



CONTRACT FEEDING BEEF

by
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What is a fair contract price for keeping cattle? It must be sufficient to cover feed, shelter, labor and costs of feeding and watering the cattle. Vet and medicine costs can be paid by the owner.

The arrangement can be set up in two ways. One is a flat monthly charge per cow or other animal kept. The second way is to charge a monthly (or daily) rate for yardage (labor, facilities and cash operating costs) and keep a record of all feed fed. The feed would then be charged at either market price or some previously agreed upon price.

The flat monthly charge should work quite well with beef cows since a previously stipulated ration can be costed out before the agreement is reached. However, with growing or finishing cattle that are to be fed a full feed, intake can be quite variable depending upon type and condition of animal. This makes it more difficult to establish a feeding cost prior to moving the cattle. It is especially difficult to pre-judge what feed conversion is going to be. Therefore, commercial feedlots have gone away from feeding on a "cost-of-gain" basis.

Daily feed costs for pregnant cows weighing 1,000 - 1,100 pounds will range from 45 to 75 cents per day given current forage prices. Corn refuse (stalklage or husklage) rations offer the best opportunity to hold feed costs to 50 cents or less per day. See the following table for daily feed requirements as worked out with Bob Jacobs. Costs of keeping pregnant heifers would be greater. Also, the costs during the last two months of pregnancy should be about one-third more, bringing average winter feed costs to 55 to 80 cents per day.

Ration For Wintering Pregnant Cows (1,000 - 1,100 Pounds)

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
	-----pounds per day-----							
\$75 legume or mixed hay	18	10	7	5	5	0	0	10
\$50 grass hay		10						
\$50 straw, fed ad lib.			18					
\$20 corn silage (32% DM)				30		45		
\$20 corn refuse					22		30	
\$15 aspen bark silage (50% DM)								20
10¢ per lb. urea mixed supplement							1	1.5
9¢ per lb. dicalcium phosphate plus salt, fed ad lib.				.05	.05	.1	.1	.1
Daily ration cost	68¢	59¢	71¢	50¢	41¢	46¢	41¢	66¢

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Other costs incurred per cow kept by the operator during a six month feeding period include building and equipment repair and maintenance of \$5 to \$6, power and fuel costs of \$4 to \$5, plus any bedding used. These costs would be about \$2 per cow per month. Labor requirements per cow would depend upon number of cows kept and feeding methods used. The range might be between .67 and 1.0 hour per cow per winter month, at \$4 per hour this would add another \$3 to \$4 per month. Total nonfeed costs come to between \$5 and \$6 per month or 17 to 20 cents per day (use FM 42B to work out).

Total feed and nonfeed costs will range from 75 cents to \$1 per day. Low cost operations will be able to keep beef cows through the winter at \$20 to \$25 per month. High cost operations will require over \$30 per month to cover all costs. However, even these operations will probably be paid enough for feeder animals in 1981 to cover all production costs.

Farmers with excess corn silage available should consider the alternative of using it for growing out calves. Calves can be fed out for someone else on a cost basis of 13 to 18 cents per head per day plus feed--which would be \$40 per cwt. of gain with \$20 per ton corn silage. Or, calves might be fed on a share basis by comparing the estimated cost of gain in the feedlot with the original value of the animal plus interest on that value. Or, calves can be purchased and either sold as yearling feeders or fed out to slaughter weight.

The following table shows what purchase and sales price combinations would yield a 15 cent per day return to labor and facilities after paying all direct cash costs and the indicated price for corn silage. This growing program assumes a silage requirement of 3.5 tons to put 300 pounds of gain on a 400 pound steer calf. The ration is a full feed of corn silage plus one pound of a high analysis protein supplement. Feed costs are \$32 per cwt. of gain and direct cash costs are \$16 per cwt. of gain. The 15 cent per day charge adds another \$10 per cwt. of gain cost since the rate of gain is about 1.5 pounds per day. Thus, total feedlot costs are \$58 per cwt. of gain.

Selling Price Needed To Cover Feed And Cash Costs Plus 15 Cents Per Day For Labor And Facilities (Steer Calf 400 Pounds To 700 Pounds In 200 Days)

Purchase Price Per Cwt.	When Corn Silage Price Per ^{70⁰⁰} Bushel Is:				
	<u>\$16.00</u>	<u>\$18.00</u>	<u>\$20.00</u>	<u>\$22.00</u>	<u>\$24.00</u>
\$76.00	65.95	66.95	67.95	68.95	69.95
80.00	68.46	69.46	70.46	71.46	72.46
84.00	70.97	71.97	72.97	73.97	74.97
88.00	73.48	74.48	75.48	76.48	77.48
92.00	75.99	76.99	77.99	78.99	79.99
96.00	78.50	79.50	80.50	81.50	82.50
100.00	81.00	82.00	83.00	84.00	85.00