Reducing Doe Maintenance (non-feeding) Costs

Dr. Frank Pinkerton
Langston University (retired)

Introduction

In an earlier article on breakeven prices for slaughter kid production, I made the point that reducing the annual cost of maintaining a doe was paramount and, further, that cost of feed was the single largest component in this annual doe cost. This article discusses additional possibilities for reducing doe maintenance cost.

As you may know, the IRS-Schedule F, Profit or Loss from Farming, lists 21 specific expense categories plus “others’. To me, some of them seem more amenable to reduction than others. For example, what can one really do about insurance, interest, taxes, utilities, and fuel costs? Other expenses (chemicals, fertilizers, custom hire, labor, etc.) are, in some sense, at least ‘negotiable’ via bid-taking. Still others (repairs and maintenance, supplies, health care, breeding fees) are discretionary (up to a point), while the ‘other expense’ catch-all allows for miscellaneous items (Association dues, registration fees, travel costs, etc.).

Opportunities for Cost-reduction

I identify four possibilities for reducing doe maintenance costs; each is a significant contributor to non-feed expenditures.

The first is health costs. One logically avoids professional Veterinary care unless one feels the does’ value is greater than the likely charges. (I quickly acknowledge the opportunity for emotion to overpower common sense in this decision). Most commercial goat owners necessarily act as their ‘own Vet’, learning as they go, from whatever sources available. Occasionally, it is the blind leading the blind, but in the absence of affordable, goat-knowledgeable DVMs, one necessarily does what one can…and lives with it, though the goat may not.

Generally speaking, internal parasites are the largest single health cost. One may dodge somewhat by rotating pastures in such a manner that the forage on offer is not less than 5-6 inches tall. In some areas, the use of high-tannin Lespedeza and Sanfoin has been found useful, particularly for suppressing re-infestations. In ‘barn-shed’ environs, cleanliness and sanitation seem to help a bit (particularly with coccidiosis), as also by reduced crowding and, possibly, by separation of goats by age and/or size.

Also, one can sometimes purchase replacement stock with known resistance to certain parasites. There is some on-farm, anecdotal evidence that Kiko and Savannah breeds have higher percentages of ‘resistant’ animals than other breeds, but all breeds have—and tolerate—some levels of parasites much of the time; do not believe otherwise; the rare exceptions only serve to prove the rule.

If management tactics prove to be inadequate, one necessarily resorts to using various de-wormers of varying effectiveness over time and place, each with variable costs, depending on source. Many producers have found catalogue sales to be the cheapest source. Experienced producers know that doubling the ‘sheep dosage’ of de-wormers for goats to be a more effective treatment. In any case, the routine use of the FAMACHA procedure to target-treat only suspicious animals is usually a worthwhile undertaking. It saves treatment costs and delays buildup of resistance to de-wormers.

And, finally, you can reduce health care outlays by disposing of repeat offenders—the cut-your-losses solution…sometimes painful, but always fiscally responsible.

The second possibility for lowering doe maintenance cost is be careful, even parsimonious, when purchasing replacement stock. (I readily concede it is usually more economical to raise your own breeding stock
rather than buying them—but not if they lack genetic quality, of course). Accurate, fair prices for breeding stock are always and everywhere contentious issues. Over the years, I have finessed this issue by saying, quite truthfully, that the ‘only correct price of a goat is the one agreed to by buyer and seller—then and there, nothing else counts’.

In any case, the real annual costs of owning a doe encompass not just feed and other management costs, but also ‘financial’ expenditures. For example, you buy a breeding age doeling for $300; she stays in the herd for 5 lactations, and sells at auction for a net (after hauling and commission) of $100. As a consequence, this does depreciates by $40/year (300 - 100 = 200/5). To this figure, you must add the interest cost/yr, say, $18 ($300 x 6%) for a total cost of $58/doe/year. (Yes, I know, if you are in the 15% IRS bracket, the after-tax cost is only $49 (58 x 85%); every little bit helps).

How to reduce this ‘fixed’ cost? Well, don’t pay as much initially, or get more than 5 kid crops, or ‘pay’ a lower interest rate, or get a higher salvage value. Note here that this fixed cost is independent of the does’ other costs, and it has nothing to do with her income from kid sales. The fact is that every year her first kid is ‘$58 in the hole’ when it hits the ground (it desperately needs siblings to ‘share’ this charge).

Concerning the purchase of a herd sire, the calculations are the same. Obviously, if the buck is eventually sold for breeding rather than for slaughter, his annual depreciation will be considerably reduced. In any case, the ‘breeding fee’ charge for buck use must be assigned to each doe as part of her annual maintenance cost.

For example, if you pay $650 for a promising yearling buck, use him for 4 seasons and sell him for $150 (slaughter), the depreciation cost is $125/year (650 – 150/4). Adding annual interest of $39 (650 x 6%) and annual upkeep charge of, say, $60 brings his annual cost to $224 (125 + 39 + 60). If he impregnates 50 does, the cost/doe is $4.48.

This figure must be added to each does’ annual maintenance cost. To reduce breeding fee/doe, either pay less for the buck or breed more does/season or use him longer or sell him as a herd sire. (Passing thought… artificial insemination programs for commercial goat production are few and far between; there is a useful message therein).

I recognize, as do you, that if one or more of the aforementioned $300 does’ offspring can be sold for appreciably more than its slaughter value, the increased income can do much to lower depreciation/interest cost. This is why producers of Youth Project prospects and breeders of purebred stock can be, and often are, much less concerned about purchase price, depreciation, etc. because they intend to ‘make-it-back, plus’.

For buyers, higher prices for breeding stock are financially justified if, as expected, their off-spring perform at higher levels due to superior genotype. Such expectations may be buttressed by documentation of proven, documented records of sire and dam performance; unfortunately, this is seldom possible. Merely looking at a goat (phenotypic evaluation) is not nearly as helpful in selection as looking at its performance record (genotype).

The third possibility for reducing annual cost of doe maintenance—lowering land cost—is somewhat more difficult to accomplish because the ‘land-use fee’ is itself difficult to precisely calculate. All goat enterprises have some parcel of land, large or small, dedicated to various needs—grazing, haying, loafing, etc. The annual cost of owning this land must be assigned and apportioned across doe numbers in order to calculate their total annual maintenance expense. To ignore ‘land cost’, however one measures it, is an accounting cop-out; avoidance may considerably inflate the apparent profit/doe/year.

So… what to do? If the land is currently being paid for in installments, the interest and taxes will be part of the annual accounting procedure and easily identified. Since land rarely depreciates in value and, indeed,
may appreciate markedly, most goat owners simply ignore the accruing-capital portion of the installment payments (technically incorrect, but very convenient, and certainly comforting).

Contrarily, if the land is already paid for, one could logically charge the fair-market ‘rental value’ to the goat enterprise to get an annual land-use charge/ doe. We concede that determining such values can be difficult, but some sum is simply necessary to enable accurate accounting (would you have the land if you weren’t doing goats?).

Alternatively, one could calculate an annual ‘opportunity-cost’ figure (the amount you could earn on this land if you sold it and invested the proceeds in tax-free bonds). This is a rather straightforward way to assign a land-use price. Local land prices can be used as a guideline and investment firms are but a call away.

On the other hand, there may well be a near insurmountable psychological barrier to assigning such charges to the doe herd. For example, if your goats are pastured on land selling for, say, $5,100/acre with a carrying capacity of 3 does/acre (grazing, hay-making), each doe engenders an annual ‘cost’ of $68 (5100/3 = 1700 x 4% tax-free bonds). Such high-dollar land simply must produce a lot of forage (5 lb or so of forage dry matter per doe/day—about a ton of hay-equivalent/ doe spread over 12 months). There are, of course, other costs for forage production in addition to this land-use cost. Consequently, such computations can sometimes lead one to contemplate a ‘dry-lot’ operation with all forage purchased or, alternately, herd reduction or even total dispersal; divorce and suicide are not usually considered to be viable options in this evaluation.

Note here that, if the cost of TDN in such forages equaled or, worse, exceeded the cost of TDN in concentrates, my cherished ‘forage-only’ management strategy would be no longer tenable—just as I have elsewhere warned.

The fourth possibility for decreasing doe maintenance concerns facilities and equipment. Rustic is good if it is cheap, but there is a limit to parsimony... a decent set of working pens with dependable gates promotes labor efficiency and maintains worker tranquility, while an accurate, conveniently accessible scale is simply a must.

Nearly leak-proof fencing is also simply a must; however, there are a number of options, each with materials and labor costs particular to the specific option. Preliminary costing-out these alternatives can often result in considerable savings; utility and effectiveness are paramount considerations, not beauty in the eyes of passers-by.

Goats can tolerate, indeed, they can thrive in well-bedded tri-sided sheds open to the south or in well-ventilated old dairy barns, sheep sheds, etc. Overly elaborate facilities are as unnecessary as the associated interest, taxes, and depreciation are painful. The game here is timely maintenance of existing buildings, not expensive new facilities or equipment.... patch it, make it do, use it up, or as I am wont to say, frugal-it.

And then there is the matter of owning or renting or hiring pasture maintenance and haying done on your acreage. One may usually custom-hire pasture establishment or renovation done cheaper than owning/operating the specialized equipment. Concerning haymaking, farm management specialists currently estimate one would have to run at least 250 momma-cows to justify haymaking equipment plus tractor usage. That figure extrapolates to around 1500 does... mercy.

In my own 50 or doe herd on 30 creek-bottom acres in east Texas, I practiced rotational grazing and, in most years, I stockpiled standing forage for winter grazing. I only bought hay to supplement a shortage of standing grass. Cheap is often good; in most goat operations, it is often necessary.