

## How to use the Penn State Income Over Feed Cost Tool:

If you have Microsoft Excel, you can download the IOFC Tool to your computer. The Tool is broken down into several parts:

1. **Farm Information:** Please complete all of the fields that are highlighted in yellow.
2. **Ration Info:** This part of the tool calculates your current IOFC based on both market feed prices and your actual feed costs if you provide them. You will need to enter your ration program, feed costs, milk production, and gross milk price. For example, if you just received your December 2008 gross milk price, you will enter December's ration and December's production information. You can use the tool to calculate your feed costs for the current month, but you will always be looking at last month's results for IOFC.
3. **Historical Summary:** It will be valuable for you to track your IOFC on a monthly basis. After calculating IOFC, you can store it here. A chart will illustrate any upward or downward trends and compare your IOFC to the industry benchmarks.
4. **IOFC and Cash Flow:** Because every farm is different, we recommend that you gather some information about your farm's finances and enter it into this calculator so that you may compare your monthly IOFC to the IOFC that your farm must have to break even. Once you enter this information, your farm's break-even IOFC will be displayed in the other parts of the IOFC Tool. Additionally, you can explore different milk price and production level scenarios with your farm's maximum feed cost per lactating cow per day and your farm's breakeven feed cost per lactating cow per day.

**If you need an example, download Sunny Acres' IOFC Tool worksheet.**

If you do not have Microsoft Excel or if you would like assistance in using the tool, please use the Penn State IOFC Request Form to contact Erica Cowan, senior project associate with Penn State Dairy Alliance. In order to fill out the form, you will need to gather the following information:

1. Your most recent gross milk price
2. Milk lbs shipped for three consecutive shipments
3. Number of lactating cows in each group
4. Batch weights for your TMR broken down by group and ingredient
5. Cost/ton for ingredients in your ration that you purchased: If you are able to assign a price to your home-raised forages and concentrates (by using costs of seed, fertilizer, fuel, storage, etc.), there is a space to include that as well for the sake of comparison. If you do not have this information, we will use the market price of the forage if you were to sell the feed today.

**Finally, be sure that your milk price, lbs. shipped, ration, and costs correspond to the same month.**

If you have any questions or difficulty accessing the IOFC Update Request Form, please call Erica Cowan at (814) 863-3917 (toll-free at 888-373-7232) or email [ecowan@psu.edu](mailto:ecowan@psu.edu).