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Custom Beef Cow Wintering/Dry Lot Cost

Donald Guthmiller, Extension marketing/farm management educator

Many beef producers are evaluating feeding costs of their beef cow herds. The information in this publication can be used whether you are considering entering into a custom feeding arrangement or dry lotting your cows. Start by addressing these issues:

- Start with a clear timeline in place. When are you willing to receive cattle, and when do you want to terminate the arrangement?
- Be prepared to have the owner visit without warning. The cattle owner should have the right to unannounced inspection of the animals and has the right to require changes in their care.
- Will the animals stay just prior to calving, or will you be calving out the cows? If you calve them out, what should you charge? Will the charge be based on a live calf, a vaccinated calf on pasture, and/or a weaned calf? Cost sometimes ranges as high as \$20 to \$30/calf.
- Will the calf crop be shared, and if so will you have first pick, or will all calves be sold? If sold, who will be responsible for marketing, and at what time of the year? If you are considering backgrounding weaned calves, perhaps you should discuss a separate feeder agreement.
- Will you be pasturing the animals this fall on grass, corn stalks, or other residue? With the higher cost of fertilizer, removal of crop residue is more expensive than previous years. How will you monitor the cows on pasture? Grazing costs may range as high as \$0.95 to \$1.85/head/day, depending on whether you will graze rented or owned pasture or crop ground.
- Do your protocols match the owner's?
- What additional medical treatments will you be willing to provide? This may include insecticide application, castration, deworming, tagging, branding, dehorning, cesarean, and any other medicinal maintenance or treatments done by you or a veterinarian.
- Who is responsible for death loss or abortions?

Another consideration is if you also have stock cows of your own. Diseases can become a major problem when new animals come onto the farm. You should probably keep the animals completely separate from your own herd, for herd health reasons.

- Do you have adequate handling and corral systems?
- Does the owner have special requirements in terms of handling and housing?
- Do they want certain animals housed separately?

Feeding costs are important and you must know your cost of production. Have enough feed on hand to meet the requirements of all animals. Have feed tested and a ration balanced by your livestock Extension educator.

Yardage costs without feed can be as much as \$0.60 to \$0.80/head/day, depending on what is included, such as straw and manure removal. This must be factored into your price.

There is a big difference between custom feeding of calves in a feedlot and custom wintering of beef cows. A cow-calf pair is one animal unit (AU). 400- to 600-pound calves are considered .5 AU, and 600- to 750-pound steers are considered .7 AU.

For example, a lot or pen designed to hold 100 head of 600-pound calves can only hold about 50 pregnant stock cows. In this situation, many of your costs associated with feeding that pen or lot just doubled on a per-head basis.

Another issue is when you will be paid. Will it be weekly, monthly, or will you make some other arrangements? Are they supplying feed for you to use? Do you need to see a line of credit from the cattle owner's lender? What arrangements will you make ahead of time to cover nonpayment?

Health issues are a critical concern. Give the owner your veterinarian's name. Perhaps your veterinarian should examine the animals upon arrival to note their condition. Vaccination protocols must be discussed:

- Have the cows been vaccinated for IBR, BVD, PI3, BRD, and scours, and have they had their booster shots?

The spreadsheet below is intended as a decision aid for producers. The authors assume no liability either for the use or misuse of this template or for any decisions that result.

2008 SDSU Extension Beef Cow Wintering Worksheet

Average Beef Cow Wintering Costs Including Calving

Variable costs			Your costs	Avg. cost	Cost/cow/day*
Winter feed			_____	\$309.00	\$1.47
Bedding (based on 2 bales/cow at \$25/bale)			_____	\$50.00	\$0.24
Vet and medicine			_____	\$12.00	\$0.06
Fuel			_____	\$20.00	\$0.10
Machine repairs (1.75% of new)			_____	\$20.00	\$0.10
Repairs, corral, and buildings (2% of new)			_____	\$11.00	\$0.05
Utilities and miscellaneous			_____	\$15.00	\$0.05
Custom work			_____	\$8.00	\$0.07
Labor	Hours	\$/hr			
Feeding	_____	_____	_____	\$52.80 <small>(3.52Hrs@\$15/Hr)</small>	\$0.25
Calving out	_____	_____	_____	\$42.00 <small>(2.8Hrs@\$15/Hr)</small>	\$0.20
Days in lot _____					
Subtotal of variable costs			_____	\$539.80	\$2.59

Fixed costs			Your costs	Avg. cost	Cost/cow/day*
Depreciation	Cost	Years			
Facilities	_____	_____	_____	\$12.50 <small>(\$250 cost/20 years)</small>	\$0.06
Equipment	_____	_____	_____	\$20.00 <small>(\$200 cost/20 years)</small>	\$0.10
Interest on investment	Cost	Interest			
Facilities	_____	_____	_____	**\$11.50 <small>(\$250 cost; 8% interest)</small>	\$0.05
Equipment	_____	_____	_____	**\$9.20 <small>(\$200 cost; 8% interest)</small>	\$0.04
				<small>**([CostxInt/365]xdays* in lot)</small>	
Subtotal of fixed costs			_____	\$53.20	\$0.25
Total of variable and fixed costs			_____	\$593.00	
Cost/cow/day*			_____	\$2.82	

Companion spreadsheet available at <http://econ.sdstate.edu>. Thanks to Extension livestock educator Tyler Melroe and Extension Area Management Specialist Jack Davis.



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