



Cooperative Extension Service
The Ohio State University

1982 DAIRY REPORT, OHIO

by

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This report summarizes 82 owner operator and tenant-landlord dairy farms that were analyzed by Ohio Farm Business Analysis at The Ohio State University. A more detailed summary of these farms is given in the Dairy Summary (Extension No. MM 353, ESO No. 905) and the Dairy Summary by Herd Size (Extension No. MM 354, ESO No. 906).

Figure 1 illustrates trends in income for the upper 25% of dairy farms summarized. In 1982, these farms continued the pattern of higher gross farm income. Higher gross income may be attributed to increases in production on dairy farms. However, the higher gross income did not result in significant increases in net farm income or net cash income. The widening gap between gross farm income and net farm income confirms profit margins on dairy farms are narrowing.

FIGURE 1 - SELECTED INCOME MEASURES
UPPER 25% OF DAIRY FARMS IN OHIO FARM BUSINESS ANALYSIS
1974-1982

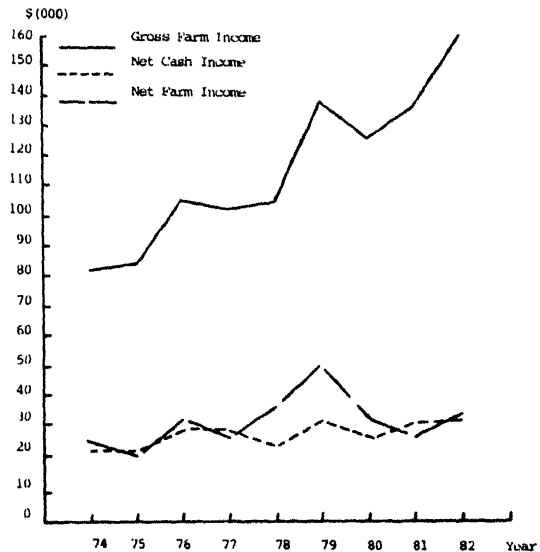


Figure 2 gives time trends for costs and returns of milk. The value of milk sold in 1982 was above the cost of milk sold for the first time since 1979, for this upper 25% of farms reporting.

FIGURE 2 - MILK PRODUCTION COSTS AND REVENUES
PER AWT., UPPER 25% OF DAIRY FARMS IN OHIO FARM
BUSINESS ANALYSIS, 1974-1982

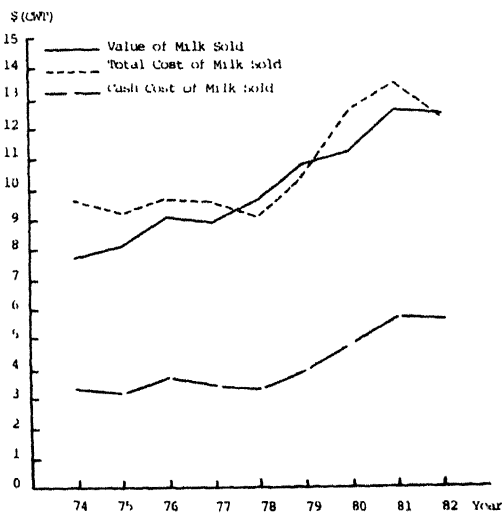


Table 1 provides summary information on the dairy farms who submitted their 1982 records for analysis. These farms are ranked according to per hour labor and management income.

A significant difference in profit separates the upper and lower group dairy farms. Comparison of these two farm groups shows several factors that may affect profitability. The upper 25% of farms had fewer but more heavily producing cows than the lower 25%. Cost control was a big factor as the upper 25% of farms produced milk for \$2.67 per cwt. less than the lower 25%. In general, the lower 25% of farms had significantly higher costs - whether cash, unpaid, or overhead costs - than did the upper 25% group.

These comparisons can aid dairy farmers in evaluating their own farms and in setting management goals for the future.

TABLE 1 -- DAIRY FARM SUMMARY
OHIO FARM BUSINESS ANALYSIS REPORT

	1982				1981
	UPPER 10%	UPPER 25%	MIDDLE 50%	LOWER 25%	UPPER 25%
INCOME					
CASH RECEIPTS	\$ 174,783	144,035	112,861	150,555	145,658
CAPITAL GAINS & LOSSES	\$ 9,164	8,081	5,543	7,938	-8,272
INVENTORY CHANGES	\$ 13,008	9,518	5,825	-2,617	10,961
- FEEDER LIVESTOCK	\$ 0	-404	2,002	-60	-28
GROSS FARM INCOME	\$ 196,955	161,230	122,227	155,816	148,319
EXPENSES					
CASH EXPENSES	\$ 132,972	112,262	88,204	148,871	96,375
DEPRECIATION	\$ 19,255	14,949	17,186	24,910	15,584
INTEREST NOT CHARGED	\$ 16,849	14,200	19,287	21,544	17,763
UNPAID OPERATOR & FAMILY LABOR	\$ 17,337	18,199	18,630	20,895	26,049
- FEEDER LIVESTOCK	\$ 0	-404	2,002	-60	-28
TOTAL FARM EXPENSES	\$ 186,413	159,206	141,305	216,160	155,743
MANAGEMENT INCOME AND PROFIT	\$ 10,542	2,024	-19,078	-60,344	-7,424
UNPAID OPERATOR AND FAMILY LABOR	\$ 17,337	18,199	18,630	20,895	26,049
OVERHEAD COSTS	\$ 61,977	53,654	57,343	88,907	52,004
VARIABLE COSTS	\$ 107,099	87,353	65,332	106,358	77,690
NET CASH INCOME	\$ 41,811	31,773	24,657	1,684	49,283
NET FARM INCOME	\$ 44,728	34,423	18,839	-17,905	36,388
INVESTMENT					
TOTAL	\$ 347,884	308,953	364,082	508,435	297,789
RETURN TO INVESTMENT	\$ 41,852	29,830	13,689	-14,585	19,377
PERCENT RETURN TO INVESTMENT	% 12.0	9.7	3.8	-2.9	6.5
GROSS INCOME PER \$1,000 INVESTED	\$ 566	522	336	306	498
UNPAID LABOR & MANAGEMENT INCOME					
TOTAL	\$ 27,879	20,223	-448	-39,449	18,625
PER HOUR	\$ 7.62	5.07	-0.10	-8.64	3.50
SIZE OF BUSINESS					
NUMBER OF MEN	NO. 2.26	2.09	1.89	2.61	2.34
NUMBER OF COWS	NO. 75.2	65.0	55.9	78.8	66.3
POUNDS OF 3.5 MILK SOLD	LB. 1,224,762	1,015,828	837,818	1,030,900	958,133
TOTAL HARVESTED CROP ACRES	A. 209	195	177	177	218
DAIRY PERFORMANCE FACTORS					
POUNDS OF 3.5 MILK SOLD PER COW	LB. 16,274	15,628	14,976	13,079	14,451
NUMBER OF COWS PER MAN	NO. 33.3	31.1	29.6	30.2	39
DAIRY RETURNS PER \$ FEED FED	\$ 1.92	1.88	1.78	1.74	1.90
UNPAID LABOR & MGT INC. PER COW	\$ 371	311	-8	-501	271
PER CWT. PRODUCTION INFORMATION					
VALUE OF MILK SOLD	\$ 12.60	12.57	12.48	12.44	12.64
PURCHASED FEED	\$ 2.87	2.86	2.66	2.42	2.80
TOTAL CASH EXPENSES	\$ 5.79	5.65	5.61	6.41	5.45
HOMEGROWN FEED	\$ 3.68	3.88	4.32	5.10	3.82
TOTAL NON-CASH EXPENSES	\$ 6.23	6.66	8.18	8.65	7.37
TOTAL COST OF PRODUCING MILK	\$ 12.02	12.31	13.79	15.06	12.82
NUMBER OF FARMS	NO. 8	21	41	20	16