PRODUCTION COST COMPARISON/FEEDBACK
GLOSSARY OF TERMS

Production Cost Comparison (Cost Comp) and Feedback are comprehensive reports pertaining solely to the dairy enterprise. This information includes all costs and activities related only to milking and dry (total) cows. It does not include information relating to calf raising, heifer raising and other farming enterprises. The Cost Comp and Feedback are designed to provide a constructive tool for better decision–making and to closely reflect the actual cost of producing milk. The Feedback is a condensed version of the Cost Comp, line items match for the glossary of terms.

All costs are based on a per cow per month basis, unless otherwise noted.

Number of Herds – number of herds in each size category. (Cost Comp Only)

Feed Costs - All feed costs attributed to the dairy enterprise.
  a) Dry Roughage – All forages low in moisture content and high in fiber (e.g.) alfalfa hay, oat hay and almond hulls.
  b) Wet Feed and Wet Roughage – All forages high in moisture content (e.g.) Wet Feed: brewers’ malt, wet whey, wet citrus and cull vegetables.
     Wet Roughage: haylage, earlage, corn silage, and green chop.
  c) Concentrates – Products relatively high in energy and low in fiber, including grains, milled by-products, and protein product (e.g.) rolled corn or barley, whole cottonseed, dried distillers grain and custom premixes.
  d) Mineral & Supplements – Micro or macro minerals and any vitamins and feed additives that improve feed efficiency (e.g.) molasses and bicarbonate.
  e) Pasture – Includes any grazing on land that contains pasture grasses or legumes.

Total Feed Costs – (Total of above line items, (a) through (e)
Total Feed Costs/Cwt - Total Feed cost per cow, divided by the total monthly hundredweight of milk shipped per cow.

Total Hired Labor – Comprises all paid labor attributed to the dairy enterprise.
  • Salaried and hourly labor total includes gross wages earned by hired milkers, pushers, feeders, and outside workers plus employer taxes and perquisites (e.g.) Employer Taxes: workers compensation insurance, unemployment insurance, and social security; Perquisites: house, utilities, health insurance.

Total Hired Labor Costs/Cwt - Total labor cost per cow, divided by the total monthly hundredweight of milk shipped per cow.

Herd Replacement – A twelve–month rolling average of the number and value of cows entering the herd, minus the total receipts for the same number of cows culled and dead.

Less: Calf Income – Income from the sale of day old calves.

Total Herd Replacement Costs – Herd replacement cost less calf income.
Total Replacement Costs/Cwt - Total herd replacement cost per cow, divided by the total monthly hundredweight of milk shipped per cow.

Operating Costs
  a) Utilities – Includes electricity, natural gas, garbage, telephone, water, etc.
  b) Supplies – Includes products needed for producing milk (e.g.) soaps, iodine, hoses, office supplies, A.I. expenses, etc.
  c) Veterinary and Medicine – All costs for veterinary work, medicine and supplies, including rBST.
  d) Outside Services – Hired services (e.g.) accountant, nutritionist, hoof trimmer, DHIA or private testing, etc.
  e) Repairs and Maintenance – All repairs and maintenance of equipment and structures used by the dairy enterprise (e.g.) milking parlor, free-stalls, corrals, feedwagons, etc.
  f) Miscellaneous – Any other operating costs not covered above (e.g.) County or state permits, branding fees, subscriptions, producer association fees, etc.
  g) Bedding & Manure Haul – Cost incurred to scrape corrals and haul manure, may include any dirt or filler to maintain corrals and free-stalls.
  h) Fuel & Oil – Fuel and oil used by the dairy enterprise.
  i) Interest – Interest expense paid on outstanding short term loans for operating costs.
  j) Lease Expense – Expense for leasing dairy facility.
  k) Depreciation – Straight–line depreciation on any owned equipment or buildings used by the dairy enterprise, less a salvage value.
  l) Taxes & Insurance – Tax expense due on owned real and personal property. Insurance for public liability, property damage, fires and storm coverage.

Total Operating Costs– Total of above line items, (a) through (l).
Total Operating Costs/Cwt - Total operating cost per cow, divided by the total monthly hundredweight of milk shipped per cow.

Milk Marketing Costs – Hauling charges, mandatory assessments and miscellaneous deductions.
  a) Hauling – Fees paid to haul milk from ranch to plant, plus any stop charges.
  c) Federal Assessments and Misc. Deductions – National Dairy Promotion and any permits or third party component testing.

Total Milk Marketing Costs – Total of above line items, (a) through (c).
Total Milk Marketing Cost/Cwt – Total marketing cost per cow, divided by the total monthly hundredweight of milk shipped per cow.

Total Cost/Cow/Month – Total of above line items, divided by total cows.
Total Cost/Cwt. – Total costs, divided by the total monthly hundredweight of milk shipped per cow.
Milk Production Data

a) Milk Sold/Total Cow/Month (cwt) – Total hundredweight of milk shipped for the month, divided by total cows.
b) Lbs. Milk Sold/Milk Cow/Day – Total pounds of milk shipped, divided by number of milk cows.
c) Gross Milk Receipts (cwt) – Blend price based on California’s Pool Price Announcement, minus regional quota adjuster (RQA), plus any transportation allowances. It does not include any quality or yield bonuses.
d) Mailbox Price ($/cwt) – Total receipts (receipts includes gross dollars, quality payments, component premiums, yield premiums, seasonal bonuses, monthly distribution of cooperative earnings) less marketing costs and assessments.
e) Mailbox Price less Total Cost (cwt) – Mailbox price plus marketing cost less total cost.
f) Income Over Feed Cost ($/cwt) – Mailbox price less total feed cost cwt.
g) Fat Test % – Total pounds of fat shipped, divided by total pounds of milk shipped for the month.
h) SNF Test % – Total pounds of solids–not–fat shipped, divided by total pounds of milk shipped for the month.
i) Fat Sold/Milk Cow/Month (lb.) – Total pounds of fat shipped, divided by total milk cows.
j) SNF Sold/Milk Cow/Month (lb.) – Total pounds of solids–not–fat shipped, divided by total milk cows.
k) Percent Quota – Total pounds of quota solids-not-fat produced divided by total pounds of solids-not-fat shipped.

Related Data

a) Percent Dry Cows – Total number of dry cows, divided by total cows.
b) Yearly Cull Rate – Twelve–month total of cows leaving the herd, divided by total cows.
c) Average Value per Drop Bull Calf – Total value of bull calves, divided by total bull calves.
d) Milk Cow Alfalfa Hay Price ($/ton) – Average blend price of alfalfa hay fed to milking cows.
e) Grain, Minerals & Supplements ($/ton) – Total grain, mineral and supplement costs, divided by total tons fed to milking cows.
f) Grain Minerals & Supplements (lb./mc day) – Total pounds of grain, minerals and supplements fed, divided by total milking cows, divided by the number of days in month.
g) Milkers ($/hr) – Average hourly wage received by milkers, plus employer taxes and perquisites.
h) Total labor ($/hr) – Average hourly wage received by all hired employees, plus employer taxes and perquisites.
i) Milk Cow Feed Costs per Day – Total feed costs for milking cows, divided by number of milking cows, divided by the number of days in the month.
j) Milk Cow Feed Costs per Cwt – Total feed costs for milking cows, divided by total hundredweight of milk shipped.
k) Milk Cows – Number of lactating cows in herd.
l) Total Cows – Number of lactating and dry cows in herd.
m) Average Investment per Cow – Total investment for land, buildings, equipment and cows divided by total cows.

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