

Sauk County Livestock Enterprise Budget

EXPECTED REVENUE

Expected market weight: _____ x expected market price/lb: _____ = \$ _____/head

COSTS

Variable costs per head during the feeding period:

Cost or initial value of animal	\$ _____/head
Feed costs	
Purchased feed cost	\$ _____/head
Estimated value of homegrown feeds	\$ _____/head
Veterinary and medicine costs	\$ _____/head
Livestock supplies	\$ _____/head
Marketing costs	\$ _____/head
Hauling	\$ _____/head
Death loss _____% x expected revenue/head	\$ _____/head
Other variable costs	\$ _____/head
Total Variable Costs	\$ _____/head
Return above Variable Costs (<i>Expected Revenue – Total Variable Costs</i>)	\$ _____/head

Overhead (Fixed) costs per head during the feeding period:

Housing cost (daily “yardage” charge x # of days on-feed)	\$ _____/head
Machinery and equipment	\$ _____/head
Labor cost (Estimated labor hours x reasonable hourly wage)	\$ _____/head
Total Overhead Costs	\$ _____/head
TOTAL COST (<i>Total Variable Costs + Total Overhead Costs</i>)	\$ _____/head

BREAKEVEN MARKET PRICE TO COVER VARIABLE COSTS \$ _____/pound
(*Total Variable Cost divided by Expected Market Weight*)

BREAKEVEN MARKET PRICE TO COVER ALL COSTS \$ _____/pound
(*Total Cost divided by Expected Market Weight*)

NET RETURN (*Expected Revenue – Total Cost*) \$ _____/head

Explanations for Sauk County Livestock Enterprise Budget

Expected Revenue – We need to come up with an estimate of what you expect your animal will be worth at the time it goes to market. To do that, we need to estimate what the animal will weigh when finished then multiply that weight by the price you could expect to receive in the commercial market for a finished animal. Market prices can be found on the market news pages of any of the Wisconsin agricultural newspapers or on the web at: <http://www2.communitybankers.org/WKLYSUM.txt>

Costs

Variable costs – Costs that are directly related to production and change as production changes. In a livestock enterprise, these are costs that you would not have if you were not raising livestock. The cost of feeder animals, feed costs, animal health expenses, supplies, and livestock hauling are all examples of variable costs.

Cost or initial value of animal – We need to assign an estimate of the value of the animal at the beginning of the feeding period. To determine a value for the animal, we take the actual weight multiplied by the market price for feeder animals of a similar weight. Market prices can be found on the market news pages of any of the Wisconsin ag newspapers or on the web at: <http://www2.communitybankers.org/>

Feed Costs

Purchased feed cost – The actual cost of any feed purchased during the feeding period allocated on a per-head basis.

Estimated value of homegrown feeds – Keep track of how much homegrown feed is being used in the livestock enterprise each day and estimate the fair market value of that feed. If livestock are on pasture, a value should be placed on that forage too. An example: if you are feeding each steer seven pounds of corn per day (or .125 bushel) and the current market price of corn is \$2.10 per bushel, we know that the steer is eating \$.26 worth of corn per day. ($\$2.10 \times .125 \text{ bu} = \$.26$). If the steer is also getting 12 pounds of dry matter per day from pasture and that forage is worth \$.02/lb., we need to add another \$.24 to the value of homegrown feed. Total up the value of all of the homegrown feed consumed in the livestock enterprise during the feeding period.

Veterinary and medicine costs – Include vet bills, vaccinations, dewormer, implants, antibiotics, etc.

Livestock supplies – Include ear tags, other supplies, cost or value of bedding used for animal, etc.

Hauling – Include an actual or estimated charge for hauling the animal to market.

Overhead (Fixed) Costs – These are costs that are not directly related to production and do not change as production changes. For example, if you own a livestock building you will have all of the costs associated with the building such as real estate taxes, insurance, depreciation, and interest on the mortgage payment whether you have livestock in the building or not.

Housing cost – Rather than trying to figure out the actual costs of housing, it may be simpler to use a daily rental rate known as “yardage” to estimate housing cost. For beef cattle, the yardage charge is typically \$.20-.35/head/day. For swine finishing facilities, the charge is typically \$.04-.10/head/day.

Machinery and equipment – Include the actual cost or a reasonable charge for the use of any equipment such as a skid steer, manure spreader, or feed mixer used in the livestock enterprise.

Labor cost – We need to estimate the total number of hours spent on the livestock enterprise multiplied by the hourly rate the producer could expect from working at another job.

Breakeven Market Price – This is the price per pound (on a live weight basis) you would need to get for your livestock to cover all of your costs.

Have questions about this enterprise budget? Contact Paul Dietmann, Sauk Co. UW-Extension Agricultural Agent, at 355-3250 or e-mail: paul.dietmann@ces.uwex.edu