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Summary of Costs and Income of Layer 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 between March, 1972, and June, 1973.

The figures were submitted to the computer and a business analysis report for each flock was prepared 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 No. 73-14 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 summarized data are compared to the data of 16 other flocks closed out between October, 1971, and April, 1972, as reported in A.S. Series 72-11 (September, 1972). However, the discussion here will pertain only to the 1972-73 flocks. The size of each flock for 1972-73 averaged 9,101 birds. The average cost of producing a dozen eggs, excluding labor and management, was 23.58 cents. The average income per dozen for all eggs sold was 22.95 cents, which left the flockowners with a deficit of 0.63 cents per dozen and nothing for labor and management.

The operating costs of 21.26 cents per dozen were about 90% of the total cost for producing a dozen eggs excluding labor and management. Six and one-half cents or about 28% was in the net cost of the pullet. The initial pullet cost averaged \$1.67, insurance and interest on pullets amounted to another 8.7 cents per pullet and salvage value for the old hens decreased the cost by an average of 34.0 cents per pullet, so that the net cost per pullet was \$1.417.

Feed accounted for about 59.7% of the cost of production. Each dozen eggs took an average of 14.08 cents worth of feed that ranged from 3.06 to 4.21 cents and averaged 3.39 cents per pound.

The rest of the operating costs were medication, maintenance, utilities, insurance on buildings and equipment, and miscellaneous items that averaged 0.02, 0.11, 0.40, 0.11 and 0.02 cents, respectively.

Fixed costs are high first costs but represent a very small part of the total cost of producing a dozen eggs. In this sample, fixed costs amounted only to 2.32 cents per dozen, about 9.84% of the total operating and fixed costs for the

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projects. Building depreciation averaged 0.77 cents, equipment depreciation averaged 0.82 cents, interest on investment averaged 0.65 cents, and taxes averaged 0.08 cents per dozen eggs.

Return to labor and management varied from a profit of 6.06 cents to a loss of 4.40 cents per dozen for all eggs sold (Table 4). Seven of the sixteen flocks had a plus income for labor and management, whereas, overall, the sixteen flocks averaged a loss of 1.10 cents per dozen. The high income flock used feed costing \$64.45 per ton and averaged 70.07% hen-day production with an income of 23.64 cents for all eggs sold. The lowest income flock had a \$66.92 per ton feed cost, 70.72% hen-day production and received 19.57 cents per dozen for all eggs sold.

Table 1. Operating and Fixed Costs for Layer Flocks on the South Dakota State University Flock Record Program, 1971-72 and 1972-73¹

Factor	Average 1971-72	Average 1972-73	Range 1972-73
Flock size	8,581	9,101	3,098 - 20,200
	¢/doz.	¢/doz.	¢/doz.
Total operating cost	22.14	21.26	18.60 - 23.82
Total fixed costs	2.40	2.32	0.74 - 3.78
Total production costs (excluding labor and mgmt.)	24.54	23.58	20.15 - 26.25
Average income	24.30	22.95	19.57 - 31.30
Return to labor and management	-0.24	-0.63	-4.40 - +6.06

¹Sixteen different flocks in each period.

Table 2. Operating Costs of Layer Flocks on the South Dakota State University Flock Record Program, 1971-72 and 1972-73¹

Factor	Average cost	Average cost	Range
	1971-72	1972-73	1972-73
	cents	cents	cents
Initial cost per pullet	170.00	167.00	161.00 - 178.00
Insurance and interest per pullet	6.00	8.72	0.00 - 12.95
Less salvage value per pullet	<u>22.60</u>	<u>34.00</u>	<u>24.60 - 57.26</u>
Net pullet cost	153.40	141.72	111.33 - 158.52
	¢/doz.	¢/doz.	¢/doz.
Net pullet cost	7.60	6.53	4.60 - 7.96
Feed cost	13.68	14.08	12.36 - 18.44
Medication cost	0.03	0.02	0.00 - 0.14
Maintenance cost	0.17	0.11	0.00 - 0.50
Utilities cost	0.48	0.40	0.18 - 0.64
Ins. on bldg. and equip.	0.11	0.11	0.00 - 0.41
Misc. costs	<u>0.07</u>	<u>0.02</u>	<u>0.00 - 0.17</u>
Total operating costs	22.14	21.26	18.60 - 23.82

¹Sixteen different flocks in each period.

Table 3. Fixed Costs of Layer Flocks on the South Dakota State University Flock Record Program, 1971-72 and 1972-73¹

Factor	Average cost	Average cost	Range
	per dozen	per dozen	per dozen
	1971-72	1972-73	1972-73
	cents	cents	cents
Building depreciation	0.61	0.77	0.23 - 2.29
Equipment depreciation	0.88	0.82	0.19 - 2.91
Interest on investment	0.69	0.65	0.29 - 1.08
Taxes	<u>0.23</u>	<u>0.08</u>	<u>0.02 - 0.28</u>
Total fixed costs per dozen	2.40	2.32	0.74 - 5.77

¹Sixteen different flocks in each period.

Table 4. Range of Return Per Dozen to Labor and Management for 16 Layer Flocks in Each Period, 1971-72 and 1972-73

Return	Return
1971-72	1972-73
cents/dozen	cents/dozen
-6.34 to +3.75	-4.40 to +6.06