

New York Large Dairy Farm Business Summary

The New York State Large Dairy Farm Business Summary for 2012 was recently published. Table 1 contains selected business factors for the average of the 108 dairies that participated in the survey and the average of the top 20% of the herds sorted by rate of return on assets without appreciation. It is interesting to see what factors are different between the average dairies and the most profitable ones.

2012 was less profitable compared to 2011 as the trend for variation in earnings from year to year continues. The average rate of return on assets without appreciation was 7.1% which was lower than in 2011 at 16.2%.

The most profitable herds had a rate of return of 14.3% in 2012. Unpredictable growing conditions and increases in feed costs coupled with a decrease in milk prices have led to lower profits in 2012.

Over the last 13 years the top 20% herds had an average rate of return of 16.6% (Figure 1). 2012 was a slightly below average year for the top 20%, however the feed and crop expenses were the highest over the 13 year period. It is important to note that the population of the top 20% most profitable farms differed from year to year.

Figure 1. Rate of Return on Equity Capital w/o Appreciation and Feed Cost/CWT. for the Top 20% of NY Large Herds 2000-2012

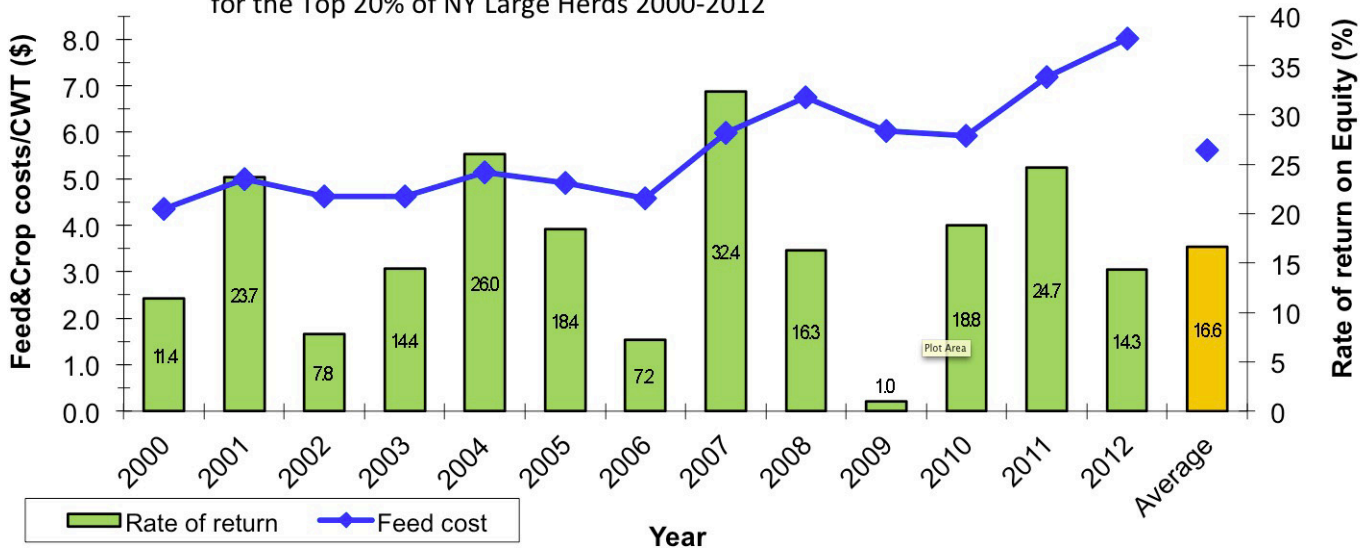


Table 1: Selected Business Factors for New York State Large Herds 2012¹ with Top 20%² versus Average

Factor	Average 108 Farms	Average Top 20%	Percent Difference
Average number of cows	879	1,032	17.4
Average number of heifers	759	868	14.4
Milk sold, lb	22,634,262	27,178,901	20.1
Worker Equivalent	19.4	21	8.0
Total Tillable Acres	1,728	1,804	4.4
Milk Sold per cow, lb	25,758	26,335	2.2
Milk fat per cow, lb	968	971	0.3
Milk protein per cow, lb	807	812	0.6
Hay DM per acre, tons	3.0	3.3	10.0
Corn Silage DM per acre, tons	16.7	17.3	3.6
Cows per worker	45	49	8.9
Milk sold per worker, lb	1,164,763	1,294,644	11.2
Hired Labor Cost per cwt	\$2.82	\$2.59	-8.2
Hired Labor Cost per Hired Worker	\$37,850	\$38,101	0.7
Hired Labor Cost % of Milk Sales	14.3%	13.0%	-9.1
Purchased Grain/Conc. % Milk Sales	34%	31%	-8.8
Grain/Conc. per Cwt Milk	\$6.80	\$6.26	-7.9
Feed and Crop Expense per Cwt Milk	\$8.53	\$8.01	-6.1
Labor and Machinery Cost per Cow	\$1,678	\$1,567	-6.6
Total Farm Operating Cost per Cwt Milk	\$18.86	\$17.29	-8.3
Interest Cost per Cwt Milk	\$0.45	\$0.34	-24.4
Marketing Cost per Cwt Milk	\$0.86	\$0.79	-8.1
Operating Cost of Producing Cwt Milk	\$15.77	\$14.15	-10.3
Net Milk Income over Purchased Feed per Cow	\$3,121	\$3,387	8.5
Farm Capital per Cow	\$10,122	\$9,710	-4.1
Machinery & Equipment per Cow	\$1,648	\$1,503	-8.8
Asset Turnover Ratio	0.61	0.65	6.6
Gross Milk Sales per Cow	\$5,095	\$5,243	2.9
Gross Milk Sales per Cwt	\$19.78	\$19.91	0.7
Net Milk Sales per Cwt	\$18.92	\$19.12	1.1
Dairy Cattle Sales per Cow	\$405	\$403	-0.5
Dairy Calf Sales per Cow	\$45	\$54	20.0
Net Farm Income Without Appreciation	\$587,704	\$1,212,620	106.9
Net Farm Income With Appreciation	\$827,510	\$1,434,909	73.8
Labor and Management Income per Operator	\$125,529	\$365,067	190.8
Rate of Return on Equity Capital Without Appreciation	7.1%	14.3%	101.4
Rate of Return on all Capital Without Appreciation	6.0%	11.5%	91.7
Farm Net Worth, End of Year	\$6,296,632	\$7,876,650	25.1
Debt to Asset Ratio	0.32	0.26	-18.8
Farm Debt per Cow	\$3,389	\$2,627	-22.5

¹ Karszes et al. 2013. Dairy Farm Business Summary. New York Large Herd Farms 300 Cows or Larger, 2012. E.B. 2013-11. Cornell University, Ithaca NY.

²Top 20% of herds sorted by rate of return on all assets without appreciation.