

# PUTTING A PRICE TAG ON RAISING REPLACEMENTS

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## FEED COSTS ARE DOWN, BUT HEIFERS ARE WORTH MORE.. WHAT DOES THIS DO TO THE COST OF RAISING CALVES AND HEIFERS

There is no denying it — raising dairy replacements is expensive. The cost of raising calves and heifers is often the second highest expenditure on dairy farms after feed costs for the milking herd.

The heifer rearing price tag varies farm to farm, so obtaining an industry average can be difficult. Still, producers want to know general rearing costs and would like benchmarks to compare themselves to. For this reason, UWExtension agriculture agents in Wisconsin collected data from real dairy farms and custom calf and heifer growers in 1999, 2007 and 2013.

In 2013, data was collected from 36 dairy farms and custom calf and heifer growers across the state. In just a few years, these costs have already changed, especially with lower feed costs and higher calf values. This article highlights the updated costs for 2015.

A few assumptions were made to standardize certain input costs, which are listed in the chart. Notice that only the feed costs and calf value are changed in this 2015 update. All other costs were producer-specific and represent real farm costs in 2013.

### THE FUTURE OF THE HERD

In the survey, calf rearing expenditures, costs incurred from birth to weaning, were broken into four areas: feed costs, labor and management, variable costs (veterinary service, bedding, death loss and interest) and fixed costs (housing and equipment).

The biggest change since 2013 was a hike in calf value (\$400 versus \$150), which caused both death loss and interest costs to go up. Other variable costs rose from \$41 per calf (64 cents per day) to \$51 per calf (70 cents per day). No other areas were changed for calf costs.

In 2013, feed was the most expensive cost at \$165 per calf (\$2.40 per day). Feed costs included liquid feed (milk replacer or milk), starter and forages. Labor and management costs were \$134 per calf (\$1.95 per day). Fixed costs averaged \$23 per calf (35 cents per day).

The average total cost to raise a calf in 2015 was \$374 per head. The cost for raising calves ranged from \$3.81 to \$5.59 per day with an average of \$5.51 per day over 68 days. This does not include the value of the calf.

Next, let's look at heifers. Since 2013, the price for feed has fallen considerably, leading to feed costs dropping from \$1,046 (\$1.71 per day) to \$910 (\$1.37 per day) per heifer in 2015. Labor and management were the next largest expense at \$342 per heifer (53 cents per day). Other variable costs were approximately \$278 per heifer (44 cents per day) and were similar to 2013 costs with slightly lower interest costs due to lower feed costs, but higher death loss costs due to higher calf value in 2015. Fixed costs averaged \$217 per heifer (32 cents per day).

The average cost for raising a heifer from weaning to freshening (or returned to the dairy by custom grower) in 2015 was \$1,736 per heifer or \$2.77 per day. The range was \$2.04 to \$4.32 per heifer per day. This is 10 percent lower compared to 2013, which was \$1,914 per heifer. Costs associated with raising heifers based on the UWExtension trials conducted in 1999, 2007, 2013, and the 2015 updates are shown in Figure 1.

### THE WHOLE PICTURE

Since the cost of many farm inputs has gone up in the past few years, it is to be expected that dairy replacement rearing costs have climbed as well. As mentioned earlier, most data collected was producer-specific. Only a few key assumptions were made to help standardize inputs.

Based on the 2015 updates, the total cost to raise a heifer, from birth to freshening, averaged \$2,510, which included the \$400 calf value. This is higher than total heifer costs in 2013, which were \$2,427 per heifer with a \$150 calf value. Figure 2 shows the changes from 1999 to 2015.

Calf and heifer raising costs are often overlooked since no direct income is derived from the replacement herd. The data collected in this study provide an excellent benchmark for dairy producers and agribusiness professionals.

To truly understand your own costs of production, you need to analyze your actual farm inputs. This information should only be used to compare the performance and cost of your own dairy replacement program. Identifying areas to improve producer efficiency may lead to enhanced profitability.

