

U.S. milk production costs and returns per hundredweight sold, 2000-2005 1/

Item	2000	2001	2002	2003	2004	2005
dollars per cwt sold						
Gross value of production:						
Milk	12.63	15.36	12.47	12.86	16.58	15.64
Cattle	1.05	1.12	1.03	1.17	1.35	1.42
Other income 2/	0.57	0.74	0.60	0.59	0.75	0.68
Total, gross value of production	14.25	17.22	14.10	14.72	18.68	17.80
Operating costs:						
Feed—						
Feed grains	1.22	1.27	1.47	1.51	1.28	1.22
Hay and straw	1.51	1.87	1.69	1.57	1.71	1.80
Complete feed mixes	1.43	1.50	1.53	1.62	1.87	1.63
Liquid whey and milk replacer	0.08	0.05	0.07	0.09	0.11	0.11
Silage	1.09	1.05	0.95	0.94	0.97	1.67
Grazed pasture and cropland	0.08	0.08	0.08	0.08	0.11	0.09
Other feed items 3/	1.08	1.12	1.22	1.27	1.42	1.28
Total, feed costs	6.49	6.75	7.01	7.18	7.47	7.66
Veterinary and medicine	0.65	0.66	0.66	0.68	0.69	0.73
Bedding and litter	0.18	0.18	0.16	0.16	0.17	0.18
Marketing	0.27	0.27	0.27	0.28	0.28	0.30
Custom services	0.53	0.54	0.53	0.55	0.55	0.57
Fuel, lube, and electricity	0.48	0.47	0.46	0.51	0.56	0.61
Repairs	0.53	0.56	0.56	0.57	0.57	0.65
Other operating costs 4/	0.01	0.01	0.01	0.01	0.01	0.01
Interest on operating capital	0.26	0.16	0.08	0.05	0.08	0.19
Total, operating cost	9.38	9.68	9.74	9.99	10.38	11.30
Allocated overhead:						
Hired labor	1.14	1.19	1.25	1.30	1.35	1.37
Opportunity cost of unpaid labor	3.54	3.58	3.71	3.75	3.78	3.87
Capital recovery of machinery and equipment 5/	3.23	3.41	3.42	3.42	3.50	3.92
Opportunity cost of land (rental rate)	0.08	0.06	0.08	0.08	0.09	0.07
Taxes and insurance	0.18	0.18	0.18	0.18	0.19	0.20
General farm overhead	0.49	0.50	0.51	0.52	0.54	0.57
Total, allocated overhead	8.64	8.92	9.13	9.23	9.45	10.00
Total costs listed	18.02	18.50	18.87	19.22	19.83	21.30
Value of production less total costs listed	-3.77	-1.28	-4.77	-4.50	-1.15	-3.40
Value of production less operating costs	4.87	7.64	4.38	4.73	8.30	6.60
Supporting information:						
Milk cows (head per farm)	93	95	95	96	96	96
Output per cow (pounds)	19,974	20,003	19,992	20,032	20,076	20,045
Milking frequency greater than twice per day (percent of farms)	3.38	3.50	3.50	3.56	3.66	3.67
Homegrown feed cost (percent of total feed cost) 6/	34	34	34	34	34	35
Milk cows injected with bST (head per farm)	17	17	17	17	18	18

1/ Developed from survey year base, 2000.

2/ Income from renting or leasing dairy stock to other operations; renting space to other dairy operations; co-op patronage dividends associated with the dairy; assessment rebates, refunds and other dairy-related resources; and the fertilizer value of manure production.

3/ Cotton seed meal, protein supplements, protein byproducts, vitamin or mineral supplements, nonprotein byproducts, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives.

4/ Manure disposal fees, permits, and licenses, and odor control costs.

5/ Machinery and equipment, and housing, manure handling, and feed storage structures, and dairy breeding herd.

6/ Percent of feed cost from charge for homegrown feed. Homegrown feed items are charged at their market price to reflect the opportunity cost of using the feed items in milk production.

Exhibit 11
 Witness _____
 Date _____ Rptr. _____
**Powers
 Garrison &
 Hughes**