

# Costs of Production

**SPECIAL POINTS OF INTEREST:**

- Tax time is a good time to evaluate your business
- Do you know your income over feed costs?
- We have developed a spreadsheet to help you calculate income over feed costs
- Ask us to help you calculate your cost of production

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**CALCULATING COST OF PRODUCTION**

February is that wonderful time of year when the weather gets horrible, it takes longer to do our daily chores, calves get sick, and farmers get their books in order for taxes. As the owner of a business, I really dislike tax time and it brings me great stress. But we can make this time of year productive because it allows us to evaluate our businesses.

Most farmers dislike paperwork. One of the great things about farming is that it isn't a desk job! I enjoy records evaluation and crunching numbers. With the help of a computer, this job is even easier.

Often it is useful to look at both past information as well as attempt to make predic-

tions about income and expenses for the future. When evaluating income we look at milk sales, bull calf sales and cull cow sales.



The first production cost we evaluate is feed costs. We calculate total ration cost per cow per day and arrive at a yearly dollar figure. This usually accounts for about 50% of the cost of production.

Finally other costs can be added which would include

veterinary bills, drugs, heifer and dry cow feed costs, supplies, utilities, debt payments, animal purchases, and breeding costs.

Our office has developed a spreadsheet that allows you to input ration costs and production figures to automatically calculate your yearly income over feed costs. This is the amount of money left over after feeding your lactating herd to pay bills and repay debt. The neat thing about this computer spreadsheet is that the numbers are automatically calculated and it can be individually customized for your farm. This allows us to see how any changes affect your bottom line!

**KEEPING COSTS IN CHECK**

While the market for milk looks favorable this year, it is always a good idea to maximize production while minimizing expenses. Doing simple things like keeping calves healthy by feeding them enough and keeping water in front of them, making sure all

animals get the proper vaccines, feeding a balanced ration, mixing the ration that is formulated, and following good milking procedures can prevent problems. It is almost never profitable to cut costs that limit production. Unfortunately we see many dairy

farms that try this method. Even with high feed prices, after maintenance needs each pound of feed consumed makes 2+ pounds of milk. Fixed costs of debt are often diluted with higher production. How can we help you achieve your goals? Ask us!

**T H E F D A H O T L I S T**

Recently, the FDA has announced plans to screen 900 dairy farms for bulk tank milk residues that have had a meat residue. The FDA is concerned that over 90% of all meat drug residue violations come from cull dairy cows. The top three residues are penicillin, ceftiofur (Excenel, Excede), and flunixin (Banamine). Incorrect use and not following label instructions are often the

cause of these residues. If you have had a meat violation within the past three years, please contact our office so we can prepare you for possible inspection. Your veterinarian is also liable for proper drug use on your farm so we need to be involved. Normally milk is tested for one class of antibiotics (beta lactam). The FDA will be looking for all types of antibiotics as well as flunixin

(Banamine) in the milk. As of January, the FDA has postponed this testing, but it will happen in the future and the testing will likely expand to a more broad testing base. We want all of our farms to be in compliance and we are here to assist you. The number one priority you should consider is **DO NOT GET ON THE FDA LIST OF RESIDUE VIOLATORS.**



*Make sure you are using all medications according to the label. Ask us if you ever have questions about withdrawal times.*

**T O P T H R E E A R E A S T O D E C R E A S E R E S I D U E R I S K S**

**Banamine**—Never give Flunixin or Banamine to any animal unless you give it IV. **We are recommending that all cows treated with Banamine/ Flunixin/Prevail follow a labeled milk withdrawal time of 36 hours and meat withdrawal of 4 days.** There is a Banamine test available and it can be detected in your milk. Withdrawal times should be fol-

lowed!  
**Penicillin**— We suggest that use of Penicillin be limited and prefer using Polyflex for a shorter more defined withdrawal time. Penicillin should be dosed at 35 cc per adult cow once a day for 3-5 days. Never give more than 10 cc per injection site and always give IM, not under the skin. **We can test urine of cows**

**treated with Penicillin. Any cow treated should be tested before culling. A minimum meat withhold of 21 days after treatment should be followed.**  
**Uterine Infusion**—Most cows should not be infused. If a cow is infused with tetracycline, a milk withhold of 8 days and meat hold of 35 days is required. **Effective immediately our office is no longer doing uterine infusions with tetracycline.....the risk of**

**W H Y A R E W E D O I N G T H I S ? ? ? ? ?**

The tests that are now available for meat and milk can detect drug levels easily, cheaply and quickly. In the past, many of the products that we have used on farms have not been routinely tested by USDA and FDA. That has now changed and these food safety govern-

ment branches will be testing milk. Consumers need to be confident in our products that they are safe, healthy and free of drug residues. Can you imagine what would happen to the price of milk if a massive milk recall was announced due to a drug residue? Is it worth those

few milkings to have a residue risk?  
We want consumers to trust us and our milk products so all dairy producers need to be responsible and use drugs according to labeled instructions. If you have any questions, contact your veterinar-



**DAIRY PRODUCERS MEETING**

Our annual dairy producers meeting will be held **Wednesday February 23rd** at the old Country Metals building on Amstutz Road. We have three great talks planned:

***Proper Drug Use/Avoiding Residues***

***Calf Health and Management***

***Reproductive Management***

We have allowed more time for lunch and some breaks to visit sponsors. Lunch will be pizza and salads with ice cream and cookies for dessert

This meeting would not be possible without the sponsors that are listed below in this newsletter. One reason we are able to get sponsors for this meeting is that they tell us they enjoy talking to you.....PLEASE visit all of the sponsor booths. Discuss their products and talk to them! If the sponsors know you are interested in them they will keep coming to our meetings. Thank them for their support and browse their products!

**Please make sure you call us to let us know you are coming to the meeting. We don't want to run out of pizza so everybody reserve a spot!!!**

Also this year we will have a talk from Jenny Hubble from Ohio Dairy Producers Association! We encourage all producers to sign up for this group. Anyone joining that day will get a free farm call coupon from CRVS. The cost to join is \$50 but with the coupon your cost is \$25 so bring your checkbook if you are interested in joining ODPA!

**THANK YOU SPONSORS!**

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Plan on attending our meeting Feb. 23rd and make sure you RSVP! Visit our sponsor booths!

