



**2003 DAIRY HEIFER PRODUCTION BUDGET -- LARGE BREED
BIRTH TO FRESHENING (24 Months)**

ITEM	QUANTITY	PRICE	----- Breakdown by Month -----				TOTAL	YOUR BUDGET
			1 to 2	3 to 12	13 to 23	24		
RECEIPTS								
Bred Heifer	1	\$1,200					\$1,200	_____
VARIABLE COSTS								
Feed ¹								
Hay Equiv.	3.45 ton	120 /ton	25	153	215	21	414	_____
Corn Silage	6.0 ton	24.45 /ton	0	59	81	7	147	_____
Corn	41 bu.	2.62 /bu.	2	42	58	5	107	_____
Soybean Meal 48%	444 lb.	0.10 /lb.	3	17	22	2	44	_____
Salt TM	50 lb.	0.12 /lb.	0	2	2	1	6	_____
Dical Phosphate	50 lb.	0.20 /lb.	0	5	5	1	10	_____
Milk Replacer	40 lb.	0.85 /lb.	34	0	0	0	34	_____
TOTAL FEED COSTS			64	278	383	37	763	_____
Other Variable Costs								
Veterinary and Medicine			8	4	9	1	22	_____
Breeding and Registration			0	0	25	0	25	_____
Utilities			2	6	7	1	15	_____
Bedding	1 ton	60 /ton	6	24	24	6	60	_____
Misc. and Supplies			2	7	8	1	17	_____
Interest on Operating Capital ²		8.0%	12	32	18	0	62	_____
TOTAL OTHER VARIABLE COSTS			29	73	90	9	201	_____
TOTAL VARIABLE COSTS			93	351	474	46	964	_____
FIXED COSTS								
Heifer Calf ³	1 head	135 /head	149	0	0	0	149	_____
Labor Charge	25 hours	10.50 /hour	53	84	100	26	263	_____
Interest & Insurance on Heifer ⁴			2	11	15	2	30	_____
Equipment Charge ⁵		\$100	3	15	16	1	35	_____
Building Charge ⁶		\$300	7	37	41	4	88	_____
Management Charge ⁷			5	25	28	2	60	_____
TOTAL FIXED COSTS			218	173	199	35	624	_____
TOTAL COSTS			311	524	673	81	1588	_____
RETURN ABOVE VARIABLE COSTS							236	_____
RETURN ABOVE TOTAL COSTS							-388	_____
PER DAY COSTS ⁸								
			----- Costs Per Day -----					
FEED COSTS			\$1.05	\$0.91	\$1.14	\$1.22	\$1.04	_____
VARIABLE COSTS			\$1.52	\$1.15	\$1.41	\$1.52	\$1.32	_____
FIXED COSTS			\$1.14	\$0.57	\$0.59	\$1.15	\$0.65	_____
TOTAL COSTS			\$2.66	\$1.72	\$2.00	\$2.67	\$1.97	_____

- ¹ Corn silage priced at cost of production (\$19.45/ton) + \$5 handling charge. Costs of production can be found in the Ohio Crop Enterprise Budgets.
- ² Interest on operating capital is based on a 8 percent interest rate. Interest costs for each period are calculated on all variable costs during that period. For the 1 to 2 month breakdown, interest costs are calculated for 23 months. The 23 months represents the average time that costs incurred during the 1 to 2 month must be held before the heifer freshens. For the 1 to 2 month period, interest costs equal \$12 (\$82 of variable costs during the period x .08 interest rate / 12 months x 23 months). Interest costs are calculated for 23, 16, 6, and 1 months for the 1 to 2, 3 to 12, 13 to 23, and 24 month breakdowns, respectively.
- ³ Based on a 10% death loss on heifers, therefore purchases of 1.1 heifers account for this death loss.
- ⁴ Interest is based on a 8 percent interest rate and the purchase price of the heifer. For the 1-2 month period, interest costs equal $\$149 \times .08 \text{ interest rate} / 12 \text{ months} \times 2 \text{ months}$. Interest costs for the remaining periods are based on the purchase price plus interest and insurance costs of previous periods. The rate for insurance costs is .43 percent per dollar of value. Values per period are \$135, \$400, \$800, and \$1,200 for the 1 to 2, 3 to 12, 13 to 23, and 24 month periods, respectively.
- ⁵ Equipment charge equals 17.6% of new equipment costs for a two-year period. New equipment costs equal \$100 per heifer.
Equipment charge = $.176 \times \$100 \times 2$.
- ⁶ Building charge equals 14.7 % of new building costs for a two-year period. New building costs equal \$300 per heifer.
Building charge = $.147 \times \$300 \times 2$.
- ⁷ Management charge is 5 percent of receipts.
- ⁸ Per day costs do not include the cost of the heifer calf.