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THE COST OF OPERATING THE UNIVERSITY FARM AS A COMMERCIAL VENTURE

John McGaugh

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The University Farm functions as an on-farm laboratory for academic courses taught on campus. However, financial restraints placed on the farm prohibit full extension of the practical aspects of those courses. Faculty members are constantly improvising to mold their courses around existing farm facilities because the farm lacks funds to build additional facilities and provide the increased labor this would necessitate. The farm is self supporting and has been operated as such since the University was founded.

Many of the funds generated by the University Farm normally utilized for capital improvements by other farms are used to supplement academic programs. Thus an institution which should be a working example of highest quality demonstrating the most practical combination of architecture, landscaping; and in general total operation is constantly criticized and ridiculed by visitors and passers-by.

Determining the "dollar value" contribution to academic funding is a difficult task. The most logical method is to consider the programs which are not profitable, those which could be reduced in scale, and those that are not operating to their greatest potential. Many farms of this size are family-operated, consisting of no more than five persons. Supplemental summer help is usually hired to assist on the hay crew. Their total labor costs are no greater than \$75,000, while the University Farm paid \$115,711.33 for labor during the fiscal year 1976-77. Much of this was student labor, students who could not afford to attend the university if they did not have a job at the farm. The farm is required to pay them the minimum wage by law whether students are experienced or not, while a commercial farm can pay less than minimum wages if the work does not warrant. As a result,

inexperienced students operate the farm machinery which increases maintenance, repair, and labor costs far above those of a commercial farm.

The facilities are used much more than those of a private, commercial farm. With faculty and students working with livestock and crops more than normal, fences, buildings, and tools wear out more quickly. Livestock are utilized more extensively in laboratory and classroom situations and are therefore subjected to stress not normally encountered under a typical commercial livestock enterprise; consequently they lose weight or do not gain as well. The animals are usually fed more to present a sleek appearance or are not marketed at optimum times to facilitate class schedules. For example, 28 pounds of grain are fed daily to the dairy cows to maintain a high production level (the 19,000# rolling herd average is among the top ten producing dairies in the state of Kansas). A more economic ration would consist of 20# of grain daily which could then rely on a cheaper forage for supplementation. Veterinary services and medicines are more expensive because sick animals are a poor reflection on the university. Also, since some of the classroom work requires the help of a veterinarian, the farm feels obligated to purchase all medicines and drugs from the veterinarians rather than purchasing them at a much reduced cost from a discount supply house.

Due to continuing research in farm pastures, some of the land is unavailable for commercial use (approximately 100 acres). By removing research exclosures and filling in extra automobile tracks, the farm could accommodate 10 more beef cows at little expense. Although the farm receives a rental income of \$5560 for land leased to the Fort Hays Experiment Station, that land is the best land on the University Farm. It is level and contains fewer rocks than any other tract of land belonging to the university, except for the land under the campus proper. Therefore, the University Farm could use the extra farm and pasture land to a much better advantage than leasing it out, but in the interest of research this land will probably remain unavailable for quite some time to come. As it stands now, the farm cannot

produce enough feed to supply the livestock programs while the rented land would probably rectify this situation.

For a commercial farm, a horse program of this type is a luxury. Its cost during 1976-77 was approximately \$7500 and it probably will not return a profit for 3 or 4 years, although there is some income from sale of colts and stud fees, the costs are due mainly to the required separate and specific facilities for raising colts, breeding mares, and stud management. A commercial farm requires only 2 or 3 saddle horses for general ranch work thus the horse expense could be reduced to \$400 per year.

A final strain placed on the farm is the State of Kansas requirements for purchasing feed for the livestock. State procedures require the farm to purchase all feeds by accepting the lowest bid. In many instances, this method works quite well; however, when only one elevator is available, competition is eliminated. In addition, the elevator places a 50¢ per 100 pounds surcharge on feed grains because the state is slow to pay the bill and the grain must be stored at the elevator because of inadequate storage facilities on the farm. This costs the farm from \$5000 to \$7000 annually. If there was enough capital on hand, the farm superintendent could purchase storage facilities and fill them with a sufficient amount of grain for the entire year when grain prices are low. As it is the grain is purchased a little at a time.

In summary the Fort Hays State University farm is definitely subsidizing the academic programs on campus. Below is a list of approximate expenses which would probably not appear in the budget of a commercial farm:

Labor	\$40,000	Reduction of cost of buying grain by raising it on land leased to the Experiment Station	<u>\$10,000</u>
Horses	7,000		
Extra grain in dairy ration	5,000	TOTAL REDUCTION PER YEAR	\$70,000
Cost of bidding procedures	3,000		
Lack of income from 25 extra beef cows	5,000		

Some of the forementioned discussions such as wear and tear on facilities and livestock defy "dollar value" figures and one can only guess or surmise by using examples which may or may not apply from year to year. An obvious example is as follows: Every spring the University Farm hosts a Showing and Fitting Contest for students in production classes and members of the Block and Bridle Club. Approximately 40 farm calves are used for this show. If each calf lost 10 pounds during the period of training, fitting, and showing this would amount to 400 pounds. At market price of \$40/100# the loss of weight would amount to \$160.

A second example involves the lack of capital. Suppose a local hog facility dealer agreed to sell a farrowing unit to the University Farm at a cost far below his competition just to advertise his brand of farrowing unit. This is a facility the farm needs badly and the price is not only fair but more than fair but due to lack of capital the farm cannot afford to consider it. If a commercial farmer was able to arrive at a price below any other competing facility, he could borrow the money from his bank rather than turn the deal down. Although the situation does not reflect a reduction in expenses, the farm has lost the chance to set an example for many hog farmers in the area by being a leader in hog facilities. Trying new techniques and facilities should be the underlying mission of the Farm, Agriculture Department, and University as a whole.