
United States Department of Agriculture
Before the Secretary of Agriculture

Public Hearing on Proposed Rulemaking - April 9 – 13, 2007
Docket No. AO-14 -A77 et al
Docket No DA-07-02

**Proposal (18) to Amend the Class III and IV Product Pricing Formulas
Applicable to all Federal Milk Marketing Orders**

Exhibit EXHIBIT
50
JEB 4-11-07

Mailbox Milk Prices 1/ for Selected Reporting Areas in Federal Milk Orders and California, by Month, 2004

Reporting Area 2/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average 3/
	Dollars Per Hundredweight												
Northeast Federal Milk Order	13.50	13.98	15.57	17.12	19.28	19.08	17.01	15.07	15.74	16.20	16.55	16.70	16.29
Appalachian States 4/	13.74	14.05	15.06	15.95	19.02	19.31	18.14	15.11	15.71	15.96	16.06	16.36	16.21
Southeast States 5/	14.30	14.61	15.28	16.52	19.79	19.91	19.04	15.75	16.46	16.57	16.68	16.80	16.79
Southern Missouri 6/	12.97	13.37	14.55	15.16	18.45	18.61	17.51	14.46	15.15	15.50	15.57	15.97	15.69
Florida	15.97	16.00	16.82	18.07	20.98	21.69	20.47	17.18	17.56	18.13	18.17	18.10	18.28
Ohio	13.29	13.57	15.38	16.30	18.90	18.26	16.36	14.68	15.35	15.68	16.16	16.51	15.92
Indiana	13.30	13.54	15.28	16.36	19.14	18.68	16.94	14.92	15.55	15.79	16.20	16.52	16.03
Michigan	13.04	13.34	14.85	16.34	18.28	17.85	16.09	14.53	15.10	15.37	15.92	16.09	15.58
Wisconsin	13.34	13.80	16.13	19.89	20.39	18.04	16.11	15.23	15.86	16.00	16.65	17.25	16.57
Minnesota	13.11	13.72	16.22	19.81	19.80	17.85	15.71	15.05	15.57	15.58	16.47	16.60	16.30
Iowa	13.17	13.51	15.55	18.55	19.29	17.56	15.76	14.89	15.47	15.71	16.19	16.57	16.06
Illinois	13.17	13.53	15.58	17.63	19.48	18.28	16.00	14.80	15.68	15.95	16.41	16.87	16.14
Corn Belt States 7/	12.46	12.77	14.31	16.07	17.40	16.81	15.02	13.76	14.36	14.42	14.93	15.30	14.79
Western Texas 8/	12.72	13.17	14.51	16.35	18.16	17.69	15.63	14.09	14.63	14.42	15.14	15.55	15.19
New Mexico	11.74	12.09	13.46	15.27	16.85	16.47	14.46	13.04	13.65	13.41	14.24	14.42	14.11
Idaho	12.14	12.53	14.50	12/	---	---	---	---	---	---	---	---	---
Utah	12.11	12.32	14.29	12/	---	---	---	---	---	---	---	---	---
Northwest States 9/	12.39	12.76	14.34	15.00	16.59	17.75	14.93	13.63	14.36	14.56	15.09	15.03	14.72
All Federal Order Areas 10/	13.12	13.54	15.27	17.40	19.01	18.26	16.32	14.75	15.37	15.68	16.12	16.38	15.90
California 11/	12.11	12.69	14.65	17.21	17.57	16.38	13.91	13.73	14.37	14.12	15.23	15.18	14.76

1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt assessment under the Cooperatives Working Together (CWT) program.

2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships.

3/ Figures are annual averages -- the weighted average of the monthly figures, except California, which is the simple average.

4/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

5/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

6/ The counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

7/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 6/.

8/ All counties to the west of Fannin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby.

9/ Includes Oregon and Washington.

10/ Weighted average of the information for all selected reporting areas in Federal milk orders.

11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

12/ Mailbox prices for Idaho and Utah are being discontinued due to the termination of the Western Federal Milk Order on 04/01/04.

Mailbox Milk Prices 1/ for Selected Reporting Areas in Federal Milk Orders and California, by Month, 2005

Reporting Area 2/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average 3/
	Dollars Per Hundredweight												
Northeast Federal Milk Order	16.37	15.50	16.01	15.28	14.95	14.50	14.96	15.09	15.54	15.84	15.64	15.06	15.39
Appalachian States 4/	16.57	15.18	15.97	14.97	14.59	13.92	15.00	15.38	15.34	15.61	15.64	14.93	15.27
Southeast States 5/	17.21	15.61	16.37	15.25	15.04	14.49	15.65	16.59	16.55	16.61	16.67	16.01	15.96
Southern Missouri 6/	16.01	14.75	15.44	14.25	13.97	13.18	14.24	14.67	14.90	15.30	15.18	14.43	14.67
Florida	18.70	16.87	17.69	16.72	16.44	16.40	17.62	18.60	18.32	18.02	18.36	17.98	17.58
Ohio	15.99	15.41	15.60	15.08	14.62	14.22	14.60	14.67	15.03	15.54	15.23	14.88	15.06
Indiana	16.11	15.27	15.69	15.06	14.66	14.29	14.61	14.68	14.91	15.36	15.17	14.76	15.03
Michigan	15.58	15.13	15.13	14.64	14.18	13.78	14.34	14.50	14.85	15.44	15.12	14.70	14.78
Wisconsin	16.00	15.91	15.77	15.68	14.98	14.67	15.06	14.74	15.45	15.77	15.25	15.06	15.35
Minnesota	15.78	15.61	15.46	15.41	14.76	14.47	14.69	14.57	15.36	15.46	14.93	14.83	15.12
Iowa	15.92	15.39	15.41	15.23	14.64	14.32	14.64	14.52	15.15	15.59	15.21	14.88	15.07
Illinois	15.88	15.42	15.52	15.28	14.61	14.25	14.73	14.50	15.26	15.80	15.32	15.06	15.14
Corn Belt States 7/	14.98	14.37	14.42	14.16	13.61	13.27	13.62	13.58	14.11	14.49	13.98	13.82	14.03
Western Texas 8/	15.00	14.42	14.44	13.90	13.31	13.26	13.77	13.92	14.53	14.47	13.98	13.77	14.05
New Mexico	14.09	13.65	13.61	13.11	12.52	12.55	12.95	13.00	13.71	13.63	13.16	12.94	13.23
Northwest States 9/	14.76	13.97	14.39	13.89	13.47	13.35	13.78	13.84	14.35	14.51	14.17	13.77	14.02
All Federal Order Areas 10/	15.89	15.24	15.46	14.97	14.48	14.13	14.62	14.65	15.16	15.42	15.09	14.73	14.98
California 11/	14.85	14.86	13.99	14.11	13.48	13.43	13.53	13.23	14.09	14.10	13.42	13.49	13.88

1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program.

2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships.

3/ Figures are annual averages -- the weighted average of the monthly figures, except California, which is the simple average.

4/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

5/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

6/ The counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

7/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 6/.

8/ All counties to the west of Fannin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby.

9/ Includes Oregon and Washington.

10/ Weighted average of the information for all selected reporting areas in Federal milk orders.

11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

Mailbox Milk Prices 1/ for Selected Reporting Areas in Federal Milk Orders and California, by Month, 2006

Reporting Area 2/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average 3/
	Dollars Per Hundredweight												
New England States 4/	15 04	14 38	13 54	12 60	12 39	12 29	12 13	12 51	13 21	14 13			13 22
New York	14 52	13 89	13 11	12 18	12 09	11 96	11 87	12 15	12 85	13 78			12 83
Eastern Pennsylvania 5/	14 93	14 29	13 44	12 52	12 38	12 25	12 22	12 47	13 21	14 18			13 19
Appalachian States 6/	14 87	14 44	13 55	12 38	12 39	12 18	12 65	12 85	13 20	14 46			13 29
Southeast States 7/	15 81	15 31	14 13	13 20	13 08	13 15	13 71	13 95	14 47	15 50			14 21
Southern Missouri 8/	13 94	13 48	12 43	11 45	11 44	11 35	11 66	11 73	12 40	13 55			12 32
Florida	17 31	16 68	15 56	14 81	14 70	14 85	15 49	15 87	16 39	17 20			15 84
Western Pennsylvania 9/	14 88	14 08	13 09	12 27	12 03	11 92	11 72	11 92	12 83	13 71			12 82
Ohio	14 64	13 88	12 95	12 16	12 00	11 92	11 82	12 01	12 89	13 81			12 79
Indiana	14 53	13 96	13 01	11 97	11 95	11 79	11 91	12 03	12 80	13 71			12 71
Michigan	14 48	13 56	12 60	11 78	11 62	11 54	11 48	11 68	12 52	13 32			12 44
Wisconsin	14 70	13 62	12 63	12 12	11 99	12 04	11 70	11 90	13 30	13 84			12 77
Minnesota	14 17	13 16	12 14	11 76	11 75	11 78	11 49	11 74	13 18	13 67			12 45
Iowa	14 43	13 47	12 52	11 85	11 85	11 81	11 59	11 82	12 93	13 68			12 58
Illinois	14 68	13 72	12 60	11 76	11 68	11 67	11 39	11 60	12 87	13 71			12 57
Corn Belt States 10/	13 65	12 65	11 82	11 41	11 13	11 13	11 03	11 39	12 36	13 08			11 92
Western Texas 11/	13 58	12 45	11 48	10 75	10 68	10 82	10 83	11 36	12 22	12 85			11 67
New Mexico	12 74	11 57	10 67	10 10	9 98	9 90	9 88	10 38	11 41	11 97			10 82
Northwest States 12/	13 46	12 75	12 00	11 46	11 26	11 12	11 19	11 44	12 17	12 83			11 94
All Federal Order Areas 13/	14 42	13 56	12 64	11 91	11 79	11 74	11 66	11 93	12 88	13 65			12 60
California 14/	12 87	11 52	11 05	10 64	10 45	10 42	10 16	10 63	11 44	11 62			11 08

1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt assessment under the Cooperatives Working Together (CWT) program. 2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from that area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 3/ Figures are annual averages -- the weighted average of the monthly figures, except California, which is the simple average. 4/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 5/ All counties to the east of those listed in 9/. 6/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 7/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 8/ The counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 9/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 10/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 8/. 11/ All counties to the west of Fannin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 12/ Includes Oregon and Washington. 13/ Weighted average of the information for all selected reporting areas in Federal milk orders. 14/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

Vermont, monthly dairy costs of production per cwt of milk sold, 2004

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Operating costs												
Feed--												
Hay grains	0.74	0.79	0.83	0.87	0.85	0.82	0.76	0.73	0.80	0.67	0.65	0.62
Hay and straw	1.14	1.13	1.13	1.22	1.32	1.29	1.25	1.26	1.23	1.29	1.24	1.19
Complete feed mixes	3.43	3.39	3.48	3.47	3.43	3.33	3.52	3.25	3.21	3.03	2.96	2.86
Liquid whey and milk replacer	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Silage	1.60	1.58	1.59	1.71	1.86	1.81	1.76	1.76	1.72	1.81	1.74	1.67
Grazed pasture and cropland	0.12	0.12	0.12	0.13	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.12
Other feed items 1/	0.43	0.42	0.41	0.41	0.40	0.39	0.38	0.37	0.39	0.37	0.36	0.35
Total, feed costs	7.50	7.47	7.61	7.83	8.04	7.80	7.84	7.54	7.51	7.35	7.12	6.84
Veterinary and medicine	0.97	0.95	0.95	0.94	0.94	0.96	0.98	1.00	1.01	1.02	1.01	0.98
Bedding and litter	0.26	0.26	0.26	0.26	0.25	0.25	0.26	0.27	0.27	0.28	0.28	0.27
Marketing	0.25	0.25	0.25	0.25	0.25	0.26	0.26	0.26	0.26	0.25	0.25	0.25
Custom services	0.70	0.70	0.69	0.69	0.68	0.68	0.70	0.71	0.72	0.73	0.73	0.70
Fuel, lube, and electricity	0.58	0.57	0.59	0.59	0.61	0.58	0.63	0.69	0.70	0.83	0.80	0.66
Repairs	0.63	0.63	0.63	0.64	0.63	0.63	0.65	0.66	0.67	0.69	0.69	0.66
Other operating costs 2/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on operating capital	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Total operating costs	10.99	10.91	11.08	11.29	11.50	11.25	11.41	11.22	11.23	11.25	10.96	10.45
Allocated overhead												
Hired labor	1.82	1.88	1.87	1.82	1.80	1.80	1.82	1.86	1.88	1.96	1.95	1.88
Opportunity cost of unpaid labor	5.84	6.02	6.00	5.83	5.76	5.78	5.84	5.95	6.02	6.27	6.24	6.02
Capital recovery of machinery and equipment	2.68	2.65	2.83	2.82	2.77	2.77	2.82	2.88	2.98	3.09	3.05	3.02
Opportunity cost of land (rental rate)	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Taxes and insurance	0.29	0.29	0.29	0.29	0.28	0.28	0.29	0.30	0.30	0.30	0.30	0.29
General farm overhead	1.08	1.06	1.08	1.09	1.08	1.09	1.11	1.13	1.14	1.17	1.15	1.10
Total, allocated overhead	11.82	12.01	12.18	11.96	11.80	11.83	11.99	12.22	12.44	12.90	12.81	12.43
Total costs listed	22.81	22.92	23.26	23.25	23.29	23.09	23.40	23.44	23.67	24.16	23.77	22.88

Source Based on USDA's 2000 Agricultural Resource Management Survey of milk producers and updated using current USDA milk production per cow and production input indexes
 Rervised using newly available updated data.

1/ Cotton seed meal, protein supplements, protein by-products, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives
 2/ Manure disposal fees, permits, and licenses, and odor control costs

3/18/05



Vermont, monthly dairy costs of production per cwt of milk sold, 2005

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Operating costs												
Feed--												
Feed grains	0.49	0.45	0.47	0.45	0.45	0.48	0.51	0.48	0.47	0.45	0.44	0.46
Hay and straw	1.19	1.17	1.21	1.27	1.35	1.32	1.36	1.37	1.37	1.40	1.32	1.31
Complete feed mixes	3.01	2.89	3.23	3.20	3.18	3.30	3.46	3.53	3.51	3.48	3.38	3.38
Liquid whey and milk replacer	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Stilage	1.60	1.57	1.62	1.70	1.81	1.78	1.82	1.84	1.83	1.88	1.77	1.75
Grazed pasture and cropland	0.19	0.19	0.19	0.20	0.21	0.21	0.22	0.22	0.22	0.22	0.21	0.21
Other feed items 1/	0.54	0.49	0.62	0.62	0.58	0.62	0.66	0.63	0.63	0.66	0.69	0.70
Total, feed costs	7.07	6.80	7.38	7.50	7.62	7.75	8.07	8.11	8.08	8.14	7.86	7.87
Veterinary and medicine	1.01	1.00	0.99	0.97	0.97	1.00	1.03	1.04	1.06	1.07	1.06	1.05
Bedding and litter	0.27	0.26	0.26	0.26	0.26	0.26	0.27	0.27	0.28	0.29	0.29	0.29
Marketing	0.26	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Custom services	0.71	0.70	0.69	0.68	0.67	0.68	0.71	0.71	0.72	0.73	0.73	0.72
Fuel, lube, and electricity	0.56	0.59	0.82	0.81	0.77	0.83	0.89	0.97	1.07	1.25	0.99	0.96
Repairs	0.64	0.65	0.64	0.64	0.63	0.64	0.67	0.67	0.68	0.69	0.69	0.68
Other operating costs 2/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on operating capital	0.09	0.09	0.09	0.09	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Total operating costs	10.61	10.35	11.15	11.21	11.26	11.52	12.00	12.14	12.26	12.54	12.00	11.93
Allocated overhead												
Hired labor	1.99	2.06	2.04	1.91	1.88	1.92	1.99	2.01	2.04	2.13	2.12	2.08
Opportunity cost of unpaid labor	4.79	4.96	4.92	4.61	4.53	4.62	4.81	4.85	4.92	5.12	5.11	5.02
Capital recovery of machinery and equipment	2.83	2.82	2.73	2.69	2.64	2.70	2.79	2.83	2.85	2.90	2.91	2.86
Opportunity cost of land (rental rate)	0.17	0.17	0.17	0.16	0.16	0.16	0.17	0.17	0.17	0.18	0.17	0.17
Taxes and insurance	0.29	0.28	0.28	0.27	0.27	0.28	0.28	0.29	0.29	0.30	0.30	0.28
General farm overhead	1.06	1.05	1.09	1.08	1.06	1.09	1.14	1.15	1.17	1.22	1.20	1.19
Total, allocated overhead	11.13	11.34	11.23	10.73	10.55	10.77	11.18	11.31	11.45	11.84	11.81	11.60
Total costs listed	21.74	21.69	22.37	21.94	21.81	22.30	23.18	23.45	23.71	24.37	23.80	23.53

Source Based on USDA's 2000 Agricultural Resource Management Survey of milk producers and updated using current USDA milk production per cow and production input indexes

1/ Cotton seed meal, protein supplements, protein by-products, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives
 2/ Manure disposal fees, permits, and licenses, and odor control costs
 2/21/06

Vermont monthly dairy costs of production per cwt of milk sold, 2006

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec R
Operating costs												
Feed--												
Feed grains	0.52	0.52	0.53	0.54	0.55	0.56	0.60	0.59	0.61	0.81	0.88	0.82
Hay and straw	1.35	1.39	1.41	1.54	1.61	1.58	1.61	1.63	1.66	1.48	1.68	1.69
Complete feed mixes	3.41	3.33	3.35	3.34	3.28	3.35	3.47	3.60	3.54	3.39	3.79	4.16
Liquid whey and milk replacer	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.07	0.07
Silage	2.09	2.15	2.18	2.38	2.49	2.44	2.49	2.52	2.56	2.28	2.60	2.61
Grazed pasture and cropland	0.13	0.14	0.14	0.15	0.16	0.16	0.16	0.16	0.16	0.15	0.17	0.17
Other feed items 1/	0.39	0.37	0.39	0.39	0.37	0.38	0.40	0.41	0.40	0.45	0.49	0.53
Total, feed costs	7.95	7.94	8.03	8.39	8.51	8.51	8.78	8.96	8.98	8.62	9.68	10.06
Veterinary and medicine	1.08	1.06	1.07	1.06	1.05	1.09	1.13	1.15	1.15	1.15	1.23	1.19
Bedding and litter	0.29	0.28	0.29	0.29	0.28	0.29	0.30	0.31	0.30	0.32	0.31	0.30
Marketing	0.27	0.27	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.27	0.30	0.29
Custom services	0.76	0.75	0.75	0.75	0.74	0.74	0.77	0.79	0.79	0.80	0.80	0.78
Fuel, lube, and electricity	1.04	0.97	1.05	1.04	1.07	1.13	1.19	1.23	1.23	0.95	0.95	1.03
Repairs	0.75	0.74	0.74	0.72	0.72	0.73	0.76	0.78	0.78	0.78	0.79	0.78
Other operating costs 2/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on operating capital	0.22	0.21	0.21	0.21	0.21	0.21	0.22	0.23	0.23	0.23	0.23	0.23
Total operating costs	12.37	12.23	12.41	12.74	12.86	12.99	13.44	13.72	13.48	13.12	14.28	14.69
Allocated overhead												
Hired labor	2.38	2.34	2.34	2.25	2.23	2.27	2.36	2.39	2.39	2.49	2.47	2.43
Opportunity cost of unpaid labor	5.48	5.39	5.37	5.18	5.13	5.23	5.42	5.50	5.50	5.73	5.69	5.59
Capital recovery of machinery and equipment	3.08	3.03	3.13	3.14	3.14	3.20	3.32	3.39	3.37	3.43	3.44	3.38
Opportunity cost of land (rental rate)	0.12	0.12	0.12	0.12	0.12	0.12	0.13	0.13	0.13	0.13	0.13	0.12
Taxes and insurance	0.30	0.30	0.30	0.30	0.29	0.30	0.31	0.32	0.32	0.32	0.32	0.40
General farm overhead	1.19	1.17	1.17	1.19	1.17	1.20	1.25	1.28	1.26	1.27	1.27	1.27
Total, allocated overhead	12.55	12.35	12.43	12.18	12.08	12.33	12.79	13.00	12.98	13.37	13.34	13.19
Total costs listed	24.92	24.58	24.83	24.92	24.94	25.32	26.23	26.72	26.46	26.49	27.62	27.88

Source: Based on USDA's 2000 Agricultural Resource Management Survey of milk producers and updated using current USDA milk production per cow and production input indexes
 R=revised using newly available updated data.
 1/ Cotton seed meal, protein supplements, protein by-products, alfalfa cubes or pellets, green chop, corn stalks, and antibiotics and other medicated additives
 2/ Manure disposal fees, permits, and licenses, and odor control costs
 2/20/07

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The Cost of Producing Milk in Maine: Results from the 2005 Dairy Cost of Production Survey

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MAINE AGRICULTURAL AND FOREST EXPERIMENT STATION
THE UNIVERSITY OF MAINE

Table A1 Cost of production for small farm.

	55		
Number of Cows	55		
Annual Milk Shipment (cwt)	8,195.5		
Annual Milk Shipment (lbs/cow)	14,901		
	Total	Per Cow	Per cwt
Annual Revenue			
Milk receipts	\$149,615	\$2,720.27	\$18.26
Crop and Hay Revenue	\$1,448	\$26.33	\$0.18
Livestock Revenue	\$8,828	\$160.50	\$1.08
"Other" revenue	\$-	\$-	\$-
Total Revenue	\$159,891	\$2,907	\$19.51
Annual Operating Expenses			
Labor			
Family	\$49,409	\$898	\$6.03
Hired	\$-	\$-	\$-
Management fee	\$-	\$-	\$-
Subtotal	\$49,409	\$898	\$6.03
Purchased Feed			
Dairy Forage	\$-	\$-	\$-
Dairy Concentrate	\$35,700	\$649	\$4.36
Subtotal	\$35,700	\$649	\$4.36
Livestock Expenses			
Breeding Fees	\$2,837	\$52	\$0.35
Veterinary and Medicine	\$3,221	\$59	\$0.39
Bedding	\$2,363	\$43	\$0.29
DHLA expenses	\$-	\$-	\$-
Livestock insurance	\$1,280	\$23	\$0.16
Subtotal	\$9,701	\$176	\$1.18
Crop and Pasture Expense			
Seeds	\$355	\$6	\$0.04
Chemicals	\$306	\$6	\$0.04
Fertilizer	\$1,874	\$34	\$0.23
Lime	\$307	\$6	\$0.04
Other	\$360	\$7	\$0.04
Subtotal	\$3,203	\$58	\$0.39
Maintenance and Equipment Expense			
Fuel and oil	\$6,037	\$110	\$0.74
Machinery repairs	\$8,578	\$156	\$1.05
Subtotal	\$14,615	\$266	\$1.78

Table A1 cont

	Total	Per Cow	Per cwt
Deduction Charges			
Milk marketing	\$1,789	\$33	\$0.22
Hauling and Trucking	\$6,040	\$110	\$0.74
Subtotal	\$7,829	\$142	\$0.96
Interest (on 1/2 of total operating expense)	\$2,237	\$41	\$0.27
Total Operating Expense	\$122,694	\$2,231	\$14.97
Annual Overhead Expense			
Property Tax	\$5,265.97	\$96	\$0.64
Farm Insurance	\$6,063.88	\$110	\$0.74
Dues and Professional Fees	\$1,924	\$35	\$0.23
Utilities	\$5,847	\$106	\$0.71
Miscellaneous	\$7,251	\$132	\$0.88
Total Overhead Expense	\$26,352	\$479	\$3.22
Annual Depreciation and Interest Expense			
Land	\$15,281	\$278	\$1.86
Buildings	\$26,775	\$487	\$3.27
Machinery and Equipment	\$15,215	\$277	\$1.86
Subtotal	\$57,271	\$1,041	\$6.99
Livestock Herd			
Cows (milking and dry)	\$8,826	\$160	\$1.08
Heifers	\$3,955	\$72	\$0.48
Calves	\$1,466	\$27	\$0.18
Dairy Bulls	\$85	\$2	\$0.01
Subtotal	\$14,331	\$261	\$1.75
Total Ownership Expense	\$71,602	\$1,302	\$8.74
Total Annual Cost	\$220,649	\$4,012	\$26.92
Long-run net return	\$(60,758)	\$(1,105)	\$(7.41)
Short-run return over variable cost	\$10,844	\$197	\$1.32
Performance Measures			
Breakeven Revenue per cow and price(\$/cwt)			
Long-run to cover all costs		\$3,825	\$25.67
Short-run to cover operating and overhead		\$2,523	\$16.93

Table A2 Cost of production budget for medium farm

Number of Cows	163		
Annual Milk Shipment (cwt)	33,247.9		
Annual Milk Shipment (lbs/cow)	20,398		
Annual Revenue	Total	Per Cow	Per cwt
Milk receipts	\$625,416	\$3,836.91	\$18.81
Crop and Hay Revenue	\$3,700	\$22.70	\$0.11
Livestock Revenue	\$41,998	\$257.66	\$1.26
"Other" revenue	\$-	\$-	\$-
Total Revenue	\$671,115	\$4,117	\$20.19
Annual Operating Expenses			
Labor			
Family	\$69,546	\$427	\$2.09
Hired	\$41,311	\$253	\$1.24
Management fee	\$40,000	\$245	\$1.20
Subtotal	\$150,857	\$926	\$4.54
Purchased Feed			
Dairy Forage	\$-	\$-	\$-
Dairy Concentrate	\$150,150	\$921	\$4.52
Subtotal	\$150,150	\$921	\$4.52
Livestock Expenses			
Breeding Fees	\$9,587	\$59	\$0.29
Veterinary and Medicine	\$20,459	\$126	\$0.62
Bedding	\$7,148	\$44	\$0.21
DHA expenses	\$3,912	\$24	\$0.12
Livestock insurance	\$4,897	\$30	\$0.15
Subtotal	\$46,003	\$282	\$1.38
Crop and Pasture Expense			
Seeds	\$4,461	\$27	\$0.13
Chemicals	\$2,993	\$18	\$0.09
Fertilizer	\$8,784	\$54	\$0.26
Lime	\$839	\$5	\$0.03
Other	\$-	\$-	\$-
Subtotal	\$17,077	\$105	\$0.51
Maintenance and Equipment Expense			
Fuel and oil	\$23,808	\$146	\$0.72
Machinery repairs	\$41,000	\$252	\$1.23
Subtotal	\$64,808	\$398	\$1.95

Table A2 cont

Deduction Charges	Total	Per Cow	Per cwt
Milk marketing	\$7,259	\$45	\$0.22
Hauling and Trucking	\$19,749	\$120	\$0.59
Subtotal	\$27,008	\$166	\$0.81
Interest (on 1/2 of total operating expense)	\$8,468	\$52	\$0.25
Total Operating Expense	\$464,371	\$2,849	\$13.97
Annual Overhead Expense			
Property Tax	\$13,281	\$81	\$0.40
Farm Insurance	\$14,214	\$87	\$0.43
Dues and Professional Fees	\$4,114	\$25	\$0.12
Utilities	\$14,190	\$87	\$0.43
Miscellaneous	\$27,188	\$167	\$0.82
Total Overhead Expense	\$72,987	\$448	\$2.20
Annual Depreciation and Interest Expense			
Land	\$25,257	\$155	\$0.76
Buildings	\$68,559	\$421	\$2.06
Machinery and Equipment	\$29,244	\$179	\$0.88
Subtotal	\$123,059	\$755	\$3.70
Livestock Herd			
Cows (milking and dry)	\$34,639	\$213	\$1.04
Heifers	\$15,804	\$97	\$0.48
Calves	\$9,861	\$60	\$0.30
Dairy Bulls	\$57	\$0	\$0.00
Subtotal	\$60,361	\$370	\$1.82
Total Ownership Expense	\$183,420	\$1,125	\$5.52
Total Annual Cost	\$720,778	\$4,422	\$21.68
Long-run net return	\$(49,663)	\$(305)	\$(1.49)
Short-run return over variable cost	\$133,757	\$821	\$4.03
Performance Measures			
Break-even Revenue per cow and price (\$/cwt)		\$/cow	\$/cwt
Long-run to cover all costs		\$4,142	\$20.30
Short run to cover operating and overhead		\$3,016	\$14.79

Table A3 Cost of production budget for large farm

Number of Cows	304			
Annual Milk Shipment (cwt)	65,500 0			
Annual Milk Shipment (lbs/cow)	21,546			
Annual Revenue	Total	Per Cow	Per cwt	
Milk receipts	\$1,130,602	\$3,719 09	\$17 26	
Crop and Hay Revenue	\$-	\$-	\$	
Livestock Revenue	\$56,620	\$186 25	\$0 86	
"Other" revenue	\$-	\$-	\$-	
Total Revenue	\$1,187,222	\$3,905	\$18 13	
Annual Operating Expenses				
Labor				
Family	\$81,655	\$269	\$1 25	
Hired	\$101,875	\$335	\$1 56	
Management fee	\$40,000	\$132	\$0 61	
Subtotal	\$223,531	\$735	\$3 41	
Purchased Feed				
Dairy Forage	\$-	\$	\$	
Dairy Concentrate	\$286,860	\$944	\$4 38	
Subtotal	\$286,860	\$944	\$4 38	
Livestock Expenses				
Breeding Fees	\$24,427	\$80	\$0 37	
Veterinary and Medicine	\$41,420	\$136	\$0 63	
Bedding	\$13,470	\$44	\$0 21	
DHIA expenses	\$4,378	\$14	\$0 07	
Livestock insurance	\$9,437	\$31	\$0 14	
Subtotal	\$93,132	\$306	\$1 42	
Crop and Pasture Expense				
Seeds	\$111,161	\$37	\$0 17	
Chemicals	\$8,458	\$28	\$0 13	
Fertilizer	\$25,519	\$84	\$0 39	
Lime	\$3,525	\$12	\$0 05	
Other	\$284	\$1	\$0 00	
Subtotal	\$48,946	\$161	\$0 75	
Maintenance and Equipment Expense				
Fuel and oil	\$37,440	\$123	\$0 57	
Machinery repairs	\$82,101	\$270	\$1 25	
Subtotal	\$119,541	\$393	\$1 83	

Table A3 cont

Deduction Charges	Total	Per cow	Per cwt
Milk marketing	\$14,301	\$47	\$0 22
Hauling and Trucking	\$36,025	\$119	\$0 55
Subtotal	\$50,435	\$166	\$0 77
Interest (on 1/2 of total operating expense)	\$15,275	\$50	\$0 23
Total Operating Expense	\$837 610	\$2 755	\$12 79
Annual Overhead Expense			
Property Tax	\$23 848	\$78	\$0 36
Form Insurance	\$28,440	\$94	\$0 43
Dues and Professional Fees	\$18,577	\$61	\$0 28
Utilities	\$20,691	\$68	\$0 32
Miscellaneous	\$52,985	\$174	\$0 81
Total Overhead Expense	\$144,541	\$475	\$2 21
Annual Depreciation and Interest Expense			
Land	\$40 764	\$134	\$0 62
Buildings	\$146,093	\$481	\$2 23
Machinery and Equipment	\$76,366	\$251	\$1 17
Subtotal	\$263 223	\$866	\$4 02
Livestock Herd			
Cows (milking and dry)	\$66,565	\$219	\$1 02
Heifers	\$36,582	\$120	\$0 56
Calves	\$14,016	\$46	\$0 21
Dairy Bulls	\$202	\$1	\$0 00
Subtotal	\$117,365	\$386	\$1 79
Total Ownership Expense	\$380,589	\$1,252	\$5 81
Total Annual Cost	\$1,362,740	\$4,483	\$20 81
Long-run net return	\$(175,518)	\$(577)	\$(2 68)
Short run return over variable cost	\$204 071	\$675	\$3 13
Performance Measures			
Break-even Revenue per cow and price(\$/cwt)		\$/cow	\$/cwt
Long-run to cover all costs		\$4,296 45	\$19 94
Short-run to cover operating and overhead		\$3 044 51	\$14 13

Table 16 Cost of production budgets and performance measures by farm (\$)

	Farm size					
	Small		Medium		Large	
	Per cow	Per cwt	Per cow	Per cwt	Per cow	Per cwt
Number of Cows	55		163		304	
Annual Milk Shipment (cwt)	8,195.5		33,247.9		65,500.0	
Annual Milk Shipment (lbs/cow)	14,901		20,398		21,546	
Percentage of sample	78		15		7	
Annual Revenue^aTotal	2,907	19.51	4,117	20.19	3,905	18.13
Annual Operating Expenses						
Labor	898	6.03	926	4.54	735	3.41
Purchased Feed	649	4.36	921	4.52	944	4.38
Livestock Expense	176	1.18	282	1.38	306	1.42
Crop and Pasture Expense	58	0.39	105	0.51	161	0.75
Maintenance and Equipment Expense	266	1.78	398	1.95	393	1.83
Deduction Changes	143	0.96	165	0.81	166	0.77
Interest (on 1/2 of total operating expense)	41	0.27	52	0.25	50	0.23
Annual Overhead Expense Total	2,231	14.97	2,848	13.97	2,756	12.79
Annual Depreciation and Interest Expense	479	3.22	448	2.20	475	2.21
Fixed Capital	1,041	6.99	755	3.70	866	4.02
Livestock	261	1.75	370	1.82	386	1.79
Total Annual Cost	1,302	8.74	1,125	5.52	1,252	5.81
Total Annual Cost	4,012	26.92	4,421	21.68	4,483	20.81
Performance Measures						
Long run net return	(1,105)	(7.41)	(304)	(1.49)	(577)	(2.68)
Short-run return over variable cost	197	1.32	821	4.03	675	3.13
Breakeven Revenue per cow and price(\$/cwt)	3,826	25.67	4,141	20.30	4,296	19.94
Long run to cover all costs and overhead	2,523	16.93	3,016	14.79	3,045	14.13

^aRevenue includes crop, hay, and livestock revenue in milk equivalents form

Table 16 also presents performance measures by farm. Farms of all sizes earn a negative net return over the long run. Short-run net returns are \$1.32, \$4.02, and \$3.13 for small, medium, and large farms, respectively, on a per cwt basis. Breakeven revenue is calculated for fluid milk price assuming all other revenue is contributed an equivalent amount to total revenue. For example, the long-run breakeven revenue amount to total revenue. For example, the sum of \$0.87/cwt in milk equivalents from crop and livestock sales. The sum of these two values covers long-run total costs of \$20.81/cwt.

SECTION III COST-OF-PRODUCTION BUDGET COMPARISON OF "AVERAGE" MAINE FARM TO NORTHERN CRESCENT FARM

We created an average Maine farm by weighting the budget entries for each of the three farm sizes by the sample percentage listed at the top of Table 16. The average farm constructed from this sample milks 89 cows and ships approximately 16,190 lbs/cow of milk. This farm was compared against 2004 USDA dairy cost-of-production estimates for the Northern Crescent region that includes Maine as well as northeastern and upper Midwest producers (USDA 2005).

In contrast, the representative farm for the Northern Crescent milked 71 cows in 2004 and achieved an average milk output of 19,899 lbs/cow. The total cost of production for the Northern Crescent farm was \$21.86/cwt while the total cost for the average Maine farm was \$25.71/cwt. The average Maine farm budget includes additional costs that are not captured in the USDA budget. When the Maine and the USDA budget are aligned, the total cost of production for Maine is \$23.40/cwt and \$21.76/cwt for the USDA Northern Crescent region. The difference of \$1.64/cwt is largely accounted for by higher fuel, lube and utility costs (\$0.72/cwt higher in Maine), repair costs (\$0.44/cwt higher in Maine), and property taxes (\$0.36/cwt higher).

¹The Maine budget includes capital recovery over the whole herd of animals while the USDA budget only includes breeding stock. The opportunity cost of land is also computed differently so this component is also removed from the comparison.