

Mount 'n Cattle

Article for the Wyoming Livestock Roundup

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Putting Up Hay – profit generator or old habit that needs broken?

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What does putting up 1 ton of hay cost?

Easy question – but maybe no easy answer. Hay is expensive this year and, if the drought extends and fuel prices remain elevated, high costs may continue.

Many cattle operations in Wyoming spend a good part of the summer putting up hay to feed the cows in the winter. Haying should be looked at as a separate enterprise from the cattle and evaluated on its own costs and returns to determine if it is a worthy endeavor. I suspect than many operations continue to put up hay because it is something that has become a custom. With the new era of increased operating costs I want to challenge you to examine the economics of putting up your own hay and perhaps you will conclude there are better economic uses for that grass than wrapping it up in a bale.

What are the costs of putting up hay? Machinery, fuel, irrigation costs, fertilizer, time, and labor are the major costs. Idaho State University, which updates crop budgets annually, estimated in 2005 one ton of alfalfa hay costs \$78 to produce. Other resources estimate that lower-cost producers raise hay for \$60/ton, average-cost producers for \$80/ton, and high-cost producers for \$100/ton. Try and estimate your costs to produce a ton of hay and avoid the temptation to undervalue your time.

The hay in the field having a value before being cut is an often overlooked component. What if haying stopped? How would the feed produced in the field be used? It could provide some spring grazing to rest other pastures, extend fall and winter grazing, or perhaps allow additional cattle during the summer.

What is that feed worth? I would suggest at least \$20 - \$30/ton standing in the field. If that starting value is accepted, to make economic sense the hay must be harvested for \$20 to \$30 less than a purchase price. From my experience, unless there is an inexpensive labor force, fully depreciated machinery, and low maintenance costs, most producers can't raise their own hay for \$20 to \$30 below market.

Quality of the hay is an important consideration. Is the hay the same or better quality than hay available for purchase? If not, that might be another argument for purchasing hay.

Enterprises on a ranch should be reevaluated as the cost structures of those enterprises changes. In the 1970s, a new baler cost \$4,000 to \$7,000. Today, these costs may be \$20,000 to \$60,000. Granted there would be considerable difference in speed, volume, and consistency, but that only can be justified to some degree when there is enough work to keep the machine busy. Add increases in prices for other machinery, fuel and fertilizer costs and compare that to increases in cattle prices and it's easy to see the two have not increased at the same rate. A haying enterprise that made economic sense 20 or 30 years ago may not make economic sense today.

Providing work for a year-round labor force that may otherwise be stagnant is a common argument for continuing a haying operation. Have discussions among your ranch team about what activities could be taken on if haying is stopped – perhaps

improving the grazing system by moving cattle more frequently, building temporary fences, implementing a rangeland monitoring program, and developing new water sources. Whatever decided could provide the ranch with new opportunities to diversify or improve what is now done.

My assumptions here certainly don't apply to every operation. There are operators who are able to raise hay for less than what I have stated and are making a good living doing so.

I hope I've either confirmed a decision already made or challenged you to more deeply consider how haying may or may not fit into your ranch system.