# Variable Costs

## 1. Feed Costs

<table>
<thead>
<tr>
<th>Units</th>
<th>Quantity/Percent</th>
<th>Price</th>
<th>Cost</th>
<th>New Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hay</td>
<td>TON 28.00</td>
<td>$225</td>
<td>$6,300</td>
<td>$17.50</td>
</tr>
<tr>
<td>State</td>
<td>AUY 45.0%</td>
<td>$38.04</td>
<td>$6,162</td>
<td>$17.12</td>
</tr>
<tr>
<td>Federal Lease</td>
<td>AUY 25.0%</td>
<td>$21.60</td>
<td>$7,776</td>
<td>$21.60</td>
</tr>
<tr>
<td>Private (Owned)</td>
<td>AUY 30.0%</td>
<td>$0.00</td>
<td>$0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Private (Leased Grazing)</td>
<td>AUY 0.0%</td>
<td>$0.00</td>
<td>$0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Salt &amp; Mineral</td>
<td>TON 5.00</td>
<td>$300</td>
<td>$1,500</td>
<td>$4.17</td>
</tr>
<tr>
<td>Protein Supp</td>
<td>TON 14.00</td>
<td>$525</td>
<td>$7,350</td>
<td>$20.42</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>$0</td>
<td>$0</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total: $29,088 | $80.80 |

## 2. Other Variable Costs

- VET AND MEDICINE: $5,396 | $14.99 |
- LIVESTOCK HAULING: $1,506 | $4.18 |
- HIRED LABOR: $21,000 | $58.33 |
- OPERATING COSTS-EQUIP & MACH: $2,829 | $7.86 |
- OPERATING COSTS-VEHICLE: $4,920 | $13.67 |
- RANCH MAINTENANCE: $2,891 | $8.03 |
- BEEF CHECKOFF: $252 | $0.70 |
- LIVESTOCK PURCHASES: $15,000 | $41.67 |

Total: $53,793 | $149.42 |

## 3. Interest on Variable Costs

<table>
<thead>
<tr>
<th>SUM OF VARIABLE COSTS X MONTHS BORROWED</th>
<th>7.00%</th>
<th>VALUE PER COW</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>$2,901</td>
<td>$8.06</td>
</tr>
</tbody>
</table>

Total: $85,762 | $238.28 |

## Ownership Costs

- **Annual Capital Recovery** (At Replacement Value):
  
  Represents 65% Asset Ownership

<table>
<thead>
<tr>
<th>Cash Costs</th>
<th>VALUE PER COW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes &amp; Insurance</td>
<td>$8,235</td>
</tr>
<tr>
<td>Overhead</td>
<td>$4,000</td>
</tr>
</tbody>
</table>

Total: $12,235 | $33.99 |

<table>
<thead>
<tr>
<th>Non Cash Costs</th>
<th>VALUE PER COW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Livestock</td>
<td>$11,272</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>$8,235</td>
</tr>
<tr>
<td>Housing &amp; Improvements</td>
<td>$24,969</td>
</tr>
<tr>
<td>Interest on Retained Livestock</td>
<td>$22,853</td>
</tr>
<tr>
<td>Management &amp; Operation Labor (6% of gross returns)</td>
<td>$12,258</td>
</tr>
</tbody>
</table>

Total: $79,587 | $221.07 |

## Total Costs

- **Total Fixed Costs**: $91,821 | $255.06 |
- **Total Cash and Variable Costs**: $98,017 | $272.27 |
- **Total Costs**: $177,603 | $493.34 |
- **Return Above Total Cash Costs**: $106,285 | $295.23 |
- **Return Above Total Costs**: $26,698 | $74.16 |

## SOUTHEAST REGION LARGE COW/CalF Budget 2012

<table>
<thead>
<tr>
<th>BREED HERD SIZE</th>
<th>360</th>
<th>COW to BULL</th>
<th>20</th>
<th>CALF CROP PERCENT</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CULL RATE</td>
<td>15%</td>
<td>REPLACEMENT HEIFER'S KEPT</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Value of Production

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Weight</th>
<th>Price</th>
<th>Value</th>
<th>New Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steer Calves</td>
<td>153</td>
<td>510</td>
<td>$1.39</td>
<td>$208,462</td>
</tr>
<tr>
<td>Heifer Calves</td>
<td>99</td>
<td>485</td>
<td>$1.31</td>
<td>$62,900</td>
</tr>
<tr>
<td>Cull Cows</td>
<td>54</td>
<td>900</td>
<td>$0.66</td>
<td>$32,076</td>
</tr>
<tr>
<td>Cull Bulls</td>
<td>1</td>
<td>1200</td>
<td>$0.72</td>
<td>$85</td>
</tr>
</tbody>
</table>

Total: $204,301 | $567.50 |

### Variable Costs

**Cash Costs**

- Taxes & Insurance: $8,235 | $22.87 |
- Overhead: $4,000 | $11.11 |

Total: $12,235 | $33.99 |

**Non Cash Costs**

- Purchased Livestock: $11,272 | $31.31 |
- Machinery & Equipment: $8,235 | $22.87 |
- Housing & Improvements: $24,969 | $69.36 |
- Interest on Retained Livestock: $22,853 | $63.48 |
- Management & Operation Labor (6% of gross returns): $12,258 | $34.05 |

Total: $79,587 | $221.07 |

### Total Costs

- Total Fixed Costs: $91,821 | $255.06 |
- Total Cash and Variable Costs: $98,017 | $272.27 |
- Total Costs: $177,603 | $493.34 |
- Return Above Total Cash Costs: $106,285 | $295.23 |
- Return Above Total Costs: $26,698 | $74.16 |

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1. Calf crop is defined as the actual number of calves sold divided by the total number of cows (assuming all cows were exposed).
2. Prices represent 2012 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.
3. Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance.
4. Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.
5. The 35% reduction in asset values which represent a mix of new and used machinery.
6. Interest on average investment.