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A.S. Series 72-11

Summary of Costs and Income of 16 Flocks on the SDSU Record Program

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Sixteen flockowners cooperating in the South Dakota State University Computerized Flock Record Keeping Program submitted operating costs, fixed costs and hired labor figures after their flocks were closed out. The flocks closed out between October, 1971, and April, 1972.

The figures were programmed and a business analysis report for each flock was provided for the flockowner. The report was divided into four sections--income, egg production costs, return to labor and management and flock performance. Summaries of the income and flock performance of all flocks on the program are included in A.S. Series 72-10 entitled "Flock Record Summary" so they will not be covered in this report.

The egg production costs section was divided into two parts--operating costs and fixed costs. The average figures and the range for the sixteen flocks are recorded in tables 1, 2 and 3. The size of each flock averaged 8,581 birds. The average cost of producing a dozen eggs, excluding labor and management, was 24.54 cents. The average income per dozen for all eggs sold was 24.30 cents which left the flockowners with a deficit of 0.24 cents per dozen and nothing for labor and management.

The operating costs of 22.14 cents were about 90% of the total operating and fixed costs. About 31 percent of that was in the cost of the pullet. The initial pullet cost averaged \$1.75, insurance and interest on pullets amounted to another 6 cents per pullet and salvage value for the old hens decreased the cost by an average of 22.60 cents per pullet. The net pullet cost averaged 7.6 cents per dozen for the projects.

Feed accounted for about 56% of the costs. Each dozen eggs took an average of 13.68 cents worth of feed that averaged 3.20 cents per pound.

About 3% or 0.86 cents per dozen eggs of the costs was accounted for in medication, maintenance, utilities, insurance on buildings and equipment and miscellaneous which averaged 0.3 cents, 0.17 cents, 0.48 cents, 0.11 cents and 0.07 cents, respectively.

Fixed costs are high first costs but a very small part of the total cost of producing a dozen eggs. In this sample, fixed costs only amounted to 2.49 cents per dozen, about 10% of the total operating and fixed costs for the projects. Building depreciation averaged 0.61 cents, equipment depreciation averaged 0.88 cents, interest on investment averaged 0.69 cents, and taxes averaged 0.23 cents per dozen eggs.

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Return to labor and management varied from a profit of 3.75 cents to a loss of 6.34 cents per dozen for all eggs sold. Nine of the sixteen flocks had a plus income for labor and management, whereas overall the sixteen flocks averaged a loss of 0.24 cents per dozen. The high income flock used feed costing \$60.12 per ton and averaged 70.15% hen-day production with an income of 24.79 cents for all eggs sold. The lowest income flock had \$70.51 feed cost, 57.13% hen-day production and a 23.15 cent per dozen egg income. The flock that came the nearest to breaking even, 0.11 cents per dozen income, had \$65.81 feed cost, 68.98% hen-day production and a 23.87 cent egg income.

Table 1. Operating and Fixed Costs for 16 Flocks on the South Dakota State University Flock Record Program

Factor	Average	Range
Flock size	8,581	3,078 - 12,700
Total operating cost, cents	22.14	19.04 - 25.33
Total fixed costs, cents	2.40	1.34 - 4.17
Total production costs, cents (excluding labor and mgmt.)	24.54	21.04 - 29.50
Average income per dozen, cents	24.30	20.52 - 27.97
Return to labor and mgmt. per dozen, cents	-.24	+3.75 - -6.34

Table 2. Operating Costs of 16 Flocks on the South Dakota State University Flock Record Program

Factor	Average Cost	Range
Cost per pullet, \$	1.70	1.56 - 1.85
Ins. & int. per pullet, cents	6.00	0.58 - 15.75
Salvage value per pullet, cents	22.60	18.10 - 26.11
Net pullet cost per dozen, cents	7.60	6.74 - 9.47
Feed cost per pound, cents	3.20	2.87 - 3.53
Feed cost per dozen, cents	13.68	0.1126 - 0.1609
Medication cost per dozen, cents	0.03	0.02 - 0.20
Maintenance cost per dozen, cents	0.17	0.01 - 0.34
Utilities cost per dozen, cents	0.48	0.23 - 0.96
Ins. on bldg. & equip. per dozen, cents	0.11	0.01 - 0.31
Misc. costs per dozen, cents	0.07	0.01 - 0.26
Total operating costs per dozen, cents	22.14	19.04 - 25.33

Table 3. Fixed Costs of 16 Flocks on the South Dakota State University Flock Record Program

Factor	Average cost per dozen	Range per dozen
Building depreciation, cents	0.61	0.26 - 1.23
Equipment depreciation, cents	0.88	0.25 - 1.71
Interest on investment, cents	0.69	0.34 - 1.08
Taxes, cents	0.23	0.02 - 1.13
Total fixed costs per dozen, cents	2.40	1.35 - 4.17

Table 4. Return Per Dozen to Labor and Management - 16 Flocks on the South Dakota State University Flock Record Program

Flock no.	Return cents	Flock no.	Return cents
229	3.10	208	1.16
217	3.75	231	0.79
255	-5.29	204	1.89
236	0.11	205	0.83
243	1.22	228	-6.34
230	-3.08	222	0.52
202	-0.84	235	-1.32
193	1.47	253	-0.20