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MINNESOTA FARM MANAGEMENT SERVICE NOTES

No. 32

July 10, 1925

Prepared by the Farm Management Group at University Farm, St. Paul, Minn.

THE FARMER'S INCOME IN 1924

The average income and expense per farm on a group of twenty-three farms in Steele County on which dairying predominates is shown in the following table. The farms average 190 acres in size. Of this acreage 41 acres are in corn, 51 in small grain, 27 in hay, 49 in pasture and 8 in miscellaneous crops. Practically all this land is owned by the operators and this statement is computed on an owner basis. No interest is included in expense since this statement assumes full ownership.

Farm Income and Expense per Farm on 25 Farms in Steele County in 1924

Income:

\*Cash Receipts -

Dairy products	\$1538.00
Cattle	525.00
Swine	1182.00
Poultry	251.00
Sheep	19.00
Horses	33.00
Crops	1383.00
Outside work	41.00
Miscellaneous	50.00

Total cash receipts \$ 5022.00

Value farm products used

in house 237.00

Estimated house rent (12% of value) 248.00

Total Income \$5507.00

Expense:

\*Cash Expenses -

Livestock purchases	\$335.00
Livestock expense	44.00
Feeds purchased	315.00
Seed, twine, machinery, etc.	239.00
Hired labor	445.00
Buildings, fences, etc.	76.00
Machinery & equipment	382.00
Auto expense	260.00
Insurance & taxes	303.00
Miscellaneous	13.00

Total cash expenses \$2412.00

Value unpaid family labor

(@ 21¢ per hour) 632.00

Total Expense \$3044.00

NET INCOME (Return for farmer's labor, management and capital) \$2463.00

\*Adjustments made for inventory changes.

The average income and expense for a group of farms in Cottonwood and Jackson Counties is shown on the following page. These farms average 172 acres in size. Thirty-four acres are in corn, 47 acres in small grain, 22 acres in hay and 37 acres in pasture. Eight farms are operated by owners, 13 by tenants and 2 by owners who rent additional land. Of the rented land one-half is share rented and one-half rented for cash. The statement presented represents a composite of these different systems of tenure.

Farm Income and Expense per Farm on 23 Farms in Cottonwood and Jackson Counties in 1924

Income:		Expense:	
*Cash Receipts -		*Cash Expenses -	
Dairy products	\$747.00	Livestock purchases	\$276.00
Cattle	483.00	Livestock expense	77.00
Swine	1420.00	Feeds purchased	291.00
Poultry	273.00	Seed, twine, threshing, etc.	164.00
Sheep	62.00	Hired labor	117.00
Horses	48.00	Buildings, fences, etc.	49.00
Crops	539.00	Machinery & equipment	281.00
Outside work	94.00	Auto expense	138.00
Miscellaneous	52.00	Insurance & taxes	159.00
Total cash receipts	\$3718.00	Rent	227.00
		Miscellaneous	36.00
Value farm products used in house	220.00	Total cash expense	\$1815.00
Estimated house rent (12% of value)	227.00	Unpaid family labor (@21¢ per hour)	299.00
Total Income	\$4165.00	Total Expense	\$2114.00
NET INCOME (Return for farmer's labor, management and capital)			2151.00

\*Adjustment made for inventory changes.

The figures for each locality are averages for the groups of farms studied. The table below indicates the distribution of net incomes. The range in net incomes in Steele County was from \$1106 to \$6421 and in Cottonwood and Jackson Counties from \$68 to \$4611.

	Number of Farms in Each Income Group					
	Under \$1000	\$1000-1500	\$1500-2000	\$2000-2500	\$2500-3000	Over \$3000
Steele County	0	3	6	3	6	5
Cottonwood and Jackson Counties	4	3	4	4	5	3
Total	4	6	10	7	11	8

The following statement shows the distribution of <sup>the</sup> operator's investment in these two groups of farms. Land and improvements are valued at approximately \$157.00 per acre on the Steele County farms and at \$150.00 per acre in Cottonwood and Jackson Counties. The small investment in real estate in the latter area is largely due to the fact that only 36 per cent of the land is owned by the operator whereas full ownership is assumed in Steele County. Personal property is valued at current market prices. The larger investment in feeds and supplies on the Steele County farms is due in part to the fact that they are more heavily stocked. It is further accounted for by the fact that the inventory was taken January 1 whereas in the other area it was taken March 1 after two months feed had been consumed.

Distribution of Operator's Investment

	Real Estate	Livestock	Machinery	Feeds & Supplies	Total Investment
Steele County	\$29886	\$3814	\$1718	\$1772	\$37190
Cottonwood and Jackson Counties	9280*	2414	1262	1056	14012

\*This includes only the real estate owned by the operator. The entire real estate investment including the value of rented land was approximately \$25800.

The net incomes on these farms averaged 22½ per cent above the average net incomes in 1923 for the same groups. The total net income of the farmers in Steele County is materially larger than that of those in Cottonwood and Jackson counties. On the other hand after deducting a 5 per cent interest charge on the investment of each the farmer had \$50.00 per month left as a reward for their labor and management and the latter \$112.50 per month. Obviously the incomes are not directly comparable because of differences in investment and in time covered. The Steele County farmers had more than three times as large a fixed investment in real estate, for which the investor usually accepts a smaller return than he does for the same investment in equipment and working capital. They, too, the farm record year in Steele County ended December 31, 1924 and in the other area February 28, 1925. The rise in pork prices during the first two months of 1925 gave the latter group a considerable advantage in marketing their hogs which were their most important source of income.

Amount and Farm Value of Farm Produce Used in House

	Steele County		Cottonwood & Jackson Counties	
	Amount	Value	Amount	Value
Whole milk	gts. 1228	\$54.92	691	\$28.08
Skimmilk	" 124	.94	326	2.47
Cream	pts. 261	35.45	288	39.75
Butter	lbs. 7	3.35	68	23.10
Eggs	doz. 118	30.10	104	26.92
Poultry, dressed	lbs. 81	17.87	81	17.50
Beef	" 288	30.86	175	17.32
Pork	" 491	51.21	423	54.52
Mutton	" 6½	.83	-	-
Potatoes	bu. 26¾	11.47	18½	10.34
Totals		\$237.00		\$220.00

In computing income the value of farm produce used in the house has been included and also an estimated house rent since the farm furnished the farm family a house. The farm produce as shown in the above table is valued at its farm price. This same product would cost the city family at least twice as much thru the usual retail channels. They, too, the farm family has the use of the automobile and horses and receives from the farm considerable quantities of fruit, vegetables and fuel of which no record is available. The same quantities of commodities of equal quality as that which the farm contributes to the living of the farm family would probably cost close to \$100.00 per month at the usual retail prices in Minneapolis or St. Paul. These facts should be kept in mind in making any comparisons between these figures and the incomes of city workers.