In just nine years . . . heifer-raising costs jumped over 50 percent

— by Abby Huibregtse, Tom Anderson, Pat Hoffman, and Annette Zwald

In the past decade, fertilizer and fuel prices have skyrocketed and feed costs continued to increase. In 1998, data was collected from Wisconsin farms to determine the extent of raising dairy replacements. Information was updated in 2007.

The total cost to raise calves from birth to freshening (including a $500 calf value) ranged from $1,585 to $2,935 per heifer for an average of $2,149 on 49 operations in 2007. That breaks down to an average cost of $3.02 per head per day compared to $1.83 in the 1998 study. At that time, the cost of raising a heifer from birth to freshening was $1,380 (including a $100 calf value). What contributed most to these higher costs?

Calf costs are definitely up . . .

Raising the preweaned calves was the most expensive part of raising dairy replacements in both 1998 and 2007. Preweaned calves, defined as animals from birth until they are moved into group housing (an average of 61.4 days), account for only 6 percent of the time from birth to freshening (an average of 710 days), but accounted for almost 50 percent of the total heifer-raising costs. Today’s producers and calf growers are spending $326, an average of $5.31 per day, to raise a calf. In 1998, calf-raising costs were approximately $2.65 per day for a total of $180 per head (59.7 days in single housing). Remember, these total costs did not include the calf’s value.

Labor and management, both paid and unpaid hours, made up the largest expense. In 1998, labor and management made up 40 percent of the total costs . . . today, almost half (47 percent). This significant change could be credited to the higher hourly wages. In 1998, values of $7 and $12 were assigned for labor and management hours, representing hourly wages. In 1998, values of $7 and $12 were assigned for labor and management hours, representing hourly wages. In 2007, values of $12 and $20 per hour were assigned. Some of this substantial increase could be attributed to higher labor and management values assigned for labor and management hours — $7 and $12 in 1998 to $12 and $20 in 2007.

Like calves, we also saw labor efficiency drop with the heifers from 1998 to 2007 which raised costs. Operators were able to manage 53.7 heifers per hour and 429.8 heifers per 8-hour work day per person in 1998. Labor efficiency fell in 2007 to 50.1 heifers per hour and 401.6 heifers per day. Overall, labor and management attributed to 20 percent of raising costs for postweaned heifers.

Another 18 percent of the cost of raising a heifer came from other variable expenses other than feed which included bedding, veterinary, breeding, electrical, and fuel, interest, and death loss. This accounted for $233.38 of total costs to raise heifers from birth to freshening, an almost 58 percent increase from the $145.75 in 1998. Breeding costs contributed the highest share to the increase in the other variable costs, almost doubling from $26.07 in 1998 to $48.45 in 2007. Fixed costs (housing, equipment, and manure storage) also have gone up from 9 years ago, from $110.32 to $161.73. This breaks down to about $0.25 per day per head, a $0.05 jump per head. The percentage of the total costs that fixed expenses represent has remained constant at approximately 12 percent.

Using the survey results, we found that it costs an average of $2.04 per day to raise a dairy heifer from time moved to group housing to freshening. This is a significant rise from the $1.60 per day per heifer cost collected in 1998.

Older replacements aren’t cheap either . . .

Feed costs remained the highest expense for operators raising heifers once they moved them into group housing (or in the case of custom growers, the time they are returned to the producer). Feed accounts for 52 percent of all costs associated with raising a heifer, an average of $1.05 per day per heifer in 2007. This came to a $883.66 total cost per heifer ($48.3 days on feed), a 5.8 percent increase from 1998. Labor and management was a lower proportion of costs for older heifers, although it still came in as the second highest expense. Labor and management averaged $0.38 per day for heifers in 2007, a total of $236.98. This was up almost 65 percent from 1998’s, $144.36 per head. As noted earlier, a large portion of the increase could be attributed to the values assigned to labor and management hours. $7 and $12 in 1998 to $12 and $20 in 2007.

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The data indicates that the average cost of raising a dairy replacement from birth to freshening (including a $500 calf value) was an average of $2,149. In 2007, a total of $236.98. This was up almost 65 percent from 1998’s, $144.36 per head. As noted earlier, a large portion of the increase could be attributed to the values assigned to labor and management hours. $7 and $12 in 1998 to $12 and $20 in 2007.

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