AGRICULTURAL EXTENSION DIVISION
UNIVERSITY OF MINNESOTA

W. C. Coffey, Acting Director

MINNESOTA FARM BUSINESS NOTES

No. 143 November 20, 1934

Prepared by the Division of Agricultural Economics
University Farm, St. Paul, Minnesota

POSSIBLE SAVINGS IN THE COST OF GOVERNMENTAL SERVICES ARISING FROM THE RELOCATION OF AN ISOLATED COMMUNITY

Prepared by M. M. Regan

The provision of special services such as roads and schools for isolated settlers has long been a problem with which the county and school officers of the cut-over counties of Minnesota have had to contend. The relocation of such families would often benefit those concerned thru more accessible markets as well as more productive soil, but would in addition result in the saving of the major portion of the cost of the special governmental services required.

Occasionally an entire community may be found that is located upon poor soil, with such meager resources that it is heavily dependent upon the state and county for such school and road services as it does receive. The difficulties of moving such a community are considerably greater than moving scattered and isolated settlers altho the need may be just as pressing. The presence of established businesses, dependent upon the community, complicates the problem.

A special study was made of a community settlement in northern Minnesota for the purpose of ascertaining the savings that might be made if it could be relocated. This community included 135 families in three townships. The estimates of savings are on the basis of a relocation of these families on better soil adjacent to communities already developed.

Roads and schools constitute the most important public facilities maintained in the area. The cost of maintaining the 18 miles of township roads and 31.75 miles of county roads in the three townships in 1932 amounted to $11,846, divided as follows:

County roads:	
Maintenance	$9,470
Snow clearance	1,008
Town roads:	
Maintenance	918
Snow clearance	450
Total	$11,846

Even though there were complete settler evacuation, not all of the road facilities could be discontinued. For recreational purposes about 8.5 miles of county roads would be necessary. The maintenance cost on this stretch, however, would be considerably lighter. Snow clearing costs on ten miles of county road outside the area could be saved, bringing the net road savings from these changes to $11,246.

Published in furtherance of Agricultural Extension Act of May 8 and June 30, 1914, W. C. Coffey, Acting Director, Agricultural Extension Division, Department of Agriculture, University of Minnesota, cooperating with U.S. Department of Agriculture.

The following tabulation shows the cost of maintaining the four schools in the area, having an enrolment of 109 pupils and employing seven teachers for the school year 1931-32:

General control		$459
Instruction:		
Teachers' salaries	$8,077	
Others	884	8,961
Operation		1,577
Maintenance		1,506
Auxiliary:		
Transportation	4,626	
Board	619	5,245
Total		$17,748

Thru complete settler evacuation, all of the school operating costs with the exception of $884 for text books could be saved, or a total of $16,864.

Township funds of $2,206 were expended in 1932 for the following purposes:

General	$1,356	Telephone	$317
Fire	215	Cemetery	24
Town hall	294	Total	$2,206

With settler removal, practically all of the costs of township government could be saved. Fire cost would be practically eliminated as would the cost of telephones and town halls. There is so little spent on cemeteries that this is an insignificant item.

Since there is no assurance that savings would be possible in public relief, no estimate has been made of the savings that might arise from this source with settler relocation. The estimated total savings, based upon 1932 costs, would total $30,316 from sources as follows:

Schools	$16,864	Township government	$2,206
Roads	11,246	Total	$30,316

These savings would revert to the governmental units in approximately the following amounts:

	Local	County	State	Total
Schools	$2,174	$8,978	$5,712	$16,864
Town roads	918	450	-	1,368
County roads	-	9,878	-	9,878
Town government	2,206	-	-	2,206
Total	$5,298	$19,306	$5,712	$30,316

The county would profit most thru the relocation of this settlement, the state would be second, with the savings to local sources a close third.

Crediting the community with its contributions to the state and county and including relief with costs, this area contributed only 15.4 per cent of the funds for its own support in 1932, the state contributed 14.1 per cent, and the county 70.5 per cent.

From the total savings in the area evacuated must be deducted the additional costs of rendering the necessary services in the areas in which resettlement will take place. Suitable locations for the 135 families in this study are available in another area in the same county. The first consideration in selecting sites for resettlement must be the land, its suitability for development and its accessibility to market outlets. There are 13 schools in the relocation area and these had an enrolment of 842 pupils in 1931-32. The present facilities are adequate to care for an increase of 334 pupils with no increase in cost except for books and transportation. The area considered for relocation had only 109 pupils, showing that existing schools in the relocation are adequate to take care of the increase. However, the distribution of desirable agricultural land is such that some increase in capacity of one of the schools would be necessary.

Thirty-two families can be moved into the resettlement area without any increase in school transportation or other school costs. The rest of the families would require additional transportation estimated to cost $3,025. The addition of one room to an existing school would add an estimate of $1,700 to maintenance and operating costs or a total of $4,725. Deducting this from the total school savings of $16,864 indicated above, leaves a net school saving of $12,139.

The roads in the resettlement area are adequate to serve the lands considered for resettlement, so that no increase in road mileage is needed. The distribution of the relocated settlers among the existing roads would be such that there would be no material increase in maintenance. The costs of township government in the relocation area should not be increased appreciably by the move because the most important item in the township costs is that of roads.

The annual estimated net savings in governmental costs amount to $25,592 as indicated in the following summary:

	Local	County	State	Total
Schools	$2,174	$8,954	$1,011	$12,139
Town roads	918	450	-	1,368
County roads	-	9,878	-	9,878
Town government	2,606	-	-	2,206
Total	$5,298	$19,282	$1,011	$25,591

Increased state aid to schools in the relocation area would reduce the savings to the state. Practically all of the savings in this illustrative case would revert to the taxpayers of the county. For this reason, counties can well afford to give careful consideration to the possibilities of effecting savings thru relocation of isolated settlers and settlements within their borders.

The figures here presented are illustrative of a specific case. The savings will vary with the circumstances of each case. The detailed study of this area, however, is suggestive of the nature of the problem and indicates the importance of giving careful consideration to it as a feature in a program of improved land use.

MINNESOTA FARM PRICES FOR OCTOBER 1934

Prepared by W. C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of October 1934 was 71.2. When the average of farm prices of the three Octobers 1924-25-26 is represented by 100, the indexes for October of each year from 1924 to date are as follows:

October 1924 -	93.0	October 1930 -	81.9
" 1925 -	103.6	" 1931 -	51.6
" 1926 -	103.5	" 1932 -	37.9
" 1927 -	98.1	" 1933 -	56.3*
" 1928 -	95.0	" 1934 -	71.2*
" 1929 -	107.2		

*Preliminary

The price index of 71.2 for the past month is the net result of increases and decreases in the prices of farm products in October 1934 over the average of October 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, October 15, 1934, with Comparisons*

	Oct.15, 1934	Sept.15, 1934	Oct.15, 1933	Av. Oct. 1924-25-26	% Oct.15, 1934 is of Sept. 15, 1934	% Oct.15, 1934 is of Oct. 15, 1933	% Oct.15, 1934 is of Oct. 15, 1924-25-26
Wheat	$1.02	$1.06	$.63	$1.28	96	162	80
Corn	.70	.70	.26	.78	100	269	90
Oats	.48	.49	.21	.38	98	229	126
Barley	.85	.91	.44	.61	93	193	139
Rye	.69	.75	.48	1.01	92	144	68
Flax	1.70	1.78	1.53	2.15	96	111	79
Potatoes	.35	.50	.41	.71	70	85	49
Hogs	5.10	6.10	4.15	10.68	84	123	48
Cattle	4.05	4.50	3.65	5.97	90	111	68
Calves	5.30	5.40	4.85	9.36	98	111	57
Lambs-sheep	5.29	5.10	5.16	11.03	104	103	48
Chickens	.094	.113	.065	.166	83	145	57
Eggs	.20	.185	.16	.35	108	125	57
Butterfat	.26	.25	.22	.44	104	118	59
Hay	14.20	14.22	7.34	11.90	100	195	120
Milk	1.53	1.53	1.23	2.26	100	124	68

*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture.

Indexes and Ratios of Minnesota Agriculture*

	Oct. 1934	Sept. 1934	Oct. 1933	Av. Oct. 1924-26
U.S. farm price index	72.5	74.5	51.0	100.0
Minnesota farm price index	71.2	81.5	56.3	100.0
U.S. purchasing power of farm products	87.5	89.9	67.1	100.0
Minnesota purchasing power of farm products	81.3	98.3	74.1	100.0
U.S. hog-corn ratio	6.8	7.8	10.7	12.8
Minnesota hog-corn ratio	7.3	8.7	16.0	14.6
Minnesota egg grain ratio	13.5	12.1	21.3	21.7
Minnesota butterfat-farm-grain ratio	17.3	16.1	32.7	38.3

*Explanations of the computation of these data are given in Farm Business Notes No. 126.