This range of labor costs represents a cost of 16.3 cents per pound of beef produced for the smaller ranches as compared to 1.7 cents for the larger ranches. Labor costs per animal unit are quite similar for ranches of about the same size.

Total Cost

Cash and noncash costs of the representative ranches range from $3,828 for a 35-animal-unit ranch to a high of $24,027 for a 512-animal-unit ranch. Total costs per animal unit average $123 for the smaller ranches and $49 for the larger (tables 8 and 9). Among the representative ranches total costs per animal unit are related to ranch size, costs per animal unit month of Federal range grazing, and the acreage of crop and hayland on the ranch.

RANCH INCOME

Gross income per animal unit varies only slightly among the representative ranches; the differences in gross income are due to differences in productivity per animal unit and to price differentials by ranch location (table 7). Gross income per animal unit in the livestock inventory averages from $53 to $59 and varies only slightly among the representative ranches (table 8).

Ranch income net of cash costs increases with ranch size as a result of the decrease in cash costs per animal unit as size increases. The main decreases in cash costs per animal unit are associated with land taxes, hired labor, and machine operating costs. Ranch income net of cash costs per animal unit varies from an average of $13 for the smaller ranches to an average of $27 per animal unit for the larger ranches (table 8). Because of differences in productivity by ranch location, the ranches at higher elevations received more income net of cash costs than did other ranches.

Ranches with fewer than 68 animal units in size have a negative net ranch income (table 7). Net ranch income per animal unit increases with ranch size, ranging from an average of $-21 for the smaller ranches to $15 for the larger ranches (table 8). Net ranch incomes are similar among ranches of a similar size regardless of location or type of grazing permit.

Rates of Return on Investment

The rate of return on investment [4] varies from -4.18 percent for the 35-animal-unit ranch in the Southern Intermountain Ranching Area to 6.12 percent for the 512-animal-unit ranch (table 7). Rates of return are highest for ranches with the highest productivity per animal unit, the largest size, and the lowest total investment per animal unit.

4/ Net ranch income, including returns to operator and family labor, divided by total investment.