

WISCONSIN DAIRY DATA

Fact sheet series from the Center for Dairy Profitability

2008-05

May 2008

Preliminary Benchmarks Dairy Cost of Production per CWT SOLD and CWT EQ, 2007

Below are the preliminary benchmarks for the 2007 financial year on a per unit sold. There are a total of 189 farm financial records. We will have a final report in August/September 2008.

The middle column of this report is the costs per 100 pounds of milk sold (CWT SOLD). Feed costs were \$4.25 per CWT SOLD, \$3.68 per CWT EQ and Vet & Medicine costs were \$0.60 and \$0.52. Total Basic Cost was \$13.12 per CWT SOLD and \$11.37 per CWT EQ.

Item	Per Farm	Per CWT SOLD	Per CWT EQ
Total Income	\$628,851	\$22.09	\$19.15
Feed Purchased	\$120,938	\$4.25	\$3.68
Repair Cost	\$26,630	\$0.93	\$0.81
Vet & Medicine	\$17,159	\$0.60	\$0.52
TOTAL Basic Cost	\$373,530	\$13.12	\$11.37

Interest paid per CWT SOLD and CWT EQ was \$1.17 and \$1.01 respectively. Total labor costs were \$3.50 and \$3.04. Total Costs were \$20.86 per CWT SOLD or \$18.08 per CWT EQ.

The difference between per hundredweight sold (CWT SOLD) and the cost per hundredweight equivalent (CWT EQ) is due to the divisor used. In the first instance, total milk income is divided by the average milk price to get the divisor. No adjustments are made to per unit costs (example: feed costs) for the cost of producing a dairy's joint products (cull cows, calves, etc.). The CWT EQ cost makes an adjustment for joint product incomes. It does this by dividing total farm income by the average price of milk to get the divisor. Therefore, the cost of production per CWT SOLD will be greater than the cost per CWT EQ.

Item	Per Farm	Per CWT SOLD	Per CWT EQ
Interest Paid	\$33,262	\$1.17	\$1.01
Total Labor Cost	\$99,746	\$3.50	\$3.04
Total Depreciation	\$71,813	\$2.52	\$2.19
TOTAL Cost	\$593,708	\$20.86	\$18.08

The difference between "Total Income-Total Expense" and "Net Farm Income" is Interest on Equity Capital, the Value of Unpaid Labor and Management plus gain or loss on the sale of farm Assets.

Item	Per Farm	Per CWT	Per CWT EQ
Total Income-Total Expense	\$35,143	\$1.23	\$1.07
Net Farm Income	\$112,284	\$3.94	\$3.42



Cost of Production

Report Basis: Whole Farm, per Hundredweight Sold, per Hundredweight Equivalent

Income	<u>2007</u>	<u>2007</u>	<u>2007</u>
	Economic	per CWT Sold	per CWT EQ
Total Income	628,851.03	22.09	19.15
Expenses	<u>2007</u>	<u>2007</u>	<u>2007</u>
	Economic	per CWT Sold	per CWT EQ
Basic Cost			
Cost of Items for Resale	11.40	0.00	0.00
Breeding Fees	7,622.11	0.27	0.23
Car and Truck Expenses	2,745.57	0.10	0.08
Crop Chemicals	7,998.43	0.28	0.24
Conservation Expenses	0.00	0.00	0.00
Custom Heifer Raising Expenses	5,381.86	0.19	0.16
Custom Hire (Machine Work)	17,570.16	0.62	0.54
Feed Purchase	120,937.81	4.25	3.68
Fertilizer and Lime	18,236.42	0.64	0.56
Freight and Trucking	5,560.95	0.20	0.17
Gasoline, Fuel, and Oil	18,457.49	0.65	0.56
Farm Insurance	7,011.19	0.25	0.21
Rent/Lease Equipment	2,668.13	0.09	0.08
Rent/Lease Other	16,705.80	0.59	0.51
Repairs and Maintenance	2,236.87	0.08	0.07
Building and Fence Repairs	6,608.21	0.23	0.20
Machinery Repairs	17,784.83	0.62	0.54
Seeds and Plants Purchased	14,172.44	0.50	0.43
Storage and Warehousing	31.52	0.00	0.00
Supplies Purchased	17,011.36	0.60	0.52
Taxes - Other	5,112.44	0.18	0.16
Taxes - Payroll	26.78	0.00	0.00
Utilities	12,744.14	0.45	0.39
Veterinary Fees and Medicine	17,158.89	0.60	0.52
Other Farm Expenses	4,501.89	0.16	0.14
Marketing & Hedging	8,249.23	0.29	0.25
Other Crop Expenses	4,772.54	0.17	0.15
Other Livestock Expenses	25,250.32	0.89	0.77
- Change in Prepaid Expenses	(12,813.42)	(0.45)	(0.39)
Change in Accounts Payable	(1,797.96)	(0.06)	(0.05)
Depreciation on Purchased Breeding Livestock	21,571.88	0.76	0.66
Total Basic Cost	373,529.28	13.12	11.37

Interest Cost

Mortgage Interest	9,825.69	0.35	0.30
Other Interest	23,436.51	0.82	0.71
Total Interest Cost	33,262.20	1.17	1.01

Labor Cost

Employee Benefits - Dependents	4,972.01	0.17	0.15
Employee Benefits - Non-Dependents	6,606.07	0.23	0.20
Labor Hired - Dependents	7,543.34	0.26	0.23
Labor Hired - Non-Dependents	42,814.77	1.50	1.30
Value of Unpaid Labor & Management	37,809.78	1.33	1.15
Total Labor Cost	99,745.97	3.50	3.04

Depreciation & Equity Cost

Machinery, Equipment, Building Depreciation	50,240.87	1.76	1.53
Interest on Equity Capital	36,929.65	1.30	1.12
Total Depreciation & Equity Cost	87,170.52	3.06	2.65

Total Expenses	593,707.97	20.86	18.08
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Total Income - Total Expenses	35,143.07	1.23	1.07
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Net Farm Income from Operations (NFIFO) Summary

Total Allocated Costs	518,968.53	18.23	15.80
Net Farm Income From Operations (NFIFO)	109,882.50	3.86	3.35
Gain (Loss) on Sale of All Farm Capital Assets	2,401.71	0.08	0.07
Net Farm Income (NFI)	112,284.21	3.94	3.42