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OREGON AGRICULTURAL EXPERIMENT STATION  
W. A. Schoenfeld, Director

COST OF PRODUCING MILK AND BUTTERFAT IN OREGON

Year ending April 1, 1932

Progress Report No. 4  
Dairy Cost Study  
(Purnell Fund)

By

H. E. Selby and A. S. Burrier  
DEPARTMENT OF FARM MANAGEMENT  
and  
P. M. Brandt  
DEPARTMENT OF DAIRY HUSBANDRY

AVERAGE COST OF PRODUCING BUTTERFAT IN OREGON

<u>Year ending</u> <u>April 1</u>	<u>Cost per Pound of Butterfat</u>
1930	50 cents
1931	40 cents
1932	36 cents

Corvallis, Oregon  
November, 1932

PRELIMINARY SUMMARY OF RESULTS OF THE THIRD YEAR

OF THE DAIRY COST STUDY

The study of the cost of producing milk and butterfat in Oregon has been carried on for the period of the three years ending April 1, 1932. A complete summary and analysis of the data for the three years, to bring out ways in which cost of production can be reduced and profit thereby increased, is being made, and will be issued when completed as an Experiment Station bulletin. The purpose of this progress report is to return to the cooperators and make available to the public a brief summary of some of the results of the third year of the survey before the final report on the entire study is completed.

SUMMARY OF COST OF PRODUCING MILK AND BUTTERFAT IN OREGON  
Year ending April 1, 1932

464 farms - 8224 cows - 2,221,984 lbs. butterfat

	Willamette Valley	Coast Regions	Irrigated Regions	All Regions
NUMBER OF FARMS	250	89	125	464
NUMBER OF COWS PER FARM	14	31	16	18
POUNDS OF MILK PER COW	6419	6064	5558	6088
AVERAGE TEST OF MILK	4.4%	4.4%	4.5%	4.4%
POUNDS BUTTERFAT PER COW	284	268	248	270
	<u>Annual Cost per Cow</u>			
Roughage	\$ 22	\$ 20	\$ 30	\$ 23
Succulents	12	9	2	9
Concentrates	23	8	6	14
Pasture	5	14	9	9
<u>TOTAL FEED</u>	\$ 62	\$ 51	\$ 47	\$ 55
Labor	32	25	28	29
Use of buildings	8	5	4	6
Use of equipment	2	2	2	2
Sire cost	3	2	2	2
Interest on value cows (5%)	4	4	4	4
Depreciation on cows	6	4	5	5
Miscellaneous	7	5	4	6
<u>TOTAL GROSS COST PER COW</u>	\$124	\$ 98	\$ 96	\$109
Credit for calves	3	1	2	2
Credit for manure	6	4	4	5
Credit for skim milk	4	-	8	4
<u>TOTAL NET COST PER COW</u>	\$111	\$ 93	\$ 82	\$ 98
<u>COST PER 100 LBS. MILK</u>	\$1.72	\$1.53	\$1.48	\$1.60
<u>COST PER POUND BUTTERFAT</u>	.39	.35	.33	.36

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The average cost of production for the year ending April 1, 1932, was found to be 36 cents per pound of butterfat in the milk or cream sold. This is a reduction from an average cost of 40 cents for the preceding year, and from 50 cents for the year ending April 1, 1930, as a result of lower wages and feed prices.

The items making up the total cost are shown in the table on the preceding page. Explanation of the various items and of the methods used in this study has been given in the previous progress reports. The charge for succulent feeds for the third year has been reduced from \$4.00 to \$3.50 per ton, in line with the reduced prices of other feeds; and the price at which skim milk is credited has been reduced from 30 to 25 cents per 100 pounds. The average values given by the dairymen for roughage, concentrates, pasture, and labor for the third year are as follows:

	<u>Willamette Valley</u>	<u>Coast Regions</u>	<u>Irrigated Regions</u>	<u>All Regions</u>
Roughage, per ton	\$ 9	\$ 11	\$ 9	\$ 10
Concentrates, per ton	22	26	23	23
Pasture, per month	\$1.38	\$2.17	\$1.63	\$1.79
Labor, per hour	.22	.24	.22	.22

As the analysis of the data is continued, some of the figures given in this progress report may be slightly modified. It should be kept in mind, therefore, that these figures are preliminary and tentative, and are subject to revision in the final report. It is not thought, however, that any such revision will materially affect conclusions to be drawn from these figures.

#### Average Price Received

The average price received during the year was 30 cents per pound of butterfat, or 6 cents less than the cost of production. The cost of production as computed in this study includes wages at prevailing rates for the work of the dairyman and his family, and five percent interest on the capital investment in the dairy enterprise. The average dairyman, therefore, lacked 6 cents per pound of butterfat of receiving prevailing wages and five percent on his investment.

#### Individual Cost Summary

Each dairyman cooperating in this study receives an individual summary of the costs for his dairy. These individual cost figures are confidential and go only to the one man concerned.

The individual summary is given on the following page. For comparison, average costs are also shown for the region in which the farm is located and for the dairymen who have the highest and lowest costs. Comparison, item by item, should indicate where the individual costs are satisfactory and where they are not, and thus suggest ways in which the business may be improved.

For those readers who are not cooperators, comparison of the high, low, and average costs by items should be of interest.

Oregon Experiment Station  
 DAIRY COST STUDY  
INDIVIDUAL COST REPORT FOR THE YEAR ENDING APRIL 1, 1932  
 (Confidential)

Farm of:

Address

ITEMS	WILLAMETTE VALLEY			Your Farm
	25 High Cost Farms	25 Low Cost Farms	All Farms (250)	
AVERAGE NUMBER OF COWS PER FARM	13	12	14	
POUNDS OF MILK PER COW	6030	6776	6419	
AVERAGE TEST OF MILK	4.0%	4.7%	4.4%	
POUNDS OF BUTTERFAT PER COW	244	319	284	
	Annual Cost Per Cow			
<u>Roughage</u> : hay, or other dry fodder	\$ 30	\$ 17	\$ 22	
<u>Succulents</u> : silage, kale, green feed, etc.	13	11	12	
<u>Concentrates</u> : grain, mill feed, etc.	21	18	23	
<u>Pasture</u> :	6	5	5	
<u>TOTAL FEED</u>	\$ 70	\$ 51	\$ 62	
<u>Labor</u> (including unpaid labor of operator and family)	44	26	32	
<u>Buildings</u> : interest, depreciation, repairs	10	6	8	
<u>Equipment</u> : interest, depreciation, repairs	3	2	2	
<u>Sire cost</u> : maintenance of sire, or breeding fees	4	3	3	
<u>Interest on value of cows</u> (5%)	4	4	4	
<u>Depreciation of cows</u> (not including drop in cattle prices during year)	15	2	6	
<u>Miscellaneous</u> : insurance, taxes, veterinary testing fees, bedding, salt, auto, etc.	9	4	7	
<u>TOTAL GROSS COST PER COW</u>	\$159	\$ 98	\$124	
Credit for <u>calves</u>	3	5	3	
Credit for <u>manure</u>	6	5	6	
Credit for <u>skim milk</u>	3	10	4	
Credit for <u>increased value of cows</u>	-	-	-	
<u>TOTAL NET COST PER COW</u>	\$147	\$ 78	\$111	
<u>COST PER 100 LBS. OF MILK</u>	2.44	1.15	1.72	
<u>COST PER POUND OF BUTTERFAT</u>	.60	.24	.39	