

MILK PRODUCTION: CASH COSTS and RETURNS, by REGION ^{1/}, 2002 - 2003

Item	United States		Heartland		Northern Crescent ^{2/}		Prairie Gateway		Eastern Uplands		Southern Seaboard		Fruitful Rim	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Dollars per Cwt Sold														
Gross Value of Production:	12.47	12.86	12.33	12.93	12.91	13.41	12.54	12.62	13.55	13.78	13.87	13.99	11.62	11.92
Milk	1.03	1.17	1.41	1.65	1.14	1.28	0.80	0.88	1.25	1.41	1.38	1.48	0.70	0.81
Cattle	0.60	0.69	0.82	0.97	0.66	0.75	0.32	0.37	0.49	0.59	1.26	1.46	0.46	0.53
Other Income ^{3/}	14.10	14.72	14.56	15.55	14.71	15.44	13.66	13.87	15.29	15.78	16.51	16.93	12.78	13.26
Total, Gross Value of Production														
Operating Costs:														
Feed--														
Feed Grains	1.47	1.51	2.24	2.35	1.45	1.49	1.62	1.65	1.60	1.54	0.97	0.92	1.24	1.28
Hay and Straw	1.69	1.67	2.77	2.54	1.31	1.35	1.65	1.76	1.78	1.92	0.95	0.96	1.85	1.77
Complete Feed Mixes	1.53	1.62	0.90	0.96	1.16	1.25	1.34	1.35	2.90	3.04	3.08	3.22	1.90	1.98
Liquid Whey and Milk Replacer	0.07	0.09	0.10	0.11	0.09	0.10	0.08	0.09	0.12	0.13	0.03	0.04	0.04	0.05
Silage	0.95	0.94	0.76	0.77	0.95	0.91	2.07	2.05	0.72	0.71	0.94	0.98	0.80	0.81
Grazed Pasture and Cropland	0.08	0.08	0.13	0.13	0.07	0.07	0.03	0.03	0.26	0.25	0.11	0.11	0.03	0.03
Other Feed Items ^{4/}	1.22	1.27	1.64	1.59	1.23	1.29	0.96	1.11	2.89	3.34	1.21	1.29	0.85	0.86
Total, Feed Costs	7.01	7.18	8.54	8.45	6.26	6.46	7.75	8.04	10.27	10.93	7.29	7.52	6.71	6.78
Veterinary and Medicine	0.66	0.68	0.76	0.78	0.78	0.81	0.52	0.53	0.56	0.57	0.59	0.61	0.51	0.51
Bedding and Litter	0.16	0.16	0.22	0.23	0.23	0.24	0.02	0.02	0.10	0.10	0.11	0.12	0.07	0.08
Marketing	0.27	0.28	0.22	0.22	0.31	0.32	0.27	0.27	0.36	0.36	0.40	0.41	0.22	0.23
Custom Services	0.53	0.55	0.53	0.54	0.48	0.49	0.95	0.98	0.85	0.88	0.91	0.93	0.42	0.43
Fuel, Lube, and Electricity	0.46	0.51	0.49	0.56	0.51	0.58	0.33	0.36	0.51	0.58	0.47	0.53	0.37	0.41
Repairs	0.56	0.57	0.60	0.60	0.62	0.64	0.41	0.41	0.67	0.70	0.63	0.64	0.46	0.46
Other Operating Costs ^{5/}	0.01	0.01	0.00	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.02	0.02
Interest on Operating Capital	0.08	0.05	0.10	0.06	0.08	0.05	0.09	0.06	0.11	0.07	0.09	0.06	0.07	0.05
Total, Operating Cost	9.74	9.99	11.46	11.44	9.27	9.59	10.36	10.69	13.43	14.19	10.49	10.82	8.85	8.97
Allocated Overhead:														
Hired Labor	1.25	1.30	0.81	0.85	1.28	1.38	1.34	1.35	1.09	1.18	1.74	1.83	1.29	1.29
Opportunity Cost of Unpaid Labor	3.71	3.75	5.79	5.90	5.27	5.29	0.51	0.49	6.62	6.93	2.76	2.83	0.99	1.00
Capital Recovery of Machinery and Equipment ^{6/}	3.42	3.42	4.75	4.71	4.25	4.29	1.09	1.02	4.34	4.34	3.06	3.04	2.14	2.12
Opportunity Cost of Land (Rental Rate)	0.06	0.06	0.09	0.09	0.08	0.08	0.01	0.01	0.19	0.19	0.07	0.07	0.02	0.02
Taxes and Insurance	0.18	0.18	0.20	0.20	0.22	0.23	0.09	0.10	0.19	0.20	0.15	0.15	0.14	0.14
General Farm Overhead	0.51	0.52	0.60	0.61	0.64	0.66	0.35	0.36	0.54	0.56	0.56	0.57	0.33	0.33
Total, Allocated Overhead	9.13	9.23	12.24	12.36	11.74	11.93	3.39	3.33	12.97	13.40	8.34	8.49	4.91	4.90
Total Costs Listed	18.87	19.22	23.70	23.80	21.01	21.52	13.75	14.02	26.40	27.59	18.83	19.31	13.76	13.87
Value of Production Less Total Costs Listed	-4.77	-4.50	-9.14	-8.25	-6.30	-6.08	-0.09	-0.15	-11.11	-11.81	-2.32	-2.38	-0.98	-0.61
Value of Production Less Operating Costs	4.36	4.73	3.10	4.11	5.44	5.85	3.30	3.18	1.86	1.59	6.02	6.11	3.93	4.29
Supporting Information:														
Milk Cows (Head per Farm)	95	96	60	61	69	70	561	587	54	54	130	130	403	400
Output per Cow (Pounds)	19,992	20,032	18,533	18,564	19,829	19,852	22,095	22,137	17,048	17,084	19,110	19,159	21,312	21,391
Milking Frequency More Than Twice per Day (Percent of Farms)	3.50	3.56	1.82	1.95	3.09	3.13	34.67	35.57	0.49	0.51	6.69	6.80	11.94	11.91
Homegrown Feed Cost (Percent of Total Feed Cost) ^{7/}	34	34	59	59	49	49	4	4	34	34	23	23	13	13
Milk Cows Injected with bST (Head per Farm)	17	17	10	11	14	14	98	100	3	3	24	24	79	76

^{1/} In 2002, the Economic Research Service (ERS) modified the publication format to include Farm Resource Regions which depict geographic specialization in production of United States commodities instead of political boundaries, such as State borders. For regional definitions, see the following website <http://www.ers.usda.gov/Emphases/Harmony/issues/resourceregions/resourceregions.html>. Developed from survey base year, 2000.

^{2/} Northern Crescent Region includes New England, New York, New Jersey, Michigan, Wisconsin, and portions of Minnesota, Ohio, Pennsylvania, and Maryland.

^{3/} 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.

^{4/} Cotton seed meal, protein supplements, protein by-products, vitamin or mineral supplements, non-protein by-products, alfalfa cubes or pellets, green chop, corn stalks, antibiotics, and other medicated additives.

^{5/} Manure disposal fees, permits, licenses, and odor control costs.

^{6/} Machinery and equipment, and housing, manure handling, feed storage structures, and dairy breeding herd.

^{7/} Percent of feed cost from charge for homegrown feed. Homegrown feed items are charged at their market price to reflect the opportunity cost of using the feed items in milk production. SOURCE: **Milk Costs and Returns**, <http://www.ers.usda.gov/data/Current/C-Milk.xls>, October 2004, Economics Research Service (ERS), USDA. Information Contact at ERS, USDA: Sarah Short at 202-694-5588 or sshort@ers.usda.gov