0.43 CWT EQ from 2004. Total Basic Cost decreased by \$0.53 per CWT EQ.

Item	2005	2004	2003
Average all Milk Price	\$15.13	\$16.10	\$12.50
Feed Purchased	\$2.95	\$3.38	\$2.49
Repair Cost	\$0.69	\$0.73	\$0.58
Vet & Medicine	\$0.43	\$0.45	\$0.38
TOTAL Basic Cost	\$9.10	\$9.63	\$7.74

Interest paid has remained fairly constant with labor cost and depreciation increasing.

Item	2005	2004	2003
Interest Paid	\$0.66	\$0.68	\$0.65
Total Labor Cost	\$2.60	\$2.71	\$2.41
Total Depreciation	\$1.53	\$1.53	\$1.18
TOTAL Cost	\$14.61	\$15.25	\$12.81

The report shows a total expense of \$14.61 to produce \$15.14 worth of income (US Average All Milk Price). This equates to a “total income – total expense” of \$0.52 CWT EQ. This is the second year since 1999 that this gauge of dairy farm finances has been positive. This is \$0.33 per CWT EQ lower than in 2004 (\$0.85) but it is still \$0.83 per CWT EQ higher than the in 2003 (-\$0.31).

Item	2005	2004	2003
Total Income-Total Expense	0.52	\$0.85	-\$0.31
Net Farm Income	\$2.53	\$2.91	\$1.58

**Cost of Production**  
Report Basis: per Hundredweight Equivalent

Income	<u>2005</u>	<u>2004</u>	<u>2003</u>
	Economic	Economic	Economic
<b>Total Income</b>	<b>15.13</b>	<b>16.10</b>	<b>12.50</b>
Expenses	<u>2005</u>	<u>2004</u>	<u>2003</u>
	Economic	Economic	Economic
<b>Basic Cost</b>			
Cost of Items for Resale	0.01	0.01	0.00
Breeding Fees	0.17	0.18	0.15
Car and Truck Expenses	0.06	0.06	0.05
Chemicals	0.19	0.21	0.17
Conservation Expenses	0.00	0.00	0.00
Custom Heifer Raising Expenses	0.05	0.09	0.04
Custom Hire (Machine Work)	0.43	0.44	0.38
Feed Purchase	2.95	3.38	2.49
Fertilizer and Lime	0.33	0.33	0.27
Freight and Trucking	0.15	0.15	0.13
Gasoline, Fuel, and Oil	0.43	0.34	0.26
Farm Insurance	0.18	0.19	0.17
Rent/Lease Equipment	0.07	0.09	0.07
Rent/Lease Other	0.49	0.51	0.47
Repairs and Maintenance	0.07	0.09	0.07
Building and Fence Repairs	0.18	0.19	0.13
Machinery Repairs	0.44	0.45	0.38
Seeds and Plants Purchased	0.34	0.31	0.26
Storage and Warehousing	0.00	0.00	0.00
Supplies Purchased	0.41	0.41	0.36
Taxes - Other	0.14	0.15	0.14
Taxes - Payroll	0.00	0.01	0.00
Utilities	0.30	0.30	0.27
Veterinary Fees and Medicine	0.43	0.47	0.39
Other Farm Expenses	0.13	0.16	0.12
Marketing & Hedging	0.14	0.18	0.14
Other Crop Expenses	0.09	0.09	0.08
Other Livestock Expenses	0.63	0.64	0.55
- Change in Prepaid Expenses	(0.07)	(0.14)	(0.02)
Change in Accounts Payable	(0.01)	(0.04)	(0.01)
Selling Expense of Capital Items	0.00	0.00	0.00
Depreciation on Purchased Breeding Livestock	0.37	0.38	0.21
<b>Total Basic Cost</b>	<b>9.10</b>	<b>9.63</b>	<b>7.73</b>

**Interest Cost**

Mortgage Interest	0.31	0.28	0.30
Other Interest	0.35	0.40	0.35
<b>Total Interest Cost</b>	<b>0.66</b>	<b>0.68</b>	<b>0.65</b>

**Labor Cost**

Employee Benefits - Dependents	0.14	0.14	0.12
Employee Benefits - Non-Dependents	0.22	0.24	0.20
Labor Hired - Dependents	0.24	0.22	0.17
Labor Hired - Non-Dependents	1.10	1.19	1.04
Pension and Profit-Sharing Plans - Non-Dependents	0.00	0.00	0.00
Pension and Profit-Sharing Plans - Dependents	0.00	0.00	0.00
Value of Unpaid Labor & Management	0.90	0.93	0.89
<b>Total Labor Cost</b>	<b>2.60</b>	<b>2.71</b>	<b>2.41</b>

**Depreciation & Equity Cost**

Machinery, Equipment, Building Depreciation	1.16	1.15	1.05
Interest on Equity Capital	1.09	1.07	0.97
<b>Total Depreciation &amp; Equity Cost</b>	<b>2.26</b>	<b>2.22</b>	<b>2.02</b>

**Total Expenses** **14.61** **15.25** **12.81**

**Total Income - Total Expenses** **0.52** **0.85** **(0.31)**

**Net Farm Income from Operations (NFIFO) Summary**

Total Allocated Costs	12.62	13.24	10.95
<b>Net Farm Income From Operations (NFIFO)</b>	<b>2.51</b>	<b>2.86</b>	<b>1.55</b>
Gain (Loss) on Sale of All Farm Capital Assets	0.02	0.06	0.03
<b>Net Farm Income (NFI)</b>	<b>2.53</b>	<b>2.91</b>	<b>1.58</b>