

# FARM MANAGEMENT GUIDE

**KSU Beef Finishing Budget**

**2018 Production Year**

**(as of Dec. 4th, 2017)**

## Production Efficiency Information

Death Loss	<b>1.5%</b>				CWT Produced
Days on Feed	<b>150.0</b>	Average Daily Gain	<b>3.7</b>		5.550

Gross Return	Price	Unit	Qty	Unit	Total per Year
Fed Animal Sale	\$ 99.11	<i>per cwt</i>	x 1443	<i>lbs</i>	= \$ 1,429.64
Purchase price	\$ 142.04	<i>per cwt</i>	x <b>888</b>	<i>lbs</i>	= \$ (1,260.62)
Death Loss					\$ (18.91)
Other					
<b>Total Gross Return</b>					<b>\$ 150.11</b>

## Variable Costs

Harvested Forage	\$ 92.50	<i>per ton</i>	x 0.23	<i>total tons</i>	= \$ 20.81
Grain/Protein Supplements	\$ 125.73	<i>per ton</i>	x 3300.0	<i>total lbs</i>	= \$ 207.46
Mineral	\$ 600.00	<i>per ton</i>	x 75.0	<i>total lbs</i>	= \$ 22.50
Other Feed	\$ -	<i>per unit</i>	x <b>0.0</b>	<i>units</i>	= \$ -
Labor	\$ <b>20.00</b>	<i>per hour</i>	x <b>1.5</b>	<i>hours</i>	= \$ <b>30.00</b>
Vet Medicine/Drugs					\$ <b>20.00</b>
Marketing costs					\$ <b>7.00</b>
Utilities, Gas, Fuel, Oil					\$ <b>8.00</b>
Machinery, Facility/Equip. Repairs					\$ <b>9.00</b>
Cash Interest Paid					\$ <b>17.00</b>
Other variable costs					\$ <b>7.00</b>
<b>Total Variable Costs</b>					<b>\$ 348.77</b>

## Fixed Costs

Depreciation					\$ <b>14.00</b>
Taxes					\$ <b>2.00</b>
Farm/Livestock Insurance					\$ <b>5.00</b>
Opportunity Cost of Investment					\$ <b>36.00</b>
Other fixed costs					\$ -
<b>Total Fixed Costs</b>					<b>\$ 57.00</b>

## Total Costs

<b>Total Costs</b>					<b>\$ 405.77</b>
Income Over Variable Costs					\$ (198.66)
<b>Income Over Total Costs</b>					<b>\$ (255.66)</b>

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## KSU Beef Finishing Budget

K-State's Agricultural Economics Department annually publishes *Farm Management Guides* to estimate the current profitability of different agricultural enterprises. A new format for livestock enterprises allows the user to change certain key inputs to cater the budget to their production situation. Rainfall, temperature, genetics, local cash prices, and a variety of other factors makes budgeting to the entire state of Kansas difficult. While defaults in the spreadsheet are research-based estimates for the state, users should enter their own prices and costs using the cells in **blue**. Base prices assume feeders are placed in July and fed animals are sold in December. Users are encouraged to update prices to best reflect their specific situation.

The Kansas Farm Management Association (KFMA) is frequently cited as an informational source for production and cost estimates. Trained K-State economists work with these farms to keep consistent records, do performance analysis, and state benchmarking. Default costs in the tool are based on 10-year KFMA trends, rounded to the nearest dollar.

Two different sets of price forecasts are available in the spreadsheet. By clicking the dropdown menu at the top of the budget, a user can select "2018 Production Year" or "Five Year Out Prices". All price assumptions can be viewed in the *Prices* tab.

Feed assumptions can be viewed in the *Feed* tab. Harvested forages, grain/supplements, and mineral are on a head per day basis and will be multiplied by the days in the finishing lot to determine total feed amounts.

### Production Efficiency Measures

**Death Loss:** Percentage of animals normally lost.

**Days in Feed & Average Daily Gain:** Will be used to calculate ending weight and be multiplied by feed inputs which are on a per day basis. ADG is a large driver of returns, so should be adjusted to fit the production setting.

### Gross Return

**Fed Animal Sale:** Default is based upon a December Steer price, adjust if feeding heifers.

**Purchase Price:** Default price is based upon a July Feeder Steer price, adjust if feeding heifers.

**Death Loss:** Death Loss percentage is multiplied by the purchase animal price to determine the deduction.

### Variable Costs

**Harvested Forage:** In the *Feed* tab, a daily ration of hay, silage, and alfalfa gets combined and multiplied by days in the finishing lot. The price is weighted based on the proportions of each forage.

**Grain/Protein Supplements:** In the *Feed* tab, a daily ration of corn, soybean meal, and distiller's grains gets combined and multiplied by days in the finishing lot. The price is weighted based on the proportions of each feedstuff.

**Mineral:** In the *Feed* tab, a daily amount is entered which is multiplied by days in the finishing lot.

**Labor:** Researched labor per animal is .30 hours per month. *KFMA Labor Hired + Unpaid Operator Labor* determined a dollar per hour estimate for all cattle budgets.

**Vet Medicine/Drugs:** KFMA value

**Livestock Marketing:** KFMA value which includes trucking and sale commissions.

**Utilities, Gas, Fuel, Oil:** KFMA values which includes fuel & oil for equipment, and the enterprises's share of telephone, electricity, gas, and water expenses.

**Machinery, Facility/Equip. Repairs:** KFMA

**Cash Interest Paid:** KFMA value

**Other Variable Costs:** Rough sum of all other KFMA variable costs, includes fees/publications/travel, building rent, conservation, and auto expense.

**Depreciation:** KFMA value

**Taxes:** KFMA value

**Farm/Livestock Insurance:** KFMA value for general farm insurance

**Opportunity Cost of Investment:** KFMA Interest charge does not represent cash interest paid, rather a measure to reflect the interest that could have been earned had the investment been made elsewhere.

*\*Note, KFMA values used reflect 17 farms with an average of 1,133 head.*

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## KSU Beef Finishing Budget

### Budget Assumptions

#### Finishing Feed Requirements (per animal unit)

	Qty	Unit
Prairie/Brome Hay	1.50	lbs/day
Silage	0.00	lbs/day
Alfalfa	1.50	lbs/day
Total Harvested Forage	3.00	lbs/day
Corn	17.00	lbs/day
DDG's	5.00	lbs/day
Soybean Meal	0.00	lbs/day
Total Grain/Protein Supplements	22.00	lbs/day
Salt and Mineral	0.500	lbs/day

#### Default Beef Finishing Price

	2017	Five Years Out
Corn (\$/bu)	\$ 3.30	\$ 3.40
Soybean Meal (\$/ton)	\$ 314.00	\$ 339.00
DDGS (\$/ton)	\$ 152.50	\$ 157.12
Silage (\$/ton)	\$ 26.40	\$ 27.20
Prairie Hay (\$/ton)	\$ 70.00	\$ 72.12
Alfalfa (\$/ton)	\$ 115.00	\$ 118.48
Other Beef Mineral (\$/ton)	\$ 600.00	\$ 660.00
July Feeder Steers (\$/cwt)***	\$ 142.00	\$ 113.76
Dec. Fed Cattle (\$/cwt)****	\$ 114.00	\$ 101.65

\*\*\*This is a predicted price for the production year

\*\*\*\*This is a predicted price for a Dec. sale of a fed animal

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