

Milk Production Costs and Returns per Hundredweight Sold, 2005 – 2006 ¹

Item	United States		Heartland		Northern Crescent		Prairie Gateway		Eastern Uplands		Southern Seaboard		Fruitful Rim	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Dollars per cwt sold														
Gross value of production:														
Milk sold	15.23	12.99	15.24	13.15	15.94	13.63	14.23	12.17	15.64	13.68	16.09	14.39	14.49	12.18
Cattle	1.30	1.18	1.55	1.43	1.25	1.14	1.90	1.60	1.89	1.71	1.07	0.94	1.17	1.05
Other income ²	0.50	0.53	0.50	0.52	0.51	0.54	0.44	0.47	0.54	0.57	0.54	0.57	0.50	0.53
Total, gross value of production	17.03	14.70	17.29	15.10	17.70	15.31	16.57	14.24	18.07	15.96	17.70	15.90	16.16	13.76
Operating costs:														
Feed--														
Purchased feed	5.03	5.32	3.85	4.01	3.85	4.31	6.17	6.24	4.72	4.88	5.68	5.91	6.49	6.70
Homegrown harvested feed	3.02	2.81	3.47	3.50	4.45	3.89	0.86	1.15	3.98	4.03	2.56	2.87	1.69	1.59
Grazed feed	0.09	0.09	0.10	0.09	0.10	0.09	0.06	0.06	0.29	0.29	0.18	0.18	0.05	0.05
Total, feed costs	8.14	8.22	7.42	7.60	8.40	8.29	7.09	7.45	8.99	9.20	8.42	8.96	8.23	8.34
Other:														
Veterinary and medicine	0.78	0.82	1.01	1.06	0.92	0.97	0.54	0.56	0.90	0.95	0.73	0.76	0.60	0.63
Bedding and litter	0.22	0.22	0.30	0.31	0.34	0.36	0.07	0.07	0.15	0.16	0.14	0.14	0.09	0.09
Marketing	0.26	0.27	0.25	0.26	0.23	0.24	0.33	0.35	0.31	0.32	0.39	0.41	0.27	0.28
Custom services	0.41	0.43	0.42	0.46	0.43	0.46	0.41	0.42	0.42	0.44	0.64	0.68	0.37	0.39
Fuel, lube, and electricity	0.55	0.61	0.59	0.64	0.65	0.71	0.40	0.44	0.66	0.73	0.63	0.68	0.45	0.49
Repairs	0.56	0.59	0.67	0.70	0.68	0.71	0.31	0.33	0.79	0.83	0.56	0.59	0.43	0.45
Interest on operating capital	0.18	0.27	0.18	0.26	0.20	0.28	0.15	0.23	0.21	0.30	0.19	0.29	0.18	0.25
Total, operating cost	11.10	11.43	10.84	11.29	11.85	12.02	9.30	9.85	12.43	12.93	11.70	12.51	10.62	10.92
Allocated overhead:														
Hired labor	1.47	1.55	1.26	1.35	1.43	1.53	1.32	1.33	1.57	1.61	1.68	1.73	1.56	1.63
Opportunity cost of unpaid labor	2.30	2.29	3.44	3.32	3.42	3.36	0.47	0.41	5.11	5.06	2.18	2.11	0.84	0.87
Capital recovery of machinery and equipment ³	2.83	2.97	3.80	3.91	3.27	3.42	1.61	1.67	5.54	5.82	3.45	3.61	1.99	2.10
Opportunity cost of land (rental rate)	0.03	0.03	0.05	0.05	0.03	0.03	0.01	0.01	0.11	0.11	0.04	0.04	0.01	0.01
Taxes and insurance	0.21	0.22	0.20	0.21	0.28	0.29	0.11	0.12	0.24	0.25	0.20	0.21	0.15	0.16
General farm overhead	0.52	0.54	0.60	0.60	0.73	0.75	0.20	0.20	0.61	0.63	0.56	0.58	0.32	0.33
Total, allocated overhead	7.36	7.60	9.35	9.44	9.16	9.38	3.72	3.74	13.18	13.48	8.11	8.28	4.87	5.10
Total costs listed:	18.46	19.03	20.19	20.73	21.01	21.40	13.02	13.59	25.61	26.41	19.81	20.79	15.49	16.02
Value of production less total costs listed	-1.43	-4.33	-2.90	-5.63	-3.31	-6.09	3.55	0.65	-7.54	-10.45	-2.11	-4.89	0.67	-2.26
Value of production less operating costs	5.93	3.27	6.45	3.81	5.85	3.29	7.27	4.39	5.64	3.03	6.00	3.39	5.54	2.84
Supporting information:														
Milk cows (head per farm)	155	159	100	105	101	104	912	994	92	94	219	227	461	479
Output per cow (pounds)	18,951	19,029	18,504	18,662	19,250	19,353	18,197	18,267	15,298	15,338	16,419	16,500	19,823	19,856
Milking frequency more than twice per day (percent of farms)	7.02	7.34	2.86	3.33	8.20	8.48	30.22	32.97	1.31	1.43	9.57	10.49	8.25	8.49
Milk cows injected with bST (head per farm)	24	25	21	23	20	21	130	144	8	9	26	28	49	51

¹ Developed from the Agricultural Resource Management Survey (ARMS) of dairy operations: base year, 2005.² Income from renting or leasing dairy stock to other operations; renting space to other dairy operations; co-op patronage dividends associated with the dairy; assessment rebates, refunds, and other dairy-related resources; and the fertilizer value of manure production.³ Machinery and equipment, and housing, manure handling, and feed storage structures, and dairy breeding herd.SOURCE: *Milk Costs and Returns*, <http://www.ers.usda.gov/Data/CostsAndReturns/data/current/C-Milk.xls> Economics Research Service (ERS), USDA.