

# Why is Cow Longevity and Maternal Performance Important?

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Because they both  
effect profitability  
of a cow/calf enterprise.

25 year old Longhorn cow  
- had just weaned her 23<sup>rd</sup> calf



# Two-part Presentation

Business/financial



Genetics/production



# Top Four Ranch Expenses

1. Pasture cost
2. Supplemental feed/hay
3. Labor (owner)
4. Depreciation



# Depreciation

- Farm Financial Standards Council:  
“The allocation of the expense that reflects the ‘using up’ of certain business assets employed by the entity.”
- Tax depreciation
  - reduce taxable income (Schedule F, Line 14)
- **Management depreciation**
  - systematic approach
  - provide an accurate assessment of net worth and accrual adjusted net income
  - *amount to set aside for replacing assets when they wear out*
- Non-cash cost

# Depreciation

(Purchase price – Salvage value)  
Useful life (5 years)



(Book value – Salvage value)  
Useful life (5 years)



# Depreciation

- Purchase price \$2,500
- Salvage value \$ 950\*
- Useful life, yr 5
- **Depreciation, \$/cow/yr \$ 310**

\*2022-24 CattleFax Canner/Cutter Cow Average Price  
1,150 lbs. x \$82/cwt



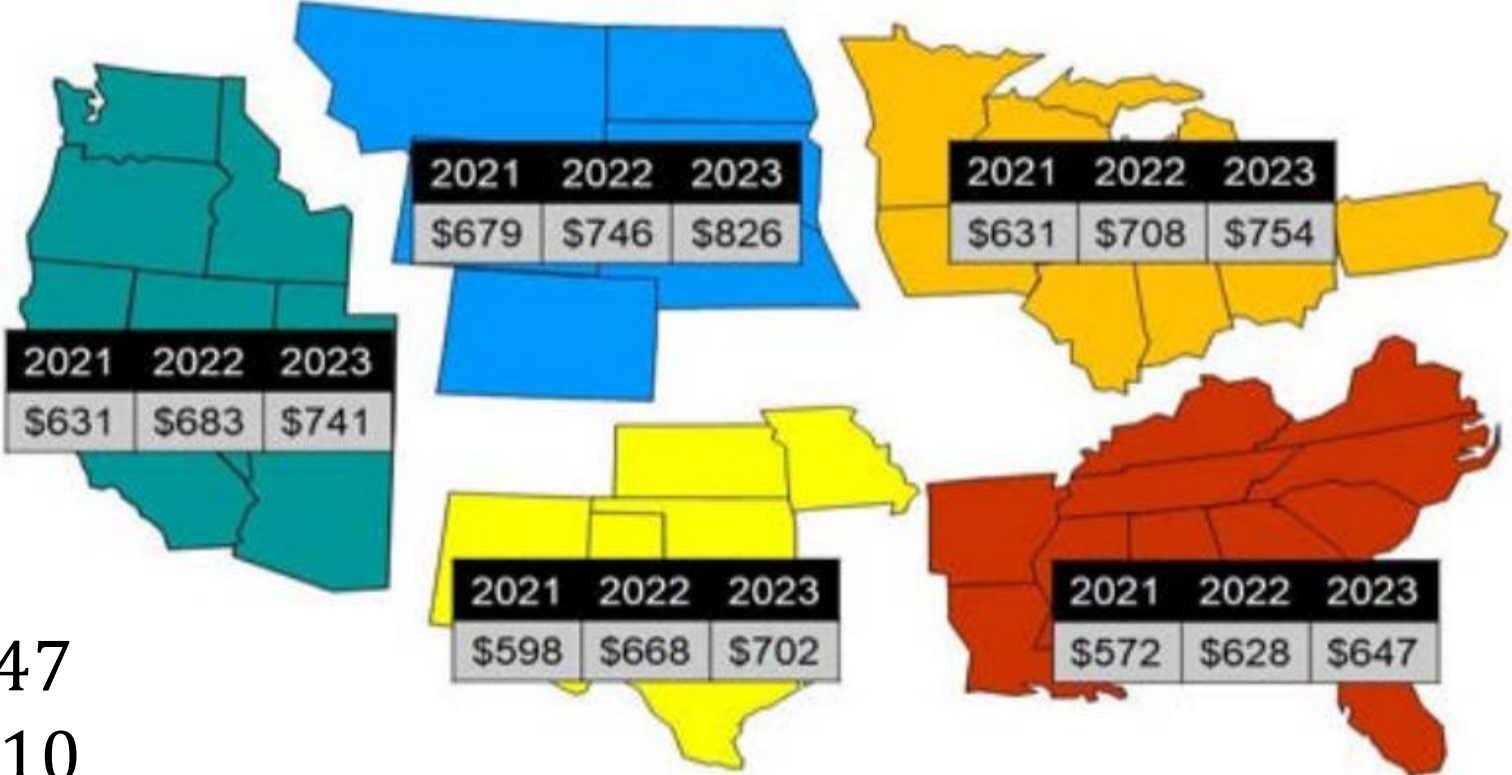


As expected, cash cow costs increased \$41/head, or 6 percent, from 2022 to \$723 in 2023, a new record for this survey. This is a more modest increase compared to the previous year's growth of 11 percent. It is important to note that this is solely a cash cost and does not include non-cash expenses. Because of the diversification in environments and business models for cow-calf operations, costs varied widely both between and within

## Regional Cash Cow Costs



# Regional Cash Cow Costs



SE Region Cash                    \$647  
 Depreciation                    \$310  
**Annual Cow Cost                \$950**

Cow age, yrs	2	3	4	5	6	7	8	9
Cow cost, \$ <sup>1</sup>	950	988	1028	1069	1111	833	867	901
UCOP, \$/cwt <sup>2</sup>	224	232	242	251	261	193	201	209

<sup>1</sup>Annual cow cost, escalated 4% annually

<sup>2</sup>Unit Cost of Production, 85% weaning rate, 500 lb. weaning weight

