

**Darrell R. Mark, Ph.D.**  
**Asst. Professor, Department of Agricultural Economics, University of Nebraska**

**Feedyard Labor Costs Higher in 2004**

Total compensation paid to employees of Nebraska feedyards increased about 5% per year since 1999, according to the Nebraska Feedyard Labor Cost Survey conducted in 2004. While much of the increase in total labor costs for feedyards was a result of higher value of benefits provided to their employees, base salaries for 13 categories of feedyard workers also increased over the last five years. Fifty-nine Nebraska feedyards with an average one-time capacity of 9,473 head responded to the survey and provided base salary, hourly wages, benefits, bonuses, and total compensation information on several categories of employees ranging from feedyard manager to cowboys to feedtruck drivers.

The average feedyard had a total annual labor expense of \$354,822, including benefits and bonuses. The average labor cost per headday for all 59 feedyards was \$0.10. The labor cost per headday did not significantly vary across feedyards of different sizes. Total compensation paid to feedyard managers varied substantially by feedyard size, but averaged about \$66,000. Total compensation to other supervisor categories of labor, including assistant manager, yard foreman, mill foreman, and maintenance foreman, was in the \$40,000 to \$50,000 range on average. Production labor categories, such as mill operators, feedtruck drivers, cowboys, and maintenance personnel, typically received from \$30,000 to \$40,000 per year compensation. Most employees received health insurance, life insurance, and retirement benefits.

Cattle feedyards employ significant labor resources that can affect their profitability. Feedyard managers must balance the need to be competitive in labor salaries and wages to attract employees in what can be a thin market in many rural areas and their own firm's cost minimization. To better gauge current salaries and benefits offered by other feedyards, managers can utilize the compensation information in UNL Extension Circular 04-836, "2004 Nebraska Feedyard Labor Cost Benchmarks and Historical Trends," available at <http://agecon.unl.edu/mark/Papers/EC04-836.pdf>.

**The Markets**

Slaughter cattle prices in Kansas were \$2 higher on a live weight basis last week. For the week, Nebraska dressed sales were mostly steady at \$128. Choice boxed beef was down more than \$3 last week and the Choice-Select spread narrowed \$0.42. 700-800 lb. feeder steer prices were about \$2 lower in Kansas last week and were slightly lower in Nebraska. Steer calf prices were \$2 lower in Kansas but were \$9 lower in Nebraska.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$81.95	\$80.33	\$88.84
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$127.60	\$127.75	\$142.11
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$115.19	\$113.63	\$102.97
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$126.42	\$128.96	\$109.36
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$118.72	\$119.12	\$104.71
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$128.57	\$137.68	\$113.91
Choice Boxed Beef Price, 600-750 lb. carcass	\$130.81	\$134.20	\$156.11
Choice-Select Spread, 600-750 lb. carcass	\$4.21	\$4.63	\$17.55