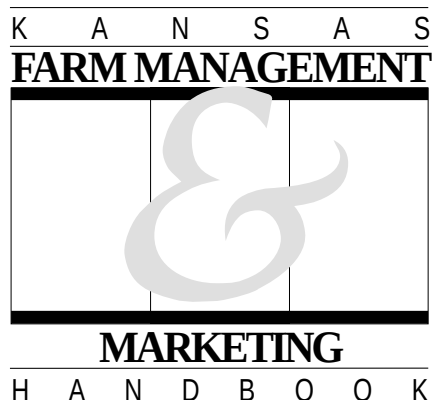




Winter Wheat Graze-Out

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Kansas is known as the No. 1 wheat producing state. Wheat is an excellent grazing crop, so producers may want to look at income from forage as well as the grain. Producers can consider three basic wheat grain and forage strategies: harvest the wheat as grain only, as forage and grain, or as forage only (graze-out). This guide looks at the graze-out option, which includes both winter and spring grazing. The budget covers the entire 180-day grazing period on a per-head basis.

Grazing begins in mid-October to mid-November, depending on planting date and moisture. Cattle are supplemented through the winter when the wheat is dormant. Grazing continues into late spring as late as mid-May to early June. The stocking rate needs to be increased in the spring relative to that of fall and winter to assure uniform grazing and forage utilization. Producers typically consolidate cattle from winter wheat grazing onto fewer acres for wheat graze-out. The cattle should be implanted. During lush growth, cattle are susceptible to bloat, so management is important. Including an ionophore with supplemental feed can improve daily gains and reduce bloat.

There are a number of alternative arrangements for wheat pasture leasing: 1) dollar per hundredweight per month; 2) dollar per pound of gain; 3) dollar per head per day; or 4) dollar per acre. The lease may dictate the amount and type of supplemental feed. Producers who graze their own cattle on their own wheat should consider the lease charge as an opportunity cost of their forage.

Cost-Return Budget

This budget estimates short run costs and returns for both a steer and heifer wheat-grazing program. Projected 2000 input and output prices are used for illustrative purposes. Farm Management Association summary reports are used as a basis for estimating other variable costs. Producers should use their own prices and costs when using the budget. Break-even prices are particularly sensitive to changes in average daily gain, pasture rental charge, and feeder cost. Because of this sensitivity, it is important to analyze the feasibility of alternative programs at the beginning of each grazing season.

Production Level

Costs per unit and net returns in livestock production are highly dependent on production levels. The following esti-

mated budget includes two different production levels. Production levels vary for a number of reasons including livestock quality or genetics, weather, input levels, and management. The two production levels included in this estimated budget primarily reflect production variability due to weather and management. Budgeting at multiple production levels can help producers examine the financial risk of a livestock enterprise that is directly related to production risk.

This wheat graze-out budget includes columns for two alternative performance levels for both steer and heifer grazing systems. Performance varies due to differences in average daily gain. The values assumed are included in Table 1 and are deviations from long-term averages.

Table 1. Factors Used for Cost-Return Budget

Performance level	Steers		Heifers	
	Level 1	Level 2	Level 1	Level 2
Days on feed	180	180	180	180
Average daily gain	2.2	1.8	2.0	1.6
Purchase weight	450	450	425	425
Purchase Price (\$/cwt)	88.93	88.93	78.74	78.74
Sale weight	846	774	785	713
Sale price (\$/cwt)	76.60	78.41	73.92	75.36
Feed				
Pasture (months)	6	6	6	6
Grain sorghum (lbs)	360	360	360	360
Mineral and salt (lbs)	45	45	45	45
Sorghum silage (lbs)	900	900	900	900
Value per head				
Investment in fence		\$3.00		\$3.00
Life of fence		5 yrs		5 yrs
Investment in equipment		\$ 62.00		\$ 62.00
Life of equipment		10 yrs		10 yrs
Salvage value on buildings and equipment		35%		35%
Interest rate on fence and equipment		9.00%		9.00%
Insurance rate on fence and equipment		0.25%		0.25%
Tax rate on buildings and equipment		1.50%		1.50%
Interest rate on variable costs and purchased livestock		9.00%		9.00%
Labor hours		0.6		0.6
Labor price per hour		\$10.80		\$10.80

COST-RETURN PROJECTION — WINTER WHEAT GRAZE-OUT

	Steers		Heifers		Your Farm
	Level 1	Level 2	Level 1	Level 2	
VARIABLE COSTS PER HEAD					
1. Pasture (\$2.00/cwt per month)	\$ 77.76	\$ 73.44	\$ 72.60	\$ 68.28	\$
2. Silage (____ lbs @ \$16.13 per ton)	7.26	7.26	7.26	7.26	
3. Hay (____ lbs @ \$____ per ton)					
4. Grain (1.20 cwt @ \$3.89 per cwt)	14.00	14.00	14.00	14.00	
5. Supplement (____ lbs @ \$____ per lb).....					
6. Mineral and salt	9.90	9.90	9.90	9.90	
7. Feed processing (____ bu @ ____per bu)					
8. Labor (0.60 hr @ \$10.80 per hr)	6.48	6.48	6.48	6.48	
9. Veterinary, drugs, supplies	10.00	10.00	10.00	10.00	
10. Marketing costs	3.50	3.50	3.50	3.50	
11. Hauling/Yardage	12.00	12.00	12.00	12.00	
12. Utilities, fuel, oil					
13. Buildings and equipment repairs	5.00	5.00	5.00	5.00	
14. Miscellaneous	4.00	4.00	4.00	4.00	
15. Interest on purchased livestock + 1/2 Variable Costs @ 9%	21.38	21.28	18.32	18.22	
A. TOTAL VARIABLE COSTS	\$ 171.28	\$ 166.87	\$ 163.06	\$ 158.64	
FIXED COSTS PER HEAD					
16. Depreciation on equipment	\$ 4.42	\$ 4.42	\$ 4.42	\$ 4.42	
17. Interest on equipment ¹ @ 9%	2.93	2.93	2.93	2.93	
18. Insurance and taxes on equipment and facilities @ 1.75%	1.14	1.14	1.14	1.14	
B. TOTAL FIXED COSTS	\$ 8.48	\$ 8.48	\$ 8.48	\$ 8.48	
C. TOTAL COSTS PER HEAD (A+B)	\$ 179.77	\$ 175.35	\$ 171.54	\$ 167.12	
RETURNS PER HEAD					
19. Market animal (see Table 1)	\$ 648.04	\$ 606.87	\$ 580.26	\$ 537.32	
20. Less cost of animal:					
Steers: (see Table 1)	400.19	400.19			
Heifers: (see Table 1)			334.65	334.65	
21. Less death loss (2% of line 19)	12.96	12.14	11.61	10.75	
D. GROSS RETURN PER HEAD	\$ 234.89	\$ 194.55	\$ 234.01	\$ 191.92	
E. RETURNS OVER VARIABLE COSTS (D – A)	\$ 63.61	\$ 27.69	\$ 70.95	\$ 33.28	
F. RETURNS OVER TOTAL COSTS (D – C)	\$ 55.13	\$ 19.20	\$ 62.47	\$ 24.80	
G. AVERAGE SELLING PRICE NEEDED:					
22. To cover variable cost and feeder (A + 20) ÷ (net selling weight) ²	\$ 68.93	\$ 74.76	\$ 64.70	\$ 70.60	
23. To cover total cost and feeder (C + 20) ÷ (net selling weight) ²	\$ 69.95	\$ 75.88	\$ 65.80	\$ 71.81	
H. TOTAL FEED COST (lines 1 through 7)	\$ 108.92	\$ 104.60	\$ 103.76	\$ 99.44	
24. Hundredweight produced	3.79	3.09	3.44	2.74	
25. Feed cost per hundredweight (H ÷ 24)	\$ 28.73	\$ 33.90	\$ 30.14	\$ 36.33	
I. ASSET TURNOVER (D ÷ INVESTMENT) ³	54.22%	44.91%	63.65%	52.20%	
J. NET RETURN ON INVESTMENT					
[(F + 15 + 17) ÷ INVESTMENT] ³	18.34%	10.02%	22.77%	12.50%	

¹ One-half the investment in buildings and equipment at the interest rate shown in Table 1.² Net selling weight = selling weight - (death loss % 5 selling weight).³ Investment equals total cost of purchased animal and value of buildings and equipment.Publications from Kansas State University are available on the World Wide Web at: <http://www.oznet.ksu.edu>Contents of this publication may be freely reproduced for educational purposes. All other rights reserved. In each case, credit Rodney Jones, Troy J. Dumler and Daniel M. O'Brien, *Winter Wheat Graze-Out*, Kansas State University, October 1999.**Kansas State University Agricultural Experiment Station and Cooperative Extension Service**

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