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Keep In Mind Family Living When Doing Crop Budgets

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In 2010, the total noncapital living expenses of 1,200 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged $67,605–or $5,634 a month for each family (Figure 1). This average was 3.7 percent higher than in 2009 and 2008. Another $6,604 was used to buy capital items such as the personal share of the family automobile, furniture, and household equipment. Thus, the grand total for living expenses averaged $74,209 for 2010 compared with $72,434 for 2009, or a $1,775 increase per family.

Income and social security tax payments decreased about 3 percent in 2010 compared to the year before. The amount of income taxes paid in 2010 averaged $20,064 compared to $20,671 in 2009. Net nonfarm income continues to increase, averaging $35,976 in 2010. Net nonfarm income has increased $12,602, or 54 percent in the last ten years.

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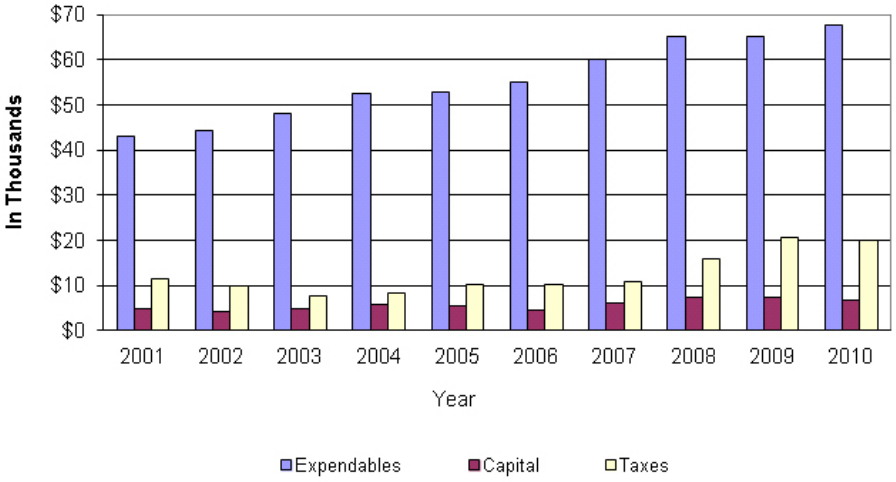
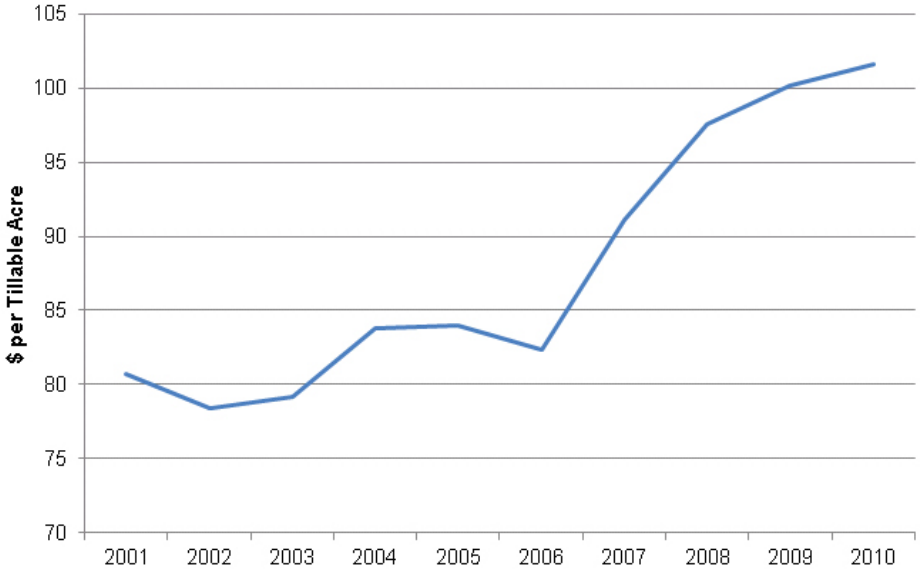
Figure 1. Expendables and Capital Purchases for Family Living and Social Security and Income Taxes, 2001-2010



In Figure 2, total family living expenses (expendables plus capital) are divided by tillable operator acres for 2001 to 2010. In 2001, all of the family living costs per acre averaged about $81 per acre. This has increased to about $102 per acres in 2010. The 10-year average is $88 of total family living expense per acre. If we compare this to the 10-year average of net farm income per acre of $142, then 62% of the net farm income per acre is family living expense. If we look at the average year over year increase for the last ten years, we would project an annual increase of 2.4% per year. The five year annual increase would average 4.0%. Therefore, as you work on your crop budgets, keep in mind that a 50 cent price change on 200 bushels per acre corn is about equal to the average total family living expense per acre.

Figure 2. Total Family Living Expenses per Tillable Operator Acre, 2001-2010



More information about Farm and Family Living Income and Expenditures can be found here:

http://www.farmdoc.illinois.edu/manage/enterprise_cost/FBM-0190familyliving.pdf

The author would like to acknowledge that data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,500 plus farmers and 60 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with computerized recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-5511 or visit the FBFM website at www.fbfm.org.