

# Making A Plan - Costs to Raise Market Animals

Steve Harrison, Extension Educator

## Goal (learning objective)

Youth will learn how to construct a budget to plan for expenses and revenues for a meat animal project.

## Supplies

- A copy of the Idaho 4-H Livestock Costs and Returns Estimate (budget) for each market species – one copy for each youth in your group (see Resources section on page 2)
- Pencils (enough for group)

## Pre-lesson preparation

- Obtain a copy of the Idaho 4-H Livestock Costs and Returns Estimate for each market species (see Resources section on page 2).
- Study the background and assumptions so you will be familiar with the information in the publications.
- Obtain prices of feed that youth commonly feed.

## Lesson directions and outline

Share the following information with the youth:

One of the most important aspects of a business including market animal projects is building a budget. Budgets help a business monitor expenses and revenues. Tracking expenses and revenue helps a business make a profit.

## Conducting the activity (DO)

1. Discuss the difference between wants and needs. Can I afford a new show box? Do I need to buy a \$500 feeder pig or is \$150-\$200 all I need to spend?
2. Help youth estimate their anticipated revenue. Each cost and return estimate provides an average amount on the money it takes to raise a project animal. Determine your county average or a reasonable projection for your youth to use.
3. Look over the list of operating costs and determine which ones make sense for your youth. (Feed, cost of animal, health costs, and show supplies are the most common).
4. Look at the ownership costs and determine how much should be charged for each one. (It may help to spread major expenses such as a pen, clippers or show box over several years. These items are normally used for the entire length of the project).
5. Have youth fill in the values they decide to use for the expenses and revenues on their copy of the budget worksheet.
6. Add the operation and ownership costs to get a total of all costs.
7. Subtract the total costs from total revenue to determine Net profit.

## Activity 2

Help youth develop a personal budget. This could include an allowance or job for income and entertainment, food and clothes for expenses.

### What did we learn? (REFLECT)

- Ask: What would be a “break even” sale price to cover feed costs?
- Ask How can a youth decrease expenses? (i.e. borrow equipment, barter or help adults with chores in exchange for other services such as hauling).
- Ask: How can youth increase income? Sell product at a higher price? Sell other by-products such as manure or wool etc.?
- Ask: Is there any value added because it is a 4-H animal? Example, the customer might want to know what animal was fed and how it was treated or how livestock benefit the environment.
- Ask: How do you feel when you have enough money to meet your needs? Why did you feel that way?

### Why is that important? (APPLY)

- Ask: Why is it important to make a budget?
- Ask: Where else is budgeting important in your life? Why?

### Resources

- Harrison, S. and Eborn, B. (2012). *Market Hog Project - Idaho 4-H Livestock Costs and Returns Estimate (#72995)*. University of Idaho Extension. Available at <https://www.uidaho.edu/extension/4h/projects>.
- Nash, S. and Eborn, B. (2012). *Market Steer Project - Idaho 4-H Livestock Costs and Returns Estimate (#72295)*. University of Idaho Extension. Available at <https://www.uidaho.edu/extension/4h/projects>.
- Nash, S. and Eborn, B. (2012). *Market Goat Project - Idaho 4-H Livestock Costs and Returns Estimate (#72596)*. University of Idaho Extension. Available at <https://www.uidaho.edu/extension/4h/projects>.
- Ohio State University Extension. (2011). Introduction. *Beef resource handbook* (page 1-1 through 1-3).
- Ohio State University Extension. (2008). Records and Budgeting. *Goat resource handbook* (pages 155-156).
- Ohio State University Extension. (2011). Management Practices. *Sheep resource handbook for market and breeding projects* (page 28).
- Ohio State University Extension. (2000). Caring for Animals. *Swine resource handbook for market and breeding projects* (pages 24-1 through 24-3).
- Panting, R. and Eborn, B. (2012). *Market Lamb Project - Idaho 4-H Livestock Costs and Returns Estimate (#72895)*. University of Idaho Extension. Available at <https://www.uidaho.edu/extension/4h/projects>.

# 4-H Livestock Income Statement

Item	Date	Amount
<b>Gross Receipts</b>		
(example) Steer	1-Aug	\$2,500.00
<b>Total Income</b>		\$0.00
<b>Operating Expense</b>		
<b>Animal</b>		
(example) Steer	1-Nov	\$1,500.00
<b>Total Animal Expense</b>		\$0.00
<b>Feed</b>		
(example) Show Feed	1-Nov	\$150.00
<b>Total Feed Expense</b>		\$0.00
<b>Equipment/misc.</b>		
(example) Pen		\$475.00
<b>Total Equipment/misc. Expense</b>		\$0.00
<b>Total Expenses</b> total all animal, feed, and equipment/misc.		\$0.00
<b>Total</b> (Gain or loss) total income-total expense		\$0.00