

Reports:

LANCASTER DHIA

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Getting Ahead With DHIA

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About This Column

My intent is to contribute to this column twice each month for the purpose of showing how DHIA records can be used to help people make more-informed, profitable herd management decisions.

Some of the best ideas for using DHIA data come from dairy producers and from their consultants. I would like to use this column to help share your experiences, too. So, feel free to drop me a line or give me a call to let me know how you use your records in order that others might benefit from your experiences. Write to: Glenn A. Shirk, Cooperative Extension, 1383 Arcadia Road, Room 1, Lancaster, PA 17601-3149 or, if you can track me down by phone, call 717-394-6851.

Feed Costs Per Cwt. Milk
Good business managers know

their costs of production. As business managers, dairy producers need to know their costs of production, too. A good place to start is with feed costs per cwt. of milk. But, what figures should you use, and what should you compare them with?

The DHIA Herd Summary Report shows average feed costs per cwt. of milk for:

- Milking cows on test day.
- Rolling herd average for all cows.

- All cows on test day. This includes dry cows, but NOT heifers.

Since dry cows are a necessary part of the herd, the all-cow figure is probably more useful than the lower figure for milking cows only. But remember, the all-cow figure does NOT include the cost of feeding heifers.

The average all-cow figure for

the 1091 Lancaster herds on test with Raleigh in February was \$5.18. The figure for all Raleigh herds across the country was \$5.40 per cwt. milk.

If you are comparing feed costs per cwt. of milk to current milk prices, you'll want to look at test-day figures. The rolling herd average feed cost is helpful when compared to the average milk price for the year.

As you compare these figures, it is important to think about what affects feed costs per cwt. of milk. Some influencing factors are:

- Lbs. of feed fed. Also, was it reported accurately?
- Price of purchased feeds and values assigned to home-grown feeds. These figures can vary considerably from farm to farm.

- Lbs. of milk produced. There is an overhead cost of feeding each cow. It is called maintenance. Some cows have an additional demand for feed for growth and for developing a fetus. All of this overhead feed cost must be covered by milk sales. The more pounds of milk a cow produces, the more pounds of milk this cost can be spread over, and the lower the cost per cwt. produced. This benefit starts to diminish if too many high priced feed ingredients are fed to support real high levels of production.

Feed costs are determined and reported in many ways. Earlier, I suggested that feed cost per cwt. of milk is probably the most useful. Some other ways of determining and reporting feed costs are:

- Cost of purchased feeds plus the market value of home-grown feeds. Market values can vary considerably from farm to farm, but Lancaster County technicians discuss these values each month and try to keep them as uniform as possible.
- Cost of purchased feeds plus the actual or estimated cost of producing, harvesting and storing home-grown feeds. In addition to these costs, feed-related costs also

include a share of the mortgage, taxes, insurance, labor, plus depreciation and repair of machinery and feed storage facilities. If you know these figures for your farm they can be divided by the tons of feed produced to determine your actual costs of production.

- Cost per ton of feed, or feed cost per cow per day. These figures can be very misleading as illustrated by the following extreme example. Old, weathered musty hay is cheap feed, but it won't produce much milk or profit. Starved cows cost less to feed, but they don't produce much milk nor make much profit either.

As you can see, feed costs can vary a lot for a given farm, depending upon what costs you use and how you calculate them. The important thing for you is to report accurate data that is meaningful to you and help your DHIA technician report it accurately on the barn sheets. And, be cautious as you compare your costs to those of other producers; you know how your costs were computed, but you don't know how their's were computed.

Another helpful figure is income over feed cost. While this figure may not be absolutely accurate because of all the variables discussed earlier, it is still a good figure to use for comparing one cow with another. It also provides a clue as to how much profit a cow

is making for her stall. Even though a cow is making a small return per day, is she occupying a stall that could be filled by a more profitable cow? On your monthly report this lists all cows, look at a higher producing cow and compare the difference in income over feed costs per day.

If no replacements are available to fill her stall, a small return per day is better than no return at all, and for the little time it takes to milk and feed her, she could still be returning you \$6-10 per hour. So it may be profitable to milk her even at low levels of production. This may also give her the time she needs to gain enough additional flesh so she sells for a decent cull cow price. A pound or two of gain per day could be worth another \$0.40-0.80 for that stall per day.

Now, as you file your tax returns and your farm figures are handy, take time to calculate your total, itemized costs per cwt. of milk produced. Simply divide each category of cost by the xwts. of milk shipped. This will account for the cost of raising or buying replacements. To be most accurate, you should deduct costs associated with non-feed crops and non-dairy animals.

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Comerford Appointed

UNIVERSITY PARK (Centre Co.) — John W. Comerford, Penn State assistant professor of Dairy and Animal Science, has been appointed to the Northeastern Integrated Resource Management (IRM) Committee. The IRM Committee was formed to combine production and financial records into a meaningful description of the business of cattle production and how resources can be used most effectively and profitably.

Comerford hopes the IRM program will help beef producers in the Northeast become more competitive on a national basis.

Comerford has been instrumental in planning a Northeastern IRM Workshop to be held in Somerset on April 5-6. Sponsored by USDA and the National Cattleman's Association, the workshop involves Pennsylvania and other states in the Northeast. It is designed to help cattlemen, extension personnel, veterinarians, and others involved in the industry devise an IRM program that will work for our region.

Attendance at the workshop is limited. For more information, contact John Comerford (814-863-3661).

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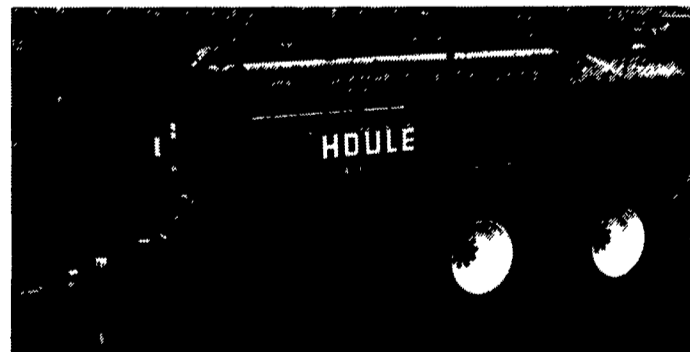
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