



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

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**I**N THE past decade, fertilizer and fuel prices have skyrocketed and feed costs continued to rise. In fact, very few inputs on our farming operations cost the same today as they did 10 years ago. The same is true when it comes to raising dairy replacements.

In 1998, data was collected from Wisconsin farms to determine an average cost of raising dairy replacements. This information was updated in 2007.

The total cost to raise calves from birth to freshening (including a \$500 calf value) ranged from \$1,595 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 \$1,360 (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 16 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 \$2.68 per day for a total of \$160 per head (59.7 days in single housing). Remember, these total costs did not include the calf's value.

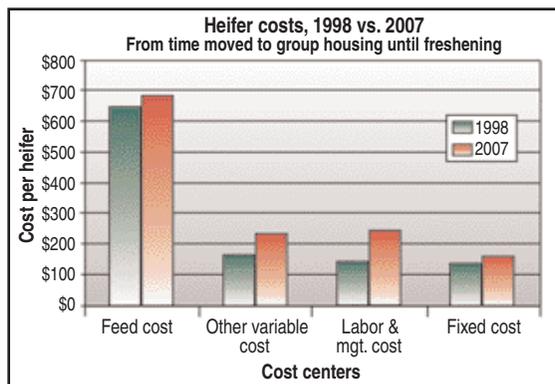
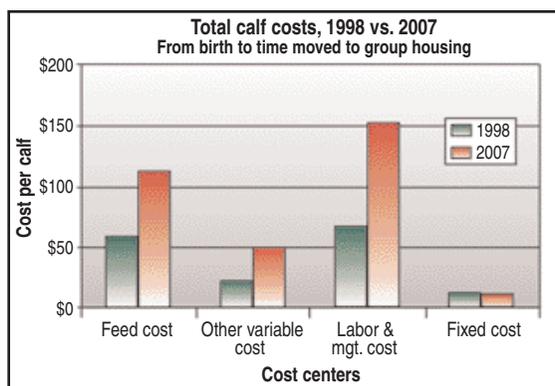
Labor and management, both paid and unpaid hours, made up the largest expense. In 1998, labor and management made up 40 percent of the total costs . . . today, almost half (47 percent). This significant change could be credited to the higher hourly wages. In 1998, values of \$7 and \$12 were assigned for labor and management hours, respectively. For 2007, we increased those hourly wages to \$12 per hour for labor and \$20 per hour for management.

Our study also found that labor efficiency for calf care decreased since 1998. Nearly a decade ago, calf raisers could manage 9.1 calves per hour or 72.6 calves per 8-hour work day per person. Labor efficiency dropped to 7.9 calves per hour and 62.8 calves per person per day in our recent study. Workers were spending more time with each calf from birth until the time moved to group housing — 12.3 hours per calf — compared to 9.2 hours per calf in 1998.

Feed costs were the next largest expense in both years. In 2007, feed costs averaged \$1.83 per calf per day, making up 34 percent of total calf costs . . . compared to 1998's \$0.98 per head. However, that \$0.98 cents still accounted for 38 percent of all costs from birth to time moved into group housing. Even though the average weaning age of calves dropped

from 7.4 weeks in 1998 to 7.0 weeks in 2007, the liquid feed cost is almost one and a half times more today. (After weaning, calves spent 8 days in single housing in 1998 compared to 12 days in 2007.) The steep increase in milk replacer costs over the past few years attributed greatly to this jump in liquid feed prices.

The third highest portion of expenses came from other variable costs. This included bedding, veterinary costs, death loss, and interest. Other variable costs averaged \$49 per calf, or \$0.80 per day, in 2007. The survey indicated that in 1998, other variable costs were only half as much, at \$0.39



per calf. Some of this substantial increase could be contributed to higher calf values and inflation in veterinary services and products.

Housing and equipment, or fixed costs, were fourth on the list of expenses. These expenses averaged \$0.17 per calf per day for the tie stall operations and \$0.19 per calf per day for the free stall operations. This is down slightly from the \$0.21 per calf per day 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 grower, 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 \$683.66 total cost per heifer (648.3 days on feed), a 5.6 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, respectively.

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 18 percent of raising costs for postweaned heifers.

Another 18 percent of the cost to raise 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, up almost 60 percent from 1998's average of \$145.75. Breeding costs contributed the highest share to the increase in the other variable costs, almost doubling from \$26.07 in 1998 to \$48.48 in 2007.

Fixed costs (housing, equipment, and manure storage) also have gone up from 9 years ago, from \$140.32 to \$161.73. This breaks down to about \$0.25 per day per head, a \$0.05 jump per head from 1998. 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.

As stated earlier, in 2007, the total cost to raise a dairy replacement from birth to freshening (including a \$500 calf value) was an average of \$2,149. In 1998, the cost to raise a dairy replacement from birth to freshening was \$1,360 (including a \$100 calf value), a difference of \$788. Please note that approximately \$148 of that difference resulted from the higher hourly wages assigned for labor and management and another \$400 from the higher value for calves, for a total of \$548.

The data indicates that the average cost of raising a dairy replacement from birth to freshening has gone up 58 percent. The authors emphasize the survey should not be used to set the price for dairy replacements raised on your own farm or by custom growers. Rather, this information should be used as a way to compare the performance and cost of your dairy replacement management. 🐄

- January 10: Calf costs
- January 25: Heifer costs
- February 10: Differences between operations
- February 25: Labor efficiencies
- March 10: Comparing 1998 to 2007
- March 25: How does your operation compare?

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