

Livestock Budget Estimates for Kentucky - 2000

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By:

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Beef backgrounding and finishing budgets are no longer included in this publication. For information on all beef backgrounding and finishing budgets please contact Dr. John Anderson, coordinator of the Kentucky Beef Retained Ownership educational program.

DAIRY BUDGETS

Dairy budgets are no longer included in this publication. For information on all dairy budgets please contact Dr. Steve Isaacs, coordinator of the Kentucky Sustainable Dairy Systems Manual educational program.

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LIVESTOCK BUDGET ESTIMATES FOR KENTUCKY -- 2000

INTRODUCTION

This publication contains the latest estimates of expected costs and returns for production for various livestock enterprises in Kentucky for the 2000 production season. These budgets have been prepared using the best information available at the time. Because price and cost expectations change over time, and because each producer's costs, production, and management levels will be unique, these budgets can only serve as a general cost and return guide. They are not intended to replace a producer's own cost and return estimates. In the absence of such data, however, these budgets can provide meaningful and reasonably accurate information for annual farm planning and livestock production decision making.

UNDERSTANDING COSTS AND BUDGETING

Enterprise budgets provide cost and return estimates based on a specific complement of land, labor, capital, and management. Such budgets include many assumptions concerning farm size, type of farm, other enterprises on the farm, operations involved in production, type and size of machinery and equipment, and the productivity of all resources.

Enterprise budgeting typically considers two cost categories. These are referred to by several different names: variable costs and fixed costs, or direct costs and indirect costs, or operating costs and overhead costs. Although the terminology may differ, the concept is the same: some costs are incurred only if production takes place while other costs are incurred even if there is no production. Costs that occur only if a product is produced are often referred to as direct, variable, or operating costs. Examples include feed, veterinarian and medical, breeding, machinery and equipment fuel and repair, and marketing costs. Interest on operating or out of pocket costs needed for production is also included.

On the other hand, costs that are incurred even if no production takes place are referred to as fixed, indirect, or overhead costs. In livestock enterprise budgeting it is generally assumed that the farmer is already committed to land, livestock, machinery, and equipment, which involves some costs: depreciation and interest on investment in livestock, machinery, equipment, buildings, and improvements and interest on land investment as well as insurance and real estate taxes.

If the costs in both categories are considered, then the net return from sale of the livestock product would be a return (reward) to the operator's labor and management because these are the only costs which have not been considered. Likewise, the returns above variable costs is an estimate of the net income available to reward all fixed factors of production: land, investment in livestock, machinery and equipment, labor, and management.

COST AND RETURN ESTIMATES GIVEN IN THE LIVESTOCK BUDGETS

The budgets presented in this publication include two cost categories: Variable Costs and Fixed Costs. Variable costs are often referred to as "out-of-pocket" expenses. These expenses are incurred only if production takes place. If livestock or livestock products are not produced, these costs are saved. Certain costs, such as feed, may vary with the level of production.

In this publication, fixed costs considered are: depreciation, taxes and insurance, and operator/family labor. Since interest charges are not considered, the net return above operating costs and specified overhead costs is the return to land, capital, and management.

Proper use of these budgets and accurate interpretation of the results is dependent on a clear understanding of the costs and returns specified. Information concerning many of the production inputs used and the method of calculating most cost and return items is contained in the **Information Included In The Budget** section associated with each budget. Users should familiarize themselves with this information.

An example of the explanatory footnotes contained in the **Information Included in the Budget** section involves an explanation of animals sold by various enterprises. Each enterprise producing young animals for sale uses assumptions about birth, death, and breeding herd replacement rates. All of these assumptions combine to affect the number of animals available for market.

As an example, the Commercial Cow-Calf Budgets, Spring Calving Herd assumes an 85% calf crop, 3% death loss for young stock, 1% death loss for mature animals, and a 15% rate of replacement for the breeding herd. It is also assumed that 50% of calves born are bulls.

For a 100 cow herd this would mean that 85 calves are born annually. Three percent of these 85 calves (2.55 calves) die as young animals. This leaves 82.45 (41.2 heifers and 41.2 steers) calves available for potential sale. Fifteen mature animals are culled from the herd each year. One of these 15 mature cows scheduled for culling dies and 14 are sold from the herd each year. This requires 15 heifers to go into the herd as replacements. Taking the 15 heifers from the 82.4 calves that were potentially available for sale, we have 67.4 calves that will ultimately be sold. 41.2 of these calves are steers and 26.2 are heifers. These assumptions result in the .412 steer calf, .262 heifer calf and .14 cull cow sold per cow by the Commercial Cow-Calf, Spring Calving Herd enterprise each year.

Similar assumptions are used with the swine, sheep, and goat enterprises. While these assumptions may initially appear complicated; they are critical to understanding the livestock enterprise budgets. They demonstrate the effect birth and death rates can have on the enterprise and reflect the importance of managing these aspects of the enterprise.

The **Return Above Variable Costs** is an estimate of the funds available for family living, debt service (principal and interest), and payment of other overhead expenses such as taxes and insurance, family labor, and depreciation. Producers are normally interested in achieving the highest possible **Return Above Variable Costs** and using this as a means of enterprise evaluation. The manager should look to evaluate enterprise expansion and selection in the long run. In so doing, he or she should determine how resource use should be changed over time. Which enterprises should be increased? Which should be reduced? Should any be dropped completely? **Returns Above Variable Costs** provide funds for family living needs and to meet debt payment obligations. If this return is inadequate to meet these obligations and other overhead expenses associated with the land, capital, labor, and management resources committed to the enterprise, then some obligations cannot be satisfied. Unless off farm income is available, a deficit **Return to Land, Capital, and Management** situation cannot be tolerated in the long term if the farm business is to survive and be profitable.

If the **Return Above Variable Costs** is negative for a specific enterprise, the business should stop production of that enterprise unless changes can be quickly made to improve the situation. Returns are not adequate to justify continued production. All costs, including both variable and fixed costs, must be covered in the long term.

The **Return To Land, Capital, and Management** is an indicator of the enterprises' ability to pay all costs of production. It should be used in making longer term decisions about expanding an existing or adding a new enterprise.

If the **Return To Land, Capital, and Management** is negative or too small to adequately cover expenses associated with these resources, this means the cost of depreciation is likely not being fully covered. This situation may be allowed to exist in the short term. But, all costs must be covered in the long run.

Breakeven prices are also specified in the budgets. **Breakeven price to Cover Variable Costs** is the price per unit of output sold that would be required to pay all variable costs. **Breakeven Price To Cover All Specified Costs** is the price required to cover both variable and specified fixed costs. The breakeven prices should be useful in the enterprise evaluation process.

In most multiple product budgets, the breakeven prices specified are for the primary product of the enterprise. Other products are assumed to be sold at the price shown in the budget. An exception to this rule involves the breakeven prices in the **Commercial Cow-Calf Budgets**. These budgets calculate **estimated** breakeven prices for steer calves, heifer calves, and cull cows.

PLANNING AIDS

This type of budget information and analysis could be used to obtain an estimate of the ability of the business to support family living needs, meet its debt obligations, and pay other fixed expenses under various price and production situations. Such information should also help the operator recognize risks associated with various potential livestock business outcomes.

These budget estimates give general guidelines that should prove useful in comparing enterprises. Once an enterprise is selected, many other decisions such as type of feed, method of marketing, etc., must be made to fine tune the management of the activity.

COMMERCIAL COW-CALF, SPRING CALVING HERD

Information Included in the Budget

1. Animals sold reflect an 85% calf crop, retention of heifer calves to maintain a 15% replacement rate, 1% death loss for mature animals, 50% bull calves born, 3% death loss for young stock. Calves are born March 1 to May 15 and weaned at 7-8 months of age. It is assumed that mature animal deaths occur from among those animals culled or scheduled to be culled from the breeding herd.
2. Heifer calf sales reflect a 15% cow replacement rate.
3. Cull cow sales assume 14% culling rate for the mature producing herd. Cull cows are sold in fall directly after pregnancy checking to avoid feeding open cows.
4. Pasture maintenance covers operating costs of required annual clipping and renovating pastures every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, 2 tons lime and their application.
5. Price assumes use of good quality grass-legume hay.
6. It is assumed that corn is used as the grain supplement. If other feeds are used, the amount and price should be changed to reflect the use of an alternative supplement.
7. Use of a complete salt and mineral mix is assumed.
8. Category includes the cost of pregnancy checking, deworming, vaccinations, ear tags, implanting, spraying, and any required first aid.
9. Breeding cost reflects the cost of one bull per 25 cows in the herd.
10. Cost of marketing is assumed to be \$2.00 per head plus 2% of gross sale value of all animals sold.
11. Amount reflects a replacement rate of 15%. Cost includes all operating costs for growth and maintenance of a replacement heifer as specified in the accompanying Replacement Beef Heifer Budget.
12. Category includes the operating costs for fuel, repairs, and maintenance of machinery, equipment, and buildings used directly in the beef cow operation.
13. Category includes any other operating costs not otherwise specified such as any custom work or hired labor that is required.

14. Interest is on all operating costs for 9 months at 10.0% Annual Percentage Rate.
15. Depreciation on machinery, equipment, buildings, fences, and other improvements.
16. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
17. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

Commercial Cow-Calf Budget, Spring Calving Herd

Projected Costs and Returns per Cow

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Calving Rate (live births/cow)	85.0%				
Death Rate (birth to market)	3.0%				
Cow Replacement Rate	15.0%				
Breeding Herd Death Rate	1.0%				
EXPECTED RETURNS PER COW					
	Number	Weight			
1. Steer Calf	0.412	475.0	195.8	lb \$1.05	\$205.61
2. Heifer Calf	0.262	425.0	111.5	lb 0.97	108.11
3. Cull Cow	0.140	1100.0	154.0	lb 0.40	61.60
TOTAL RETURNS					\$375.32
VARIABLE COSTS PER COW					
4. Pasture Maintenance	2.0	acre	\$25.00		\$50.00
5. Hay	1.0	ton	70.00		70.00
6. Grain	5.0	bu	2.10		10.50
7. Salt and Mineral	75.0	lb	0.18		13.50
8. Vet and Medical	1.0	hd	18.00		18.00
9. Breeding	1.0	hd	12.00		12.00
10. Marketing	0.81	hd	11.22		9.14
11. Main of Replacement Heifer	0.15	hd	343.69		51.55
12. Mach & Equip (Fuel/Rep/Main)	1.0	hd	33.00		33.00
13. Other	1.0	hd	0.00		0.00
14. Interest on Op Capital	267.69	dol	7.50%		20.08
TOTAL VARIABLE COSTS PER COW					\$287.77
RETURN ABOVE VARIABLE COSTS PER COW					\$87.56
BREAKEVEN PRICES PER POUND TO COVER VARIABLE COSTS:					
	Cull Cows = \$0.31		Heifers = \$0.74		Steers = \$0.81
FIXED COSTS PER COW					
15. Depreciation					\$18.00
16. Taxes and Insurance					7.00
17. Operator / Family Labor	9.0	hr	8.50		76.50
TOTAL FIXED COST PER COW					\$101.50
TOTAL COST PER COW					\$389.27
BREAKEVEN PRICES PER POUND TO COVER ALL SPECIFIED COSTS:					
	Cull Cows = \$0.41		Heifers = \$1.01		Steers = \$1.09
RETURN TO LAND, CAPITAL, AND MANAGEMENT					-13.94

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COMMERCIAL COW-CALF, FALL CALVING HERD

Information Included in the Budget

1. Animals sold reflect a 90% calf crop, retention of heifer calves to maintain a 15% replacement rate, 1% death loss for mature animals, 50% bull calves born, 3% death loss for young stock. Calves are born September 1 to November 15 and weaned at 10 months of age. It is assumed that mature animal deaths occur from among those animals culled or scheduled to be culled from the breeding herd.
2. Heifer calf sales reflect a 15% cow replacement rate.
3. Cull cow sales assume 14% culling rate for the mature producing herd. Cull cows are sold in spring directly after pregnancy checking to avoid feeding open cows.
4. Pasture maintenance covers operating costs of required annual clipping and renovating pastures every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, 2 tons lime and their application.
5. Price assumes use of good quality grass-legume hay.
6. It is assumed that corn is used as the grain supplement. If other feeds are used, the amount and price should be changed to reflect the use of an alternative supplement.
7. Use of a complete salt and mineral mix is assumed.
8. Category includes the cost of pregnancy checking, deworming, vaccinations, ear tags, implanting, spraying, and any required first aid.
9. Breeding cost reflects the cost of one bull per 25 cows in the herd.
10. Cost of marketing is assumed to be \$2.00 per head plus 2% of gross sale value of all animals sold.
11. Amount reflects a replacement rate of 15%. Cost includes all operating costs for growth and maintenance of a replacement heifer as specified in the accompanying Replacement Beef Heifer Budget
12. Category includes the operating costs for fuel, repairs, and maintenance of machinery, equipment, and buildings used directly in the beef cow operation.
13. Category includes any other operating costs not otherwise specified such as any custom work or hired labor that is required.

14. Interest is on all operating costs for 10 months at 10.0% Annual Percentage Rate.
15. Depreciation on machinery, equipment, buildings, fences, and other improvements.
16. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
17. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

Commercial Cow-calf Budget, Fall Calving Herd

Projected Costs and Returns per Cow

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Calving Rate (live births/cow)	90.0%				<input type="text"/>
Death Rate (birth to market)	3.0%				<input type="text"/>
Cow Replacement Rate	15.0%				<input type="text"/>
Breeding Herd Death Rate	1.0%				<input type="text"/>

EXPECTED RETURNS PER COW

	Number	Weight	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
1. Steer Calf	0.437	525.0	229.2	lb	\$1.05	\$240.62	<input type="text"/>
2. Heifer Calf	0.287	475.0	136.1	lb	0.97	132.00	<input type="text"/>
3. Cull Cow	0.140	1100.0	154.0	lb	0.40	61.60	<input type="text"/>
TOTAL RETURNS						\$434.23	<input type="text"/>

VARIABLE COSTS PER COW

4. Pasture Maintenance	1.5	acre	\$25.00			\$37.50	<input type="text"/>
5. Hay	1.5	ton	70.00			105.00	<input type="text"/>
6. Grain	15.0	bu	2.10			31.50	<input type="text"/>
7. Salt and Mineral	75.0	lb	0.18			13.50	<input type="text"/>
8. Vet and Medical	1.0	hd	18.00			18.00	<input type="text"/>
9. Breeding	1.0	hd	12.00			12.00	<input type="text"/>
10. Marketing	0.86	hd	12.06			10.41	<input type="text"/>
11. Main of Replacement Heifer	0.15	hd	343.69			51.55	<input type="text"/>
12. Mach & Equip (Fuel/Rep/Main)	1.0	hd	33.00			33.00	<input type="text"/>
13. Other	1.0	hd	0.00			0.00	<input type="text"/>
14. Interest on Op Capital	312.46	dol	8.33%			26.03	<input type="text"/>
TOTAL VARIABLE COSTS PER COW						\$338.49	<input type="text"/>

RETURN ABOVE VARIABLE COSTS PER COW

\$95.73

BREAKEVEN PRICES PER POUND TO COVER VARIABLE COSTS:

Cull Cows = \$0.31 Heifers = \$0.76 Steers = \$0.82

FIXED COSTS PER COW

15. Depreciation						\$18.00	<input type="text"/>
16. Taxes and Insurance						7.00	<input type="text"/>
17. Operator / Family Labor	9.0	hr	8.50			76.50	<input type="text"/>

TOTAL FIXED COST PER COW

\$101.50

TOTAL COST PER COW

\$439.99

BREAKEVEN PRICES PER POUND TO COVER ALL SPECIFIED COSTS:

Cull Cows = \$0.41 Heifers = \$0.98 Steers = \$1.06

RETURN TO LAND, CAPITAL, AND MANAGEMENT

-\$5.77

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REPLACEMENT BEEF HEIFER GROWTH AND MAINTENANCE

Information Included in the Budget

1. Pasture maintenance covers operating costs of required annual clipping and renovating pastures every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, 2 tons lime and their application.
2. Price assumes use of good quality grass-legume hay.
3. and 4. It is assumed that corn is used as the grain supplement. Soybean oil meal is fed during the first overwintering period only. If other feeds are used, the amount and price should be changed to reflect the use of alternative supplements.
5. Use of a complete salt and mineral mix is assumed.
6. Category includes the cost of pregnancy checking, deworming, vaccinations, ear tags, spraying, and any required first aid.
7. Breeding cost reflects the cost of one bull per 25 cows in the herd.
8. Category includes the operating costs for fuel, repairs, and maintenance of machinery, equipment, and buildings used directly in the replacement heifer development operation.
9. Category includes any other operating costs not otherwise specified such as any custom work or hired labor that is required.
10. Interest is on all operating costs for 15 months at 10.0% Annual Percentage Rate.
11. Depreciation on machinery, equipment, buildings, fences, and other improvements.
12. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
13. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

Replacement Beef Heifer Growth and Maintenance Budget, Weaning to 24 Months of Age

Projected Costs and Returns per Head

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
EXPECTED RETURNS PER HEAD				N/A	
VARIABLE COSTS PER HEAD					
1. Pasture Maintenance	1.50	acre	\$25.00	\$37.50	
2. Hay	2.50	ton	70.00	175.00	
3. Grain	15.0	bu	2.10	31.50	
4. Soybean Oil Meal	75.0	lb	0.10	7.50	
5. Salt and Mineral	100.0	lb	0.18	18.00	
6. Vet and Medical	1.0	hd	14.00	14.00	
7. Breeding	1.0	hd	12.00	12.00	
8. Mach & Equip (Fuel/Rep/Main)	1.0	hd	10.00	10.00	
9. Other	1.0	hd	0.00	0.00	
10. Interest on Op Capital	305.50	dol	12.50%	38.19	
TOTAL VARIABLE COSTS PER HEAD				\$343.69	
RETURN ABOVE VARIABLE COSTS PER HEAD				N/A	
FIXED COSTS PER HEAD					
11. Depreciation				\$14.00	
12. Taxes and Insurance				6.00	
13. Operator / Family Labor	5.0	hr	8.50	42.50	
TOTAL FIXED COST PER HEAD				\$62.50	
TOTAL COST PER HEAD				\$406.19	
RETURN TO LAND, CAPITAL, AND MANAGEMENT				N/A	

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Hog, Farrow to Finish

Information Included in the Budget

1. Budget is based on 2.2 litters per sow, per year with 9.25 pigs weaned per litter, 5% death rate from weaning to market and 3% retained for breeding stock resulting in 8.5 hogs per litter marketed at 250 pounds per head.
2. Sows are replaced from selected litters after 4 farrowings.
3. and 4. Includes all feed required for breeding stock and pigs, farrowing to market.
5. Cost will vary with herd health management program.
6. Breeding cost per litter covers cost of an A. I. mating program using on-farm collection. Estimated per litter costs assumes a 200 sow operation and includes all fixed and variable costs associated with matings, collection, and processing.
7. Marketing cost includes expense of hauling and sales commission for finished hogs and cull breeding stock.
8. Category includes the variable costs for fuel and oil, repairs and maintenance of machinery, equipment, buildings, and fence as well as utilities and farm share of any farm vehicles used directly in the hog farrow-to-finish enterprise.
9. Category includes any other variable costs not otherwise specified such as any custom operation or hired labor.
10. Interest is on all variable costs for 4 months at 10.0% Annual Percentage Rate, resulting in the $4(10/12) = 3.33\%$ rate shown.
11. Depreciation on machinery, equipment, buildings, fences, and other improvements.
12. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
13. All labor required is assumed to be supplied by operator and family. If any labor is hired, this should be entered as an other expense and this item adjusted accordingly.

HOG, FARROW TO FINISH

Projected Costs and Returns per Litter

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM		
EXPECTED RETURNS PER LITTER							
	Number	Weight					
1. Market Hogs	8.5	250.0	2,125.0	lb	\$0.45	\$956.25	<input type="text"/>
2. Cull Sows	0.25	450.0	112.5	lb	0.30	33.75	<input type="text"/>
TOTAL RETURNS					\$990.00	<input type="text"/>	
VARIABLE COSTS PER LITTER							
3. Corn			100.0	bu	\$2.10	\$210.00	<input type="text"/>
4. Supplement & Mineral			1,848.0	lb	0.10	184.80	<input type="text"/>
5. Vet and Medical			1.0	lit	25.00	25.00	<input type="text"/>
6. Breeding			1.0	lit	8.00	8.00	<input type="text"/>
7. Marketing			8.75	hd	2.50	21.88	<input type="text"/>
8. Mach & Equip (Fuel/Rep/Main)			1.0	lit	70.00	70.00	<input type="text"/>
9. Other			1.0	lit	0.00	0.00	<input type="text"/>
10. Interest on Op Capital			519.68	dol	3.33%	17.31	<input type="text"/>
TOTAL VARIABLE COSTS PER LITTER						\$536.98	<input type="text"/>
RETURN ABOVE VARIABLE COSTS PER LITTER						\$453.02	<input type="text"/>
BREAKEVEN PRICE PER POUND TO COVER VARIABLE COSTS						\$0.24	<input type="text"/>
FIXED COSTS PER LITTER							
11. Depreciation						\$40.00	<input type="text"/>
12. Taxes and Insurance						7.00	<input type="text"/>
13. Operator / Family Labor			12.0	hr	8.50	102.00	<input type="text"/>
TOTAL FIXED COST PER LITTER						\$149.00	<input type="text"/>
TOTAL COST PER LITTER						\$685.98	<input type="text"/>
BREAKEVEN PRICE TO COVER ALL SPECIFIED COSTS						\$0.31	<input type="text"/>
RETURN TO LAND, CAPITAL, AND MANAGEMENT						\$304.02	<input type="text"/>

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HOG FINISHING

Information Included in the Budget

2. Reflects purchase of 50 pound feeder pig.
3. and 4. Includes feed required to provide ration with an average of 14.5% protein.
5. Cost will vary with herd health management program and quality of feeder pigs purchased.
6. Marketing cost includes expense of hauling and sales commission for finished hogs.
7. Death loss assumed to be 2.5% of sale value of the animal.
8. Category includes the variable costs for fuel and oil, repairs and maintenance of machinery, equipment, buildings, and fence as well as utilities and farm share of any farm vehicles used directly in the hog farrow-to-finish enterprise.
9. Category includes any other variable costs not otherwise specified such as any custom operation or hired labor.
10. Interest is on all variable costs for 3 months at 10.0% Annual Percentage Rate, resulting in the $4(10/12) = 3.33\%$ rate shown.
11. Depreciation on machinery, equipment, buildings, fences, and other improvements.
12. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
13. All labor required is assumed to be supplied by operator and family. If any labor is hired, this should be entered as other expense and this item adjusted accordingly.

HOG FINISHING

Projected Costs and Returns per Head

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
EXPECTED RETURNS PER HEAD					
1. Market Hogs	250.0	lb	\$0.45	\$112.50	<input type="text"/>
VARIABLE COSTS PER HEAD					
2. Feeder Pig	1.0	hd	\$40.00	\$40.00	<input type="text"/>
3. Corn	9.0	bu	2.10	18.90	<input type="text"/>
4. Supplement & Mineral	135.0	lb	0.10	13.50	<input type="text"/>
5. Vet and Medical	1.0	hd	1.00	1.00	<input type="text"/>
6. Marketing	1.0	hd	2.50	2.50	<input type="text"/>
7. Death Loss	0.025	hd	112.50	2.81	<input type="text"/>
8. Mach & Equip (Fuel/Rep/Main)	1.0	hd	2.50	2.50	<input type="text"/>
9. Other	1.0	hd	0.00	0.00	<input type="text"/>
10. Interest on Op Capital	81.21	dol	3.33%	2.70	<input type="text"/>
TOTAL VARIABLE COSTS PER HEAD				\$83.92	<input type="text"/>
RETURN ABOVE VARIABLE COSTS PER HEAD				\$28.58	<input type="text"/>
BREAKEVEN PRICE PER POUND TO COVER VARIABLE COSTS				\$0.34	<input type="text"/>
FIXED COSTS PER HEAD					
11. Depreciation				\$4.00	<input type="text"/>
12. Taxes and Insurance				1.00	<input type="text"/>
13. Operator / Family Labor	0.60	hr	8.50	5.10	<input type="text"/>
TOTAL FIXED COST PER HEAD				\$10.10	<input type="text"/>
TOTAL COST PER HEAD				\$94.02	<input type="text"/>
BREAKEVEN PRICE TO COVER ALL SPECIFIED COSTS				\$0.38	<input type="text"/>
RETURN TO LAND, CAPITAL, AND MANAGEMENT				\$18.48	<input type="text"/>

Developed by the University of Kentucky College of Agriculture, Cooperative Extension Service

SHEEP PRODUCTION, FALL LAMBING — OPEN EWES REBRED

Information Included in the Budget

1. Ewes are bred during April through early June and lamb in September and October. An average marketing date is March 15. Lambs sold reflect retention of ewe lambs to maintain 20% replacement rate and 5% death loss for lambs three days of age to market.

NOTE: Lambing rate is for ewes that settled. Open ewes are rebred to lamb at a later date. Use of a different budget (see those that follow) would be appropriate for such ewes.

3. Culling rate for breeding flock is 16% with a 4% death loss resulting in a required 20% replacement rate.
4. Category assumes four ewes per acre. Pasture maintenance covers variable costs of required clipping and renovating pasture every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, and 2 tons lime per acre and their application.
5. Ewes are fed alfalfa hay during December. Lambs are fed alfalfa January through April.
6. Ewes are fed grass-legume hay after lambs are weaned.
7. Ewes receive .5 lb. shelled corn six weeks prior to lambing and 1 lb. shelled corn eight weeks after lambing (ewes with twins receive 1 ½ lb.). Lambs are creep-fed and weaned to drylot feeding until marketed.
8. Protein supplement used in feeding lambs.

NOTE: Rations must be adjusted if the lambing rate is changed.

11. Category reflects shearing of all breeding ewes and those lambs being held for replacement stock.
13. Category indicates annual cost of maintaining one ram for each 35 ewes.
15. Category includes sales commission for lambs and cull breeding stock and custom hauling is assumed at a cost of \$2.00 per head sold.
16. Category includes the variable costs for fuel, repairs and maintenance of machinery, equipment, and buildings used directly in the sheep enterprise.
17. Category includes any other variable costs not otherwise specified such as any custom operations or hired labor that might be required.
18. Interest is on all variable costs for 6 months at 10.0% Annual Percentage Rate.

19. Depreciation on machinery, equipment, buildings, fences, and other improvements.
20. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
21. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

SHEEP PRODUCTION BUDGET, FALL LAMBING -- OPEN EWES REBRED

Projected Costs and Returns per Ewe

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Lambing Rate (births/ewe bred)	125.0%				
Death Rate (birth to market)	5.0%				
Ewe Replacement Rate	20.0%				
Breeding Flock Death Rate	4.0%				
EXPECTED RETURNS PER EWE					
	Number	Weight			
1. Lambs	0.988	110.00	108.6	lb \$0.75 \$81.47	
2. Wool			8.0	lb 0.25 2.00	
3. Cull Ewe	0.16	125.00	20.0	lb 0.35 7.00	
TOTAL RETURNS				\$90.47	
VARIABLE COSTS PER EWE					
4. Pasture Maintenance	0.25	acre	\$25.00	\$6.25	
5. Alfalfa Hay	0.22	ton	110.00	24.20	
6. Grass-legume Hay	0.16	ton	70.00	11.20	
7. Corn	6.0	bu	2.10	12.60	
8. Protein Supplement	40.0	lb	0.10	4.00	
9. Molasses	26.0	lb	0.15	3.90	
10. Salt and Trace Mineral	17.0	lb	0.18	3.06	
11. Shearing	2.2	hd	1.50	3.30	
12. Vet & Medical	1.0	hd	3.60	3.60	
13. Breeding(Ram cost per Ewe)	1.0	hd	4.30	4.30	
14. Bedding	1.0	hd	5.00	5.00	
15. Marketing and Hauling	1.15	hd	4.00	4.59	
16. Mach & Equip (Fuel/Rep/Main)	1.0	hd	3.50	3.50	
17. Other	0.0	hd	0.00	0.00	
18. Interest on Op Capital	89.50	dol	5.00%	4.48	
TOTAL VARIABLE COSTS PER EWE				\$93.97	
RETURN ABOVE VARIABLE COSTS PER EWE				-\$3.51	
BREAKEVEN LAMB PRICE TO COVER VARIABLE COSTS				\$0.78	
FIXED COSTS PER EWE					
19. Depreciation				\$6.00	
20. Taxes and Insurance				1.00	
21. Operator / Family Labor	5.0	hr	8.50	42.50	
TOTAL FIXED COST PER EWE				\$49.50	
TOTAL COST PER EWE				\$143.47	
BREAKEVEN LAMB PRICE TO COVER ALL SPECIFIED COSTS				\$1.24	
RETURN TO LAND, CAPITAL, AND MANAGEMENT				-\$53.01	

Developed by the University of Kentucky College of Agriculture, Cooperative Extension Service

SHEEP PRODUCTION, EARLY WINTER LAMBING

Information Included in the Budget

1. Ewes are bred during late July and August to lamb in December and January. An average marketing date is June 15. Lambs sold reflect retention of ewe lambs to maintain 20% replacement rate and 5% death loss for lambs three days of age to market.
3. Culling rate for breeding flock is 16% with a 4% death loss resulting in a required 20% replacement rate.
4. Category assumes four ewes per acre. Pasture maintenance covers variable costs of required clipping and renovating pasture every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, and 2 tons lime per acre and their application.
5. Ewes are fed good quality alfalfa hay for 4 ½ to 5 months per year.
6. Ewes receive .5 lb. shelled corn six weeks prior to lambing and 1 lb. shelled corn eight weeks after lambing (ewes with twins receive 1 ½ lb.). Lambs are creep-fed and weaned to drylot feeding until marketed.
7. Protein supplement used in feeding lambs.

NOTE: Rations must be adjusted if the lambing rate is changed.

9. Category reflects shearing of all breeding ewes twice and those lambs being held for replacement stock.
11. Category indicates annual cost of maintaining one ram for each 35 ewes.
13. Category includes sales commission for lambs and cull breeding stock and custom hauling is assumed at a cost of \$2.00 per head sold.
14. Category includes the variable costs for fuel, repairs and maintenance of machinery, equipment, and buildings used directly in the sheep enterprise.
15. Category includes any other variable costs not otherwise specified such as any custom operations or hired labor that might be required.
16. Interest is on all variable costs for 6 months at 10.0% Annual Percentage Rate.
17. Depreciation on machinery, equipment, buildings, fences, and other improvements.
18. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
19. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

SHEEP PRODUCTION BUDGET, EARLY WINTER LAMBING

Projected Costs and Returns per Ewe

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Lambing Rate (births/ewe bred)	125.0%				<input type="text"/>
Death Rate (birth to market)	5.0%				<input type="text"/>
Ewe Replacement Rate	20.0%				<input type="text"/>
Breeding Flock Death Rate	4.0%				<input type="text"/>
EXPECTED RETURNS PER EWE					<input type="text"/>
	Number Weight				
1. Lambs	0.988	110.00	108.6	lb \$0.85 \$92.33	<input type="text"/>
2. Wool			8.0	lb 0.25 2.00	<input type="text"/>
3. Cull Ewe	0.16	125.00	20.0	lb 0.35 7.00	<input type="text"/>
TOTAL RETURNS				\$101.33	<input type="text"/>
VARIABLE COSTS PER EWE					<input type="text"/>
4. Pasture Maintenance	0.25	acre	\$25.00	\$6.25	<input type="text"/>
5. Alfalfa Hay	0.35	ton	110.00	38.50	<input type="text"/>
6. Corn	7.0	bu	2.10	14.70	<input type="text"/>
7. Protein Supplement	30.0	lb	0.10	3.00	<input type="text"/>
8. Salt and Trace Mineral	15.0	lb	0.18	2.70	<input type="text"/>
9. Shearing	2.2	hd	1.50	3.30	<input type="text"/>
10. Vet & Medical	1.0	hd	3.60	3.60	<input type="text"/>
11. Breeding(Ram cost per Ewe)	1.0	hd	4.30	4.30	<input type="text"/>
12. Bedding	1.0	hd	5.00	5.00	<input type="text"/>
13. Marketing and Hauling	1.15	hd	4.00	4.59	<input type="text"/>
14. Mach & Equip (Fuel/Rep/Main)	1.0	hd	3.50	3.50	<input type="text"/>
15. Other	0.0	hd	0.00	0.00	<input type="text"/>
16. Interest on Op Capital	89.44	dol	5.00%	4.47	<input type="text"/>
TOTAL VARIABLE COSTS PER EWE				\$93.91	<input type="text"/>
RETURN ABOVE VARIABLE COSTS PER EWE				\$7.42	<input type="text"/>
BREAKEVEN LAMB PRICE TO COVER VARIABLE COSTS				\$0.78	<input type="text"/>
FIXED COSTS PER EWE					<input type="text"/>
17. Depreciation				\$6.00	<input type="text"/>
18. Taxes and Insurance				1.00	<input type="text"/>
19. Operator / Family Labor	6.0	hr	8.50	51.00	<input type="text"/>
TOTAL FIXED COST PER EWE				\$58.00	<input type="text"/>
TOTAL COST PER EWE				\$151.91	<input type="text"/>
BREAKEVEN LAMB PRICE TO COVER ALL SPECIFIED COSTS				\$1.32	<input type="text"/>
RETURN TO LAND, CAPITAL, AND MANAGEMENT				-\$50.58	<input type="text"/>

Developed by the University of Kentucky College of Agriculture, Cooperative Extension Service

SHEEP PRODUCTION, LATE WINTER LAMBING -- FALL SALE

Information Included in the Budget

1. Ewes are bred September through mid-October and lamb during February and March. An average marketing date is October 1. Lambs sold reflect retention of ewe lambs to maintain 20% replacement rate and 5% death loss for lambs three days of age to market.
3. Culling rate for breeding flock is 16% with a 4% death loss resulting in a required 20% replacement rate.
4. Category assumes 2.5 ewes per acre. Pasture maintenance covers variable costs of required clipping and renovating pasture every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, and 2 tons lime per acre and their application.
5. Ewes are fed good quality alfalfa and grass legume hay for 4 ½ to 5 months per year.
6. Ewes receive .5 lb. shelled corn six weeks prior to lambing and 1 lb. shelled corn eight weeks after lambing (ewes with twins receive 1 ½ lb.). Lambs are pastured after weaning and fed 3 pounds of corn per day the last two months of feeding.
8. Protein supplement is not used in this system.

NOTE: Rations must be adjusted if the lambing rate is changed.

10. Category reflects shearing of all breeding ewes twice and lambs once.
12. Category indicates annual cost of maintaining one ram for each 35 ewes.
14. Category includes sales commission for lambs and cull breeding stock and custom hauling is assumed at a cost of \$2.00 per head sold.
15. Category includes the variable costs for fuel, repairs and maintenance of machinery, equipment, and buildings used directly in the sheep enterprise.
16. Category includes any other variable costs not otherwise specified such as any custom operations or hired labor that might be required.
17. Interest is on all variable costs for 6 months at 10.0% Annual Percentage Rate.
18. Depreciation on machinery, equipment, buildings, fences, and other improvements.
19. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
20. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted.

SHEEP PRODUCTION BUDGET, LATE WINTER LAMBING - FALL SALE

Projected Costs and Returns per Ewe

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Lambing Rate (births/ewe bred)	135.0%				
Death Rate (birth to market)	5.0%				
Ewe Replacement Rate	20.0%				
Breeding Flock Death Rate	4.0%				
EXPECTED RETURNS PER EWE					
	Number Weight				
1. Lambs	1.083	120.00	129.9	lb \$0.70	\$90.93
2. Wool			12.0	lb 0.25	3.00
3. Cull Ewe	0.16	125.00	20.0	lb 0.35	7.00
TOTAL RETURNS				\$100.93	
VARIABLE COSTS PER EWE					
4. Pasture Maintenance	0.43	acre	\$25.00	\$10.75	
5. Alfalfa Hay	0.22	ton	110.00	24.20	
6. Grass Legume Hay	0.10	ton	70.00	7.00	
7. Corn	5.9	bu	2.10	12.39	
8. Protein Supplement	0.0	lb	0.10	0.00	
9. Salt and Trace Mineral	16.2	lb	0.18	2.92	
10. Shearing	3.0	hd	1.50	4.50	
11. Vet & Medical	1.0	hd	3.60	3.60	
12. Breeding(Ram cost per Ewe)	1.0	hd	4.30	4.30	
13. Bedding	1.0	hd	2.50	2.50	
14. Marketing and Hauling	1.24	hd	4.00	4.97	
15. Mach & Equip (Fuel/Rep/Main)	1.0	hd	3.50	3.50	
16. Other	0.0	hd	0.00	0.00	
17. Interest on Op Capital	80.63	dol	5.00%	4.03	
TOTAL VARIABLE COSTS PER EWE				\$84.66	
RETURN ABOVE VARIABLE COSTS PER EWE				\$16.27	
BREAKEVEN LAMB PRICE TO COVER VARIABLE COSTS				\$0.57	
FIXED COSTS PER EWE					
18. Depreciation				\$6.00	
19. Taxes and Insurance				1.00	
20. Operator / Family Labor	4.5	hr	8.50	38.25	
TOTAL FIXED COST PER EWE				\$45.25	
TOTAL COST PER EWE				\$129.91	
BREAKEVEN LAMB PRICE TO COVER ALL SPECIFIED COSTS				\$0.92	
RETURN TO LAND, CAPITAL, AND MANAGEMENT				-\$28.98	

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LAMB FINISHING

Information Included in the Budget

3. Local purchase of 65 pound feeder lamb is assumed.
4. and 5. Ration provides an average protein content of 14%.
6. Lambs are fed good quality hay while on feed.
7. Costs will vary with flock health management program and quality of feeder lambs purchased.
9. Sales commission of \$2.00 per head is assumed as well as custom hauling at a cost of \$2.00 per head sold.
10. Death loss assumed to be 5% of sales value of the animal.
11. Category includes the variable costs for fuel, repairs and maintenance of machinery, equipment, and buildings used directly in the lamb feeding enterprise.
12. Category includes any other variable costs not otherwise specified such as any custom operations or hired labor that might be required.
13. Interest is on all variable costs for 3 months at 10.0% Annual Percentage Rate.
14. Depreciation on machinery, equipment, buildings, fences, and other improvements.
15. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
16. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted accordingly.

LAMB FINISHING BUDGET

Projected Costs and Returns per Lamb

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
EXPECTED RETURNS PER LAMB					
	Number	Weight			
1. Finished Lamb	1.00	110.00	110.0	lb \$0.80 \$88.00	<input type="text"/>
2. Wool	1.00	2.50	2.5	lb 0.25 0.63	<input type="text"/>
TOTAL RETURNS				\$88.63	<input type="text"/>
VARIABLE COSTS PER LAMB					
3. Feeder Lamb	65.00		lb \$0.85	\$55.25	<input type="text"/>
4. Corn	3.5		bu 2.10	7.35	<input type="text"/>
5. Protein Supplement	35.0		lb 0.10	3.50	<input type="text"/>
6. Hay	30.0		lb 0.06	1.80	<input type="text"/>
7. Vet & Medical	1.0		hd 1.00	1.00	<input type="text"/>
8. Shearing	1.0		hd 1.50	1.50	<input type="text"/>
9. Marketing & Hauling	1.0		hd 5.00	5.00	<input type="text"/>
10. Death Loss	0.05		hd 88.00	4.40	<input type="text"/>
11. Mach & Equip (Fuel/Rep/Main)	1.0		hd 1.00	1.00	<input type="text"/>
12. Other	0.0		hd 0.00	0.00	<input type="text"/>
13. Interest on Op Capital	80.80		dol 2.50%	2.02	<input type="text"/>
TOTAL VARIABLE COSTS PER LAMB				\$82.82	<input type="text"/>
RETURN ABOVE VARIABLE COSTS PER LAMB				\$5.81	<input type="text"/>
BREAKEVEN LAMB PRICE TO COVER VARIABLE COSTS				\$0.75	<input type="text"/>
FIXED COSTS PER LAMB					
14. Depreciation				\$2.00	<input type="text"/>
15. Taxes and Insurance				0.50	<input type="text"/>
16. Operator / Family Labor	0.5		hr 8.50	4.25	<input type="text"/>
TOTAL FIXED COST PER LAMB				\$6.75	<input type="text"/>
TOTAL COST PER LAMB				\$89.57	<input type="text"/>
BREAKEVEN LAMB PRICE TO COVER ALL SPECIFIED COSTS				\$0.81	<input type="text"/>
RETURN TO LAND, CAPITAL, AND MANAGEMENT				-\$0.94	<input type="text"/>

Developed by the University of Kentucky College of Agriculture, Cooperative Extension Service

MEAT GOAT PRODUCTION

Information Included in the Budget

This budget derived from study reported in: Diaw, Alioune and Lee Meyer, **Eastern Kentucky Meat Goat Budget Analysis**, Agricultural Economics - Extension No. 2000-11, May, 2000. Changes from circumstances described in this study may require extensive revisions to this budget.

1. Nannies bred in the fall to kid in the spring. A kidding rate of 210% is assumed, with a young stock death rate of 10%. It is assumed that 20% of kids are sold as grass fats and 80% are sold as feeders.
3. Culling rate for breeding herd is 12% with a 3% death loss resulting in a required 15% replacement rate.
4. Category assumes 2.5 nannies per acre. Pasture maintenance covers variable costs of required clipping and renovating pasture every third year including: 8 lbs. clover seed, 80 lbs. P₂O₅, 80 lbs. K₂O, and 2 tons lime per acre and their application.
5. Nannies are fed good quality grass legume hay for 4 ½ to 5 months per year.
6. and 7. Nannies receive 1.5 - 2 lb. concentrate (shelled corn and soy bean oil meal) for 90 days during kidding period.
8. Salt and mineral blocks are provided throughout the year.
9. Health maintenance consists of regular deworming during grazing months and other veterinary services as needed.
10. Category indicates annual cost of maintaining one billy for each 25 nannies.
12. Category includes sales commission and hauling fee of \$6.85 for delivery to Pennsylvania market, and a yardage fee of \$1.50 per head.
13. Category includes the variable costs for repairs and maintenance of buildings and fences used directly in the goat enterprise and applicable utility charges.
14. Category includes any other variable costs not otherwise specified such as any custom operations or hired labor that might be required.
15. Interest is on all variable costs for 6 months at 10.0% Annual Percentage Rate.
16. Depreciation on machinery, equipment, buildings, fences, and other improvements.
17. Real estate tax and insurance on machinery, equipment, buildings, and other improvements.
18. Labor required is assumed to be supplied by operator and family. If labor is hired, this should be entered as other expense and this item adjusted.

MEAT GOAT PRODUCTION BUDGET

Projected Costs and Returns per Nanny

	AMOUNT	UNIT	PRICE	TOTAL	YOUR FARM
Kidding Rate (births/nanny bred)	210.0%				
Kid Death Rate (birth to market)	10.0%				
Nanny Replacement Rate	15.0%				
Breeding Flock Death Rate	3.0%				
Percent Kids Sold as Grass Fats	20.0%				
EXPECTED RETURNS PER NANNY					
	Number	Weight			
1. Grass Fat Kids	0.35	90.00	31.3	lb \$0.80	\$25.06
2. Feeder Kids	1.39	65.00	90.5	lb 0.90	81.43
3. Cull Nannies	0.12	110.00	13.2	lb 0.35	4.62
TOTAL RETURNS PER NANNY					\$111.11
VARIABLE COSTS PER NANNY					
4. Pasture Maintenance	0.40	acre	\$25.00	\$10.00	
5. Grass Legume Hay	0.28	ton	70.00	19.50	
6. Corn	2.0	bu	2.10	4.11	
7. Protein Supplement	38.2	lb	0.10	3.82	
8. Salt and Trace Mineral	20.1	lb	0.18	3.62	
9. Vet & Medical	1.0	hd	3.00	3.00	
10. Breeding(Billy cost per Nanny)	1.0	hd	7.00	7.00	
11. Bedding	1.0	hd	2.00	2.00	
12. Marketing and Hauling	1.86	hd	8.35	15.53	
13. Bldg & Fence (R & M) and Utilities	1.0	hd	5.00	5.00	
14. Other	0.0	hd	0.00	0.00	
15. Interest on Op Capital	73.58	dol	5.00%	3.68	
TOTAL VARIABLE COSTS PER NANNY					\$77.26
RETURN ABOVE VARIABLE COSTS PER NANNY					\$33.85
BREAKEVEN FEEDER KID PRICE TO COVER VARIABLE COSTS					\$0.53
FIXED COSTS PER NANNY					
16. Depreciation				\$3.00	
17. Taxes and Insurance				1.00	
18. Operator / Family Labor	5.0	hr	8.50	42.50	
TOTAL FIXED COST PER NANNY					\$46.50
TOTAL COST PER NANNY					\$123.76
BREAKEVEN FEEDER KID PRICE TO COVER ALL LISTED COSTS					\$1.04
RETURN TO LAND, CAPITAL, AND MANAGEMENT					-\$12.65

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