

Lesson 4: Production Systems

Name _____

90-Day Feeder Steer Budget

Objective: Plan a budget covering the costs of raising feeder steers.

A producer is considering buying and backgrounding 100 feeder steers that are 500 lbs each at \$.65 per pound. The producer must develop a budget showing projected costs to help decide whether to buy the steers. For 100 lbs of feed grain, the cost is \$12.00, and each steer will be fed ten pounds a day for 90 days. The steers are expected to gain 1½ pounds a day. Vaccination charges will be \$3.00 a head. Pasture rent is \$5.00 a head per month. The producer assumes that one of the steers will be lost due to death before sale. The sale barn charges a commission of \$3.00 a head. The steers should sell at \$.66 a pound.

Develop a budget showing costs, total cost, projected returns, and profit or loss in the space provided below. Then calculate the breakeven price for the producer. (Round to the nearest cent.)

Costs

Returns

Profit/loss

Breakeven price