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Agricultural Economics Report

NUMBER 598

MICHIGAN FARM
BUSINESS ANALYSIS SUMMARY -
ALL TYPES OF FARMS

1995 TELFARM DATA

by

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¹Professor. Co-workers in the Telfarm Project were: D. Stein, S. Harsh, R. Betz, J. Jones, T. Purdy, E. Hepker, R. Clark, R. Hepp, S. Nott, P. Ruesink, W. Schauer, G. Schwab, A. Shapley, and G. Kole with the assistance of County Agents in Michigan.

Table 1.

AVERAGE LABOR INCOME ON MICHIGAN
MAIL-IN RECORD FARMS, 1929-1995

| | | | | | |
|------------|--------|------------|----------|------------|----------|
| 1929 . . . | \$ 585 | 1952 . . . | \$ 2,926 | 1975 . . . | \$ 1,303 |
| 1930 . . . | -263 | 1953 . . . | 2,447 | 1976 . . . | 112 |
| 1931 . . . | -676 | 1954 . . . | 1,755 | 1977 . . . | -2,799 |
| 1932 . . . | -595 | 1955 . . . | 993 | 1978 . . . | 20,219 |
| 1933 . . . | 249 | 1956 . . . | 2,646 | 1979 . . . | 17,802 |
| 1934 . . . | 565 | 1957 . . . | 2,360 | 1980 . . . | 17,258 |
| 1935 . . . | 764 | 1958 . . . | 3,426 | 1981 . . . | -19,268 |
| 1936 . . . | 1,318 | 1959 . . . | 2,049 | 1982 . . . | -16,304 |
| 1937 . . . | 569 | 1960 . . . | 2,339 | 1983 . . . | -11,591 |
| 1938 . . . | 571 | 1961 . . . | 3,309 | 1984 . . . | -25,308 |
| 1939 . . . | 780 | 1962 . . . | 3,183 | 1985 . . . | -25,537 |
| 1940 . . . | 787 | 1963 . . . | 2,644 | 1986 . . . | -7,033 |
| 1941 . . . | 1,675 | 1964 . . . | 2,189 | 1987 . . . | 6,854 |
| 1942 . . . | 2,303 | 1965 . . . | 2,403 | 1988 . . . | 11,291 |
| 1943 . . . | 1,900 | 1966 . . . | 5,743 | 1989 . . . | 28,986 |
| 1944 . . . | 2,406 | 1967 . . . | 4,916 | 1990 . . . | 28,671 |
| 1945 . . . | 2,483 | 1968 . . . | 6,697 | 1991 . . . | 20,188 |
| 1946 . . . | 3,370 | 1969 . . . | 6,918 | 1992 . . . | 17,749 |
| 1947 . . . | 3,486 | 1970 . . . | 8,340 | 1993 . . . | 24,817 |
| 1948 . . . | 2,735 | 1971 . . . | 2,698 | 1994 . . . | 8,810 |
| 1949 . . . | 1,815 | 1972 . . . | 11,944 | 1995 . . . | 18,342 |
| 1950 . . . | 2,688 | 1973 . . . | 31,184 | | |
| 1951 . . . | 3,782 | 1974 . . . | 11,896 | | |

5-YEAR AVERAGES

| | | | |
|-------------------|-------|-------------------|----------|
| 1931-35 | \$ 62 | 1966-70 | \$ 6,523 |
| 1936-40 | 805 | 1971-75 | 11,815 |
| 1941-45 | 2,153 | 1976-80 | 10,518 |
| 1946-50 | 2,819 | 1981-85 | -19,602 |
| 1951-55 | 2,381 | 1986-90 | 13,754 |
| 1956-60 | 2,564 | 1991-95 | 17,981 |
| 1961-65 | 2,746 | | |

SUMMARY OF THIS REPORT

The data in this report are the most detailed and accurate financial records available of what is happening on Michigan commercial farms. These figures are averages of actual records on 223 farms for the year 1995. The farms are also summarized by 4 types of farms or enterprises.

The data can be studied to learn how profitable farming was in 1995. It shows which types of farms did best and how well. The averages can be compared with data from your farm to show strong and weak points in management results.

For those who wish to do forward planning, these results can be used as basic data and then adjusted for current conditions. Labor, machinery, buildings, services or supplies, land, and miscellaneous costs are stated per crop acre or per unit of livestock production. There are also data on production standards, feed fed, capital investments, and hours of labor.

Data for this report are compiled from records of farm families enrolled in Telfarm. This is a management education program based on compiling and analyzing farm financial and production records. The farms are mainly commercial farms in Economic Classes I and II (over \$20,000 gross sales). Although about 750 families were enrolled in Telfarm in 1995, less than half of the farms could be included in this report because of a mixture of enterprises or incomplete data.

TYPE OF FARM SUMMARY DATA

The standardized format of the summary tables in the Telfarm Business Analysis Report is used for the data in the type of farm Tables 2 through 5. The line numbers are those used in the analysis summary. The data are the averages of all farms included. There may be some small variance in this data and that in individual reports due to editing.^{1/}

Table 2.

SUMMARY: ALL TYPES, 1995

| Line No. | Item | All Type Farms | | |
|----------|--|----------------|-----------------------|--|
| | | Total Farm | Crop Program Per Acre | Livestock Program Per Livestock Unit ^{2/} |
| 1. | Value of Production | \$330,627 | \$ 342 | \$1,557 |
| | <u>Costs</u> | | | |
| 2. | Labor | \$ 75,359 | 81 | 335 |
| 3. | Power and Machinery | 74,078 | 100 | 174 |
| 4. | Improvements. | 24,283 | 22 | 138 |
| 5. | Crop Supplies | 58,118 | 98 | 0 |
| 6. | Livestock Services. | 45,357 | 0 | 554 |
| 7. | Land Charge | 37,961 | 62 | 10 |
| 8. | Other | 12,487 | 7 | 101 |
| 9. | Total Cost. | \$327,643 | \$ 370 | \$1,312 |
| 10. | Management Income | 2,984 | -28 | 245 |
| 11. | Labor Income. | 18,342 | -12 | 311 |
| 12. | Rate Earned Owned Capital | 6.6 | 2.5 | 15.3 |
| | <u>Capital</u> | | | |
| 19. | Total Owned Capital | \$679,558 | \$1,050 | \$2,588 |
| 26. | Total Rented Capital. | 180,789 | 705 | 80 |
| 27. | Total Capital | \$860,347 | \$1,755 | \$2,668 |
| | <u>Labor</u> | | | |
| 29. | Operator Labor, Hours | 2,292 | | |
| 30. | Family Labor, Hours | 1,683 | | |
| 31. | Hired Labor, Hours. | 5,589 | | |
| 32. | Total Labor, Hours. | 9,564 | 10.2 | 42.5 |
| 35. | Income/Total Hours, 1/32. | \$ 34.57 | | |
| 36. | Cost/Hour, 9/32 | \$ 34.26 | | |
| 37. | Labor Income/Hour, Operator | \$ 8.00 | | |
| 56. | Total Tillable Acres. | 595.7 | | |
| 57. | Number of Full-Time Equivalent FTE) of Labor | 3.2 | | |
| | <u>Feed Fed</u> | | | |
| 60. | Corn. | \$ 24,727 | | \$ 303 |
| 61. | Corn Silage | 13,717 | | 168 |
| 62. | Oats. | 387 | | 5 |
| 64. | Barley. | 503 | | 6 |
| 65. | Hay Equivalent. | 33,550 | | 411 |
| 67. | Pasture | 855 | | 10 |
| 68. | Other (Supplement Blend). | 54,931 | | 672 |
| 69. | Total Feed Fed. | \$128,670 | | \$1,575 |

^{1/}Capital per acre has been calculated by an alternative method.

^{2/}Based on 77 livestock units (dairy and beef cows are per head, cattle and hogs per 100 pounds produced, etc.).

Table 3.

DAIRY AND FRUIT FARMS

| Line No. | Item | 137 Dairy Farms | | | 28 Fruit Farms | |
|----------|--|-----------------|----------------|----------|----------------|----------------|
| | | Total Farm | Per Acre | Per Cow | Total Farm | Crops Per Acre |
| 1. | Value of Production | \$342,599 | \$ 279 | \$ 1,342 | \$230,878 | \$ 1,261 |
| | <u>Costs</u> | | | | | |
| 2. | Labor | \$ 87,785 | \$ 66 | \$ 369 | \$ 92,146 | \$ 503 |
| 3. | Power and Machinery | 77,229 | 97 | 152 | 50,257 | 274 |
| 4. | Improvements | 28,375 | 22 | 118 | 17,490 | 96 |
| 5. | Crop Supplies | 44,277 | 75 | 0 | 59,305 | 324 |
| 6. | Livestock Services | 69,473 | 0 | 522 | 79 | -- |
| 7. | Land Charge | 31,907 | 52 | 10 | 15,990 | 88 |
| 8. | Other | 13,939 | 5 | 83 | 11,346 | 62 |
| 9. | Total Cost | \$352,985 | \$ 317 | \$1,254 | \$246,613 | \$1,347 |
| 10. | Management Income | -10,386 | -38 | 88 | -15,735 | -86 |
| 11. | Labor Income | 7,314 | -25 | 164 | -3,017 | -16 |
| 12. | Rate Earned Owned Capital (%) | 4.6 | 0.5 | 9.7 | 2.2 | -- |
| | <u>Capital</u> | | | | | |
| 19. | Total Owned Capital | \$720,859 | \$ 884 | \$2,352 | \$341,898 | \$1,867 |
| 26. | Total Rented Capital | 124,024 | 486 | 78 | 30,641 | 168 |
| 27. | Total Capital | \$844,883 | \$1,370 | \$2,430 | \$372,539 | \$2,035 |
| | <u>Labor</u> | | | | | |
| 29. | Operator Labor, Hours | 2,642 | | | 1,898 | |
| 30. | Family Labor, Hours | 2,131 | | | 848 | |
| 31. | Hired Labor, Hours | 6,189 | | | 9,757 | |
| 32. | Total Labor, Hours | 10,961 | 8.2 | 46.1 | 12,503 | 68.3 |
| 35. | Income/Total Hours, 1/32 | \$ 31.26 | | | \$ 18.47 | |
| 36. | Cost/Hour, 9/32 | \$ 32.20 | | | \$ 19.72 | |
| 37. | Labor Income/Hour, Operator | \$ 2.77 | | | \$ -1.59 | |
| 56. | Total Tillable Acres | 588.4 | | | 183.1 | |
| 57. | Number of FTE of Labor | 3.7 | | | 4.2 | |
| | | Total Farm | Per Cow Dollar | Quantity | | |
| | <u>Feed Fed</u> | | | | | |
| 60. | Corn | \$ 30,291 | \$ 288 | 104 bu. | | |
| 61. | Corn Silage | 22,287 | 168 | 8.4 ton | | |
| 62. | Oats | 564 | 4 | 3.0 bu. | | |
| 64. | Barley | 803 | 6 | 2.4 bu. | | |
| 65. | Hay Equivalent | 54,255 | 408 | 6.1 ton | | |
| 67. | Pasture | 1,366 | 10 | .4 ton | | |
| 68. | Other (Supplement Blend) | 76,998 | 579 | | | |
| 69. | Total Feed Fed | \$186,564 | \$1,403 | | | |
| | <u>Dairy Factors</u> | | | | | |
| 80. | Number of Cows | 133.0 | | | | |
| 81. | Milk Sold, lbs. | 2,640,127 | 19,855 | | | |
| 82. | Milk Sales, \$ | \$342,009 | \$2,572 | | | |
| 83. | Cattle Income, \$ | \$ 23,214 | \$ 175 | | | |
| 86. | Non-Feed Cost, \$ | \$166,647 | \$1,253 | | | |
| 89. | Percent Calf Death Loss | 11.9 | | | | |
| 90. | Price Received/Cwt. Milk | \$ 12.95 | | | | |
| 91. | Net Cost/Cwt. Milk | \$ 12.50 | | | | |
| 93. | Percent Cull Rate | 32.6 | | | | |
| | <u>Ratios</u> | | | | | |
| 180. | Total Investment/FTE | \$228,347 | | | \$ 88,700 | |
| 181. | Operator's Investment/FTE | \$194,826 | | | \$ 81,404 | |
| 182. | Value of Production/FTE | \$ 92,594 | | | \$ 54,971 | |
| 183. | Value of Prod./\$100 Cost | \$ 97.06 | | | \$ 93.62 | |
| 184. | Value of Prod./\$1000 Mach. Invest | \$ 4,436 | | | \$ 4,594 | |
| 185. | Total Tillable Acres/FTE | 159.0 | | | 43.6 | |

Table 4.

SAGINAW VALLEY CASH CROP AND CASH GRAIN

| Line No. | Item | 15 Saginaw Valley | | 28 Cash Grain | |
|----------|--|-------------------|----------|---------------|----------|
| | | Total Farm | Per Acre | Total Farm | Per Acre |
| 1. | Value of Production | \$423,105 | \$ 365 | \$272,221 | \$ 345 |
| | <u>Costs</u> | | | | |
| 2. | Labor | \$ 51,554 | \$ 45 | \$ 21,457 | \$ 27 |
| 3. | Power and Machinery | 93,077 | 80 | 63,428 | 80 |
| 4. | Improvements. | 18,116 | 16 | 10,673 | 14 |
| 5. | Crop Supplies | 131,623 | 114 | 83,319 | 106 |
| 6. | Livestock Services. | 7 | -- | 418 | 1 |
| 7. | Land Charge | 110,781 | 96 | 44,919 | 57 |
| 8. | Other | 9,353 | 8 | 5,413 | 7 |
| 9. | Total Cost. | \$414,513 | \$ 358 | \$229,627 | \$ 292 |
| 10. | Management Income | 8,592 | 7 | 42,594 | 54 |
| 11. | Labor Income. | 22,144 | 19 | 52,099 | 66 |
| 12. | Rate Earned Owned Capital (%) | 6.2 | 5.7 | 12.9 | -- |
| | <u>Capital</u> | | | | |
| 19. | Total Owned Capital | \$1,232,326 | \$1,064 | \$595,486 | \$ 754 |
| 26. | Total Rented Capital. | 911,290 | 787 | 217,366 | 275 |
| 27. | Total Capital | \$2,143,616 | \$1,851 | \$812,852 | \$1,029 |
| | <u>Labor</u> | | | | |
| 29. | Operator Labor, Hours | 2,023 | | 1,419 | |
| 30. | Family Labor, Hours | 1,348 | | 1,076 | |
| 31. | Hired Labor, Hours. | 3,584 | | 500 | |
| 32. | Total Labor, Hours. | 6,955 | 6.0 | 2,995 | 3.8 |
| 35. | Income/Total Hours, 1/32. | \$ 60.84 | | \$ 90.90 | |
| 36. | Cost/Hour, 9/32 | \$ 59.60 | | \$ 76.68 | |
| 37. | Labor Income/Hour, Operator, 11/29. . | \$ 10.95 | | \$ 36.72 | |
| 38. | Total Tillable Acres. | 1,157.8 | | 789.4 | |
| 39. | Number of FTE of Labor. | 2.3 | | 1.0 | |
| | <u>Crop Yields, Owned Acres</u> | | | | |
| 40. | Corn, Bushels | 137.1 | | 121.6 | |
| 42. | Oats, Bushels | 87.0 | | 34.6 | |
| 44. | Hay Equivalent, Tons. | 1.5 | | 4.1 | |
| 47. | Wheat, Bushels. | 74.3 | | 62.3 | |
| 48. | Sugar Beets, Tons | 16.2 | | -- | |
| 49. | Navy Beans, Cwt. | 18.9 | | 13.3 | |
| 54. | Soybeans, Bushels | 47.1 | | 42.5 | |
| | <u>Ratios</u> | | | | |
| 180. | Total Investment/FTE. | \$932,007 | | \$812,852 | |
| 181. | Operator's Investment/FTE | \$535,794 | | \$595,486 | |
| 182. | Value of Production/FTE | \$183,959 | | \$272,221 | |
| 183. | Value of Production/\$100 Cost | \$ 102.07 | | \$ 118.55 | |
| 184. | Value of Production/\$1,000 Machine Investment. | \$ 4,546 | | \$ 4,292 | |
| 185. | Total Tillable Acres/FTE. | 503.4 | | 789.4 | |

Table 5.

HOG FARMS

| Line No. | Item | 15 Hog Farms | | | |
|----------|--|--------------|-------------------|----------------------------|-------------------------|
| | | Total Farm | Per Acre | Per Live-stock Unit | |
| 1. | Value of Production | \$384,512 | \$ 380 | \$24.34 | |
| | <u>Costs</u> | | | | |
| 2. | Labor | \$ 54,953 | \$ 45 | \$ 4.10 | |
| 3. | Power and Machinery | 90,620 | 135 | 2.80 | |
| 4. | Improvements | 31,106 | 23 | 2.50 | |
| 5. | Crop Supplies | 62,289 | 123 | -- | |
| 6. | Livestock Services | 40,009 | -- | 5.13 | |
| 7. | Land Charge | 48,398 | 98 | .15 | |
| 8. | Other | 17,705 | 7 | 1.81 | |
| 9. | Total Cost | \$345,080 | \$ 425 | \$16.49 | |
| 10. | Management Income | 39,432 | -45 | \$ 7.85 | |
| 11. | Labor Income | 51,070 | -35 | 8.72 | |
| 12. | Rate Earned Owned Capital (%) | 15.8 | 2.2 | 36.0 | |
| | <u>Capital</u> | | | | |
| 19. | Total Owned Capital | \$567,599 | \$ 935 | \$28.04 | |
| 26. | Total Rented Capital | 180,746 | 693 | 2.20 | |
| 27. | Total Capital | \$748,345 | \$1,628 | \$30.24 | |
| | <u>Labor</u> | | | | |
| 29. | Operator Labor, Hours | 1,737 | | | |
| 30. | Family Labor, Hours | 619 | | | |
| 31. | Hired Labor, Hours | 3,840 | | | |
| 32. | Total Labor, Hours | 6,196 | 5.0 | .46 | |
| 35. | Income/Total Hours, 1/32 | \$ 62.06 | | | |
| 36. | Cost/Hour, 9/32 | \$ 55.70 | | | |
| 37. | Labor Income/Hour, Operator | \$ 29.40 | | | |
| 56. | Total Tillable Acres | 507.5 | | | |
| 57. | Number of FTE of Labor | 2.1 | | | |
| | | <u>Head</u> | <u>Total Cwt.</u> | <u>Quantity or Dollars</u> | <u>Dollars per Head</u> |
| | <u>Feed Fed</u> | | | | <u>Dollars per Cwt.</u> |
| 60. | Corn | \$121,306 | \$15.40 | 6.5 bu. | |
| 65. | Hay Equivalent | 584 | .07 | | |
| 67. | Pasture | 112 | .01 | | |
| 68. | Other Feed Costs | 112,263 | 14.25 | | |
| 69. | Total Feed Fed | \$234,265 | \$29.73 | | |
| | <u>Hog Factors</u> | | | | |
| 140. | Average Number of Breeding Sows . . . | 223 | -- | -- | -- |
| 141. | Ending Inventory, Number Head/Cwt. . . | 2,281 | 2,962 | 159,984 | 70.10 |
| 142. | Sales, Breeding Stock | \$ 141 | \$ 543 | \$ 24,200 | 171.70 |
| 143. | Sales, Market Hogs | 3,426 | 7,040 | 356,204 | 104.10 |
| 144. | Sales, Feeders | 205 | 68 | 8,431 | 41.10 |
| 145. | Total | \$ 6,053 | \$10,613 | \$548,818 | -- |
| 146. | Beginning Inventory | 1,956 | 2,723 | 116,446 | -- |
| 147. | Purchases Mature | 16 | 10 | 6,155 | 383.10 |
| 148. | Purchases Feeders | 0 | 0 | 0 | 0 |
| 149. | Total | 1,972 | 2,733 | 122,601 | -- |
| 150. | Production | -- | 7,879 | 426,217 | -- |
| 151. | Non-Feed Cost | -- | -- | 129,915 | -- |
| 152. | Total Cost | \$ -- | \$ -- | \$364,180 | -- |
| 153. | Litters Farrowed | 445 | -- | -- | -- |
| 154. | Pigs Born | 4,448 | -- | -- | -- |
| 155. | Pigs Died | 422 | -- | -- | -- |
| 156. | Pigs Weaned/Litter | 9.0 | -- | -- | -- |
| | <u>Ratios</u> | | | | |
| 180. | Total Investment/FTE | \$356,355 | | | |
| 181. | Operator's Investment/FTE | \$270,285 | | | |
| 182. | Value of Production/FTE | \$183,101 | | | |
| 183. | Value of Prod./\$100 Cost | \$ 111.43 | | | |
| 184. | Value of Prod./\$1000 Mach. Invest . . | \$ 5,042 | | | |
| 185. | Total Tillable Acres/FTE | 241.7 | | | |

Table 6. EARNINGS ON MICHIGAN TELFARM RECORD FARMS BY TYPE OF FARM FOR 1991-1995

| Items | All Farms | Dairy | Saginaw Valley Cash Crop | Cash Grain | Tree Fruit | Swine* |
|---------------------------------|-----------|-----------|--------------------------|------------|------------|-----------|
| Labor Income | | | | | | |
| 1995 | \$ 18,342 | \$ 7,314 | \$ 22,144 | \$ 52,099 | \$ -3,017 | \$ 51,070 |
| 1994 | 8,810 | 8,474 | 14,628 | 17,552 | 6,724 | -13,557 |
| 1993 | 24,817 | 24,692 | 41,584 | 26,672 | 13,413 | 7,261 |
| 1992 | 17,749 | 14,754 | 36,978 | 3,413 | -4,691 | -- |
| 1991 | 20,188 | 14,025 | 18,995 | 27,437 | 50,527 | 24,651 |
| 5-Year Average: 1991-1995 . . . | \$ 17,981 | \$ 13,852 | \$ 26,866 | \$ 25,435 | \$ 12,591 | \$ 17,356 |
| Rate Earned on Investment in %: | | | | | | |
| 1995 | 6.6 | 4.6 | 6.2 | 12.9 | 2.2 | 15.8 |
| 1994 | 5.0 | 4.6 | 5.7 | 7.3 | 4.3 | 3.5 |
| 1993 | 7.2 | 6.7 | 9.5 | 9.3 | 7.2 | 5.7 |
| 1992 | 6.4 | 5.2 | 9.9 | 4.4 | .1 | -- |
| 1991 | 7.1 | 5.4 | 7.1 | 9.5 | 22.7 | 8.6 |
| 5-Year Average: 1991-1995 | 6.5 | 5.3 | 7.7 | 8.7 | 7.3 | 8.4 |

*4-year average.

Table 7. VALUE OF FARM PRODUCTION FROM VARIOUS SOURCES FOR MICHIGAN TELFARM RECORD FARMS BY TYPE, 1995

| Items | All Farms | Dairy | Saginaw Valley Cash Crop | Cash Grain | Tree Fruit | Swine* |
|---------------------------------|-----------|-----------|--------------------------|------------|------------|-----------|
| Number of Farms | 223 | 137 | 15 | 28 | 28 | 15 |
| Dairy Cattle. | \$ 16,972 | \$ 23,214 | \$ -- | \$ -- | \$ -- | \$ -- |
| Hogs. | 28,694 | 16 | -- | -- | -- | 426,216 |
| Other Livestock | 69 | -189 | -- | 1,929 | 71 | -182 |
| Feed Crops. | 36,869 | 25,878 | 84,701 | 131,943 | 423 | -24,232 |
| Cash Crops. | 72,357 | 11,115 | 306,807 | 117,274 | 206,936 | 74,753 |
| Dairy Products. | 210,113 | 342,009 | -- | -- | -- | -- |
| Refunds | 2,838 | 3,022 | 3,153 | 2,121 | 2,767 | 2,308 |
| Custom Income | 2,159 | 1,390 | 3,468 | 1,652 | 4,850 | 3,791 |
| Government Payments | 13,137 | 11,244 | 16,574 | 16,181 | 15,831 | 16,270 |
| Other Income. | 2,350 | 1,898 | 8,402 | 1,649 | 931 | -2,196 |
| Purchased Feed. | -54,931 | -76,998 | -- | -528 | -- | -112,216 |
| Value of Farm Production. . . . | \$330,627 | \$342,599 | \$423,105 | \$272,221 | \$230,878 | \$384,512 |

Table 8.

CASH AND NONCASH COSTS FOR MICHIGAN TELFARM RECORD FARMS BY TYPE, 1995

| Items | All Farms | Dairy | Saginaw Valley Cash Crop | Cash Grain | Tree Fruit | Swine |
|---------------------------------------|---------------|---------------|--------------------------|---------------|---------------|--------------|
| Number of Farms | 223 | 137 | 15 | 28 | 28 | 15 |
| <u>Labor:</u> | | | | | | |
| Operator's. | \$ 15,358 | \$ 17,699 | \$ 13,552 | \$ 9,505 | \$ 12,719 | \$ 11,638 |
| Family. | 11,275 | 14,275 | 9,030 | 7,210 | 5,681 | 4,148 |
| Hired | 48,726 | 55,812 | 28,972 | 4,742 | 73,747 | 39,167 |
| <u>Power and Machinery:</u> | | | | | | |
| Repairs and Supplies. | 24,871 | 27,062 | 37,431 | 15,862 | 17,661 | 22,560 |
| Gas and Oil | 7,808 | 8,377 | 12,116 | 5,384 | 5,590 | 6,974 |
| Lease and Custom Hire | 8,628 | 7,214 | 8,990 | 9,838 | 9,140 | 17,969 |
| Depreciation. | 27,231 | 28,511 | 29,532 | 27,889 | 14,303 | 36,141 |
| <u>Improvements:</u> | | | | | | |
| Conservation. | 110 | 135 | 53 | 161 | 7 | 39 |
| Repairs | 3,650 | 4,637 | 2,647 | 2,230 | 1,342 | 2,601 |
| Insurance | 4,238 | 4,896 | 3,575 | 2,907 | 2,673 | 4,296 |
| Depreciation and Lease. | 11,963 | 13,874 | 9,876 | 4,099 | 8,291 | 18,130 |
| <u>Crop Expense:</u> | | | | | | |
| Fertilizer and Lime | 20,600 | 18,246 | 52,310 | 30,877 | 6,786 | 17,011 |
| Supplies and Packages | 1,852 | 18 | 6,166 | 639 | 10,470 | 472 |
| Seeds and Plants. | 10,356 | 8,763 | 21,349 | 17,154 | 3,515 | 13,997 |
| Spray Material. | 15,221 | 9,248 | 33,335 | 19,398 | 29,556 | 17,098 |
| Marketing | 614 | 116 | 2,155 | 1,063 | 2,005 | 152 |
| Other + Dryer and Irr. Fuel | 1,833 | 792 | 4,971 | 3,725 | 1,825 | 4,691 |
| <u>Livestock Expense:</u> | | | | | | |
| Breeding Fees | 2,209 | 3,290 | -- | 14 | -- | 2,774 |
| Veterinary and Medicine | 8,326 | 12,405 | 4 | 42 | 37 | 10,320 |
| Marketing | 13,719 | 21,999 | -- | 30 | -- | 2,975 |
| Other | 11,684 | 17,670 | 3 | 119 | 5 | 12,074 |
| <u>Other Expenses:</u> | | | | | | |
| Taxes | 5,751 | 6,008 | 8,315 | 5,383 | 4,279 | 4,274 |
| Utilities | 7,913 | 9,851 | 3,187 | 2,418 | 3,971 | 12,554 |
| Other | 4,574 | 4,088 | 6,165 | 2,995 | 7,375 | 5,150 |
| <u>Charge for Assets:</u> | | | | | | |
| Rent. | 17,525 | 14,287 | 52,298 | 21,919 | 4,889 | 27,720 |
| Interest Paid | 18,017 | 18,514 | 16,667 | 10,274 | 11,894 | 40,703 |
| Interest on Owned Assets. | <u>23,810</u> | <u>25,213</u> | <u>51,814</u> | <u>23,731</u> | <u>10,535</u> | <u>9,452</u> |
| Value of Farm Production. | \$327,862 | \$352,996 | \$414,513 | \$229,627 | \$248,296 | \$345,080 |

Table 9. CASH INCOME, EXPENSES AND CAPITAL PURCHASES FOR MICHIGAN TELFARM RECORD FARMS
BY TYPE, 1995

| Items | All Farms | Dairy | Saginaw Valley Cash Crop | Cash Grain | Tree Fruit | Swine |
|---|----------------|----------------|--------------------------------|----------------|----------------|----------------|
| Number of Farms | 223 | 137 | 15 | 28 | 28 | 15 |
| Cash Farm Income. | \$382,608 | \$420,611 | \$416,206 | \$241,494 | \$259,726 | \$494,710 |
| Cash Farm Expense | <u>307,886</u> | <u>341,218</u> | <u>308,435</u> | <u>163,635</u> | <u>219,510</u> | <u>442,267</u> |
| Net Cash Farm Income. | \$ 64,722 | \$ 79,393 | \$107,771 | \$ 77,859 | \$ 40,216 | \$ 52,443 |
| Depreciable Livestock Purchases | \$ 6,241 | \$ 9,476 | \$ -- | \$ 43 | \$ -- | \$ 6,155 |
| Net Machinery Purchases | \$ 26,418 | \$ 25,100 | \$ 40,544 | \$ 37,388 | \$ 14,298 | \$ 26,493 |
| Net Improvement Purchases . . . | \$ 7,610 | \$ 11,783 | \$ 32,006 | \$ 2,679 | \$ 6,723 | \$ 7,273 |
| Net Farm Cash for Family Living and Principal Payments (Additional Borrowing Not Included) . . . | \$ 24,453 | \$ 33,034 | \$ 35,221 | \$ 37,749 | \$ 19,195 | \$ 12,522 |

Cash Farm Income = Cash Sales of Crops and Livestock and Other.

Cash Farm Expense = Cash Expense + Feed Purchases + Purchases for Resale (Other Than Depreciable Livestock).

Depreciable Livestock Purchases = Dairy Cows and Bulls, Beef Cows and Bulls, and Hog and Sheep Breeding Stock.

Improvement Purchases = Buildings, Fruit Trees and Vines, and Land Improvements.

Table 10.

KINDS OF CROPS, PERCENTAGES OF LAND IN DIFFERENT CROPS, AND
YIELDS ON MICHIGAN TELFARM RECORD FARMS BY TYPE, 1995

| Items | All Farms | Dairy | Saginaw Valley Cash Crop | Cash Grain | Tree Fruit | Swine |
|------------------------------------|--------------|-------|--------------------------------|---------------|---------------|-------|
| Number of Farms | 223 | 137 | 15 | 28 | 28 | 15 |
| Tillable Acres. | 595.7 | 588.4 | 1,157.8 | 789.4 | 183.1 | 507.5 |
| <u>Percent of Tillable Acres</u> | | | | | | |
| Corn. | 30.8 | 29.7 | 19.8 | 42.7 | -- | 54.1 |
| Corn Silage | 7.5 | 12.4 | -- | -- | -- | -- |
| Oats. | 1.2 | 1.4 | -- | 1.1 | -- | -- |
| Wheat | 6.5 | 4.0 | 12.2 | 12.7 | -- | 6.6 |
| Hay | 23.3 | 37.8 | -- | 1.5 | -- | 1.6 |
| Pasture | 2.6 | 4.0 | -- | -- | -- | .1 |
| Sugar Beets | 2.5 | -- | 18.6 | -- | -- | -- |
| Field Beans | 2.6 | -- | 21.9 | 2.9 | -- | -- |
| Soybeans. | 11.6 | 4.9 | 14.9 | 34.3 | -- | 16.8 |
| Vegetable Crops | 1.4 | .4 | 7.1 | -- | 4.6 | 3.7 |
| Apples. | .9 | -- | -- | -- | 24.2 | -- |
| Cherries. | 1.3 | -- | -- | -- | 35.7 | -- |
| Other Tree Fruit. | .2 | -- | -- | -- | 18.0 | -- |
| Other Crops | 3.6 | 1.7 | .8 | 2.6 | 2.9 | 10.6 |
| Idle Tillable + Rented Out. . | 4.0 | 3.7 | 4.7 | 2.2 | 14.6 | 6.5 |
| <u>Crop Yield Per Acre (Owned)</u> | | | | | | |
| Corn Grain, Bushels | 118.7 | 113.9 | 137.1 | 121.6 | -- | 127.7 |
| Corn Silage, Tons | 15.4 | 15.4 | -- | 13.5 | -- | -- |
| Oats, Bushels | 43.8 | 46.6 | 87.0 | 34.6 | -- | -- |
| Wheat, Bushels. | 59.0 | 49.6 | 74.3 | 62.3 | -- | 56.5 |
| Hay, Tons | 4.4 | 4.4 | -- | 4.1 | -- | 4.4 |
| Pasture, Tons | 2.5 | 2.5 | -- | -- | -- | 1.3 |
| Sugar Beets, Tons | 16.0 | -- | 16.2 | -- | -- | -- |
| Navy Beans, Cwt. | 18.2 | -- | 18.9 | 13.3 | -- | -- |
| Soybeans, Bushels | 42.6 | 39.7 | 47.1 | 42.5 | -- | 45.4 |
| Apples, Bushels | 857.0 | -- | -- | -- | 857.0 | -- |
| Tart Cherries, Tons | 4.9 | -- | -- | -- | 4.9 | -- |
| Peaches, Bushels. | 166.5 | -- | -- | -- | 166.5 | -- |

DEFINITIONS OF TERMS USED IN THIS REPORT

(Does not include landlord's income or costs)

General Farm Business Factors

Tillable acre: This includes the land harvested crops, land devoted to crops that failed, tillable pasture, tillable land reserved for government programs, and idle tillable land.

Person equivalent: The number of hours of hired labor, operator's labor, and family labor divided by 3,000.

Total investment: This is the average inventory value of land, buildings (less the farm dwelling), machinery, livestock and feed. The inventory value of buildings and machinery is based on cost less depreciation claimed for income tax purposes. Bare land is assigned a conservative market value based on quality.

Crop value: Crop value is calculated by multiplying the yield of each crop by a value suggested by the farm owner when completing a crop inventory or by the following prices:

| | | | | | |
|----------------------------|---------|----------|----------------------------|---------|----------|
| Corn open market | \$ 2.95 | per bu. | Wheat. | \$ 4.35 | per bu. |
| Oats | 1.60 | per bu. | Alfalfa hay (med. qual). . | 75.00 | per ton |
| Navy beans | 17.00 | per cwt. | Soybeans | 6.40 | per bu. |
| Dark red beans | 26.00 | per cwt. | Growing wheat. | 60.00 | per acre |
| Light red beans. | 22.00 | per cwt. | Corn silage (untreated). . | 20.00 | per ton |

The crop value for other crops is calculated by subtracting the total of purchases and the beginning inventory from the total of cash sales and ending inventory.

Crop income: This is the sale of the crop plus the change in inventory.

Value of farm production: This is cash sales in the farm business minus the purchases of feed, feed crops, and livestock plus the change in inventory of crops and livestock.

Income Factors

(Does not include landlord's income)

Livestock income: This is computed on the accrual basis. That is, it is the sale less the purchase plus the change in inventory.

Crop income: This is the sale of the crop plus the change in inventory. On feed crops which are fed to livestock, the crop income will sometimes show as a negative figure because the amount fed is not accounted for in computing the income from the individual crop.

Value of farm production: This is cash sales in the farm business minus the purchases of feed, feed crops, and livestock plus the change in inventory of crops and livestock. The allocation of the value of farm production to crops and livestock is explained below.

Value of farm production from livestock: Cash sales of livestock and livestock products minus purchases of livestock minus purchased feed and raised feed fed.

Value of farm production from crops: Cash sales of crops less purchases of feed crops (in dairy reports, feed crops purchased are included with feed purchases) plus raised feed fed to livestock. In dairy reports, the income from the custom work and "other" income is credited to crops.

Cost Factors

(Does not include landlord's costs)

Total cost: This is the sum of items listed below. It includes cash expenses and changes in inventory for supply items that are inventories such as power, fuel, fertilizer, pesticides, etc. It also includes non-cash costs for operator's and unpaid family labor, depreciation on improvements and machinery, and interest on the owner's equity.

Labor: This includes the cash cost for hired labor including paid perquisites and social security plus the value of operator's and unpaid family labor at \$6.70 per hour.

Power and machinery (sometimes called machinery expense): This includes the following items: repairs and supplies for upkeep on machinery including tractors; repairs and upkeep on trucks and farm share of automobiles including fuel for these if so reported; gas, oil, and grease for tractors, custom hire of machinery, depreciation on machinery, and interest¹ on investment in machinery.

Improvements: This includes repairs on buildings, fences and wells and bulldozing, cleaning ditches, fence rows, etc., which are classified as conservation expense for income tax purposes. It includes fire and wind insurance premiums, depreciation, and interest on improvement investment. Interest on trees is primarily for fruit orchards.

Crop expense: This includes fertilizer, lime, seed and plants, spray materials and herbicides, crop insurance, crop marketing, interest on the crop inventory, and other crop expense.

Livestock expense: This includes breeding, veterinary and medicine, milk and livestock marketing, milkhous supplies, registration, advertising, heat for livestock buildings, and other livestock service and supply items.

Land charge: This is interest for the investment in land plus taxes paid. Land values are estimated by Extension staff members. An effort is made to keep them comparable between farms. An attempt is made to use an agricultural value and not reflect urban real estate values.

Other expenses: These include utilities and other miscellaneous expenses not included elsewhere.

Earning Factors

(Does not include landlord's earnings)

Management income: Value of farm production less total costs.

Labor income: Management income plus the value of operator's labor.

Rate earned on investment: Management income plus interest on investment divided by the total operator's investment times 100.

¹Interest on total investment is reported in two segments--interest paid and interest on equity. Interest paid is reported by Telfarmers. The amount of debt is estimated by capitalizing the amount of interest reported at 7.5 percent. The estimated debt is subtracted from the total investment to determine equity. Interest is computed on the equity at 5.0 percent. Interest is allocated to machinery, improvements, land, livestock, and crop and orchard inventory according to investment.

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