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Net Farm Income Trends

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The average net farm income for all farms in 2015 as a negative \$2,971; it was \$107,290 in 2014 (Table 1). There are 2,647 farms in this dataset with average tillable acres of 1,131 and average operator acres of 944. The control of the land farmed in these operations is 23% owned, 34% crop share and 43% cash rent. Gross farm returns decreased \$149.53 from 2014 to \$708.13 per acre. The decline in crop returns of \$124.31 represents over 80% of the decline in gross farm returns.

These farms have an average of 53% of tillable acres devoted to producing corn and 42.6% to producing soybeans. This is a decrease from a 54.5% share for corn and an increase from 41.1% for soybeans from 2014. At 53% the 2015 corn acres are at their lowest of the last five years. At 42.6%, the 2015 soybean acres are at their highest in the last five years. Corn yields of 190 bushels per acre are down from the record high of 214 in 2014. Soybean yields of 61 are equal to that of 2014. Old crop prices for both corn and soybeans as well as new crop prices for corn and soybeans are lower than those of 2014.

Crop costs (seed, pesticides and fertilizer) for 2015 are \$260.49, a decrease of \$9.05 from 2014 with all three of components contributing to the decrease. Crop costs were 31.4% of the total per acre cost of production which is approximately the same as 2014. At 31.4%, crop costs make up the highest share of the total non-feed costs.

Power and equipment costs are \$147.01 in 2015 as compared to \$157.30 in 2014. A decrease in fuel cost and a decrease in repair cost were the greatest contributors to the decline in power and equipment costs. Machinery depreciation continues to increase due to the large level of capital purchases in the 2010 to 2013 era. At 17.7%, power and equipment costs make up the third highest share of total non-feed costs.

Building costs are \$37.01 in 2015 as compared to \$43.97 in 2014. A large decrease in drying cost was the most significant impact on the decrease for building costs. Note that storage costs increased slightly from 2014.

Labor costs (paid and unpaid) report in at \$60.99 from 2015, much the same as the \$60.83 from 2014. Labor costs were 7.3% of the total per acre cost of production which is approximately the same as 2014.

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Table 1. State of Illinois 2011 - 2015

	2011	2012	2013	2014	2015	Diff.
Number of Farms	2,674	2,725	2,597	2,670	2,647	-23
Soil Rating	81	81	81	81	81	0
Total Acres	1,141	1,149	1,137	1,150	1,177	27
Tillable Acres	1,083	1,094	1,084	1,106	1,131	25
Operator Acres	886	898	892	918	944	26
% Owned	23	24	24	24	23	0
% Crop Share	36	36	35	34	34	0
% Cash Rent	41	41	41	42	43	1
Unpaid Months Labor	11.3	11.4	11.5	11.5	11.5	0.0
Total Months Labor	16.9	16.9	17.2	17.3	17.9	0.6
Crop Returns	899.29	996.72	839.77	794.04	669.73	-124.31
Livestock Returns Above Feed	21.02	12.90	17.10	38.17	11.15	-27.02
Custom Work	8.62	11.07	11.57	11.25	11.27	0.02
Other Farm Receipts	13.21	12.79	13.19	14.20	15.98	1.78
Gross Farm Returns	942.14	1033.49	881.63	857.66	708.13	-149.53
Soil Fertility	114.17	140.75	137.34	118.70	113.84	-4.86
Pesticides	40.65	48.21	52.95	54.63	52.34	-2.28
Seed	78.41	87.22	92.65	96.21	94.30	-1.91
Crop Total	233.22	276.18	282.94	269.53	260.49	-9.05
Utilities	6.89	7.05	7.24	7.78	7.66	-0.12
Machinery Repairs	27.93	29.32	30.80	31.35	29.22	-2.13
Machine Hire and Lease	16.80	16.73	17.25	18.21	18.35	0.14
Fuel & Oil	28.05	29.27	29.20	29.68	20.51	-9.16
Light Vehicle	2.52	2.51	2.55	2.50	2.14	-0.36
Machinery Depreciation	47.08	55.73	64.66	67.79	69.13	1.34
Power & Equipment Total	129.27	140.61	151.70	157.30	147.01	-10.29
Drying	10.20	8.59	13.68	16.04	7.98	-8.05
Storage	4.21	3.71	4.42	6.65	7.68	1.03
Building Repair and Rent	8.42	9.94	8.84	8.39	7.73	-0.67
Building Depreciation	8.95	10.75	11.76	12.89	13.61	0.72
Building Total	31.79	32.99	38.71	43.97	37.01	-6.96
Labor Unpaid	34.88	37.74	40.04	40.32	39.90	-0.43
Labor Paid	18.07	18.76	20.00	20.50	21.10	0.59
Labor Total	52.94	56.50	60.04	60.83	60.99	0.17
Vet, Medicine and Livestock Supplies	5.41	5.76	5.85	5.83	6.01	0.18
Insurance	34.21	30.52	33.13	30.66	30.13	-0.53
Miscellaneous	8.25	8.80	8.72	9.11	9.00	-0.11
Interest Charge Nonland	46.39	51.82	49.19	50.47	48.63	-1.84
Other Costs Total	94.26	96.90	96.88	96.07	93.78	-2.29
Interest Charge Land	36.23	43.56	48.34	48.90	47.94	-0.96
Taxes	6.69	7.67	8.37	9.09	9.74	0.65
Cash Rent	114.77	127.52	135.27	140.78	135.93	-4.85
Leasing Cost	36.56	39.16	41.74	40.56	37.54	-3.02
Land Total	194.25	217.91	233.71	239.34	231.15	-8.19
Total Non-Feed Costs	735.74	821.09	863.98	867.04	830.42	-36.61
Gain on Mach. & Build. Sales less Amort.	4.26	4.69	4.78	4.70	3.93	-0.78
Management Returns	210.67	217.08	22.43	-4.67	-118.37	-113.70
Total Net Farm Income	273,612	298,028	127,664	107,290	-2,971	-110,261
Net Farm Income per Operator	237,409	258,298	109,748	88,814	-1,735	-90,548
Labor and Management Income per Operator	193,556	203,528	53,006	29,939	-57,568	-87,507
Capital Purchases	129,334	136,563	148,706	105,696	82,261	-23,435
Interest Expense as a % Gross Farm Return	2.8	2.5	2.8	3.1	4.1	1.0
Production per \$1.00 Non-Feed Costs	1.28	1.26	1.02	0.99	0.85	-0.14
Farm Production per Man Year	678,139	744,283	618,447	601,878	499,435	-102,443
Percent of Farm --COE	61.3	61.5	75.1	77.0	88.8	11.8
Production --Depreciation	5.9	6.4	8.7	9.4	11.7	2.3
--Operator Income	32.8	32.1	16.2	13.6	-0.4	-14.1

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Tillable Acres	1,083	1,094	1,084	1,106	1,131	25
Operator Acres	886	898	892	918	944	26
Percent of Land -- Corn & Corn Silage	56.3	56.3	54.3	54.5	53.0	-1.4
-- Soybeans	37.9	38.6	39.6	41.1	42.6	1.5
-- Wheat	1.9	1.7	2.1	1.6	1.4	-0.2
-- Oats	0.0	0.0	0.0	0.0	0.0	0.0
-- Set Aside	0.5	0.5	0.4	0.3	0.4	0.1
-- All Hay-Pasture	0.9	0.8	0.8	0.8	0.8	0.0
Corn Yield	167	120	192	214	190	-24
Soybean Yield	54	48	55	61	61	0
Wheat Yield	65	71	72	72	69	-2
Price Received -- Corn (Old Crop)	5.35	6.38	6.87	4.53	3.83	-0.70
Price Received -- Corn (New Crop)	5.65	6.58	4.69	3.82	3.78	-0.03
Price Received -- Soybeans (Old Crop)	11.85	12.92	14.67	13.41	10.48	-2.92
Price Received -- Soybeans (New Crop)	12.03	14.00	12.85	10.65	9.08	-1.57

Overhead costs (livestock expenses, insurance, miscellaneous and non-land interest) are \$93.78, down \$2.29 from 2014. The non-land interest charge led the decrease due to lesser value of crop and machinery values at the end of the year. Overhead costs were 11.3% of the total per acre cost of production which is approximately the same as 2014.

Land costs (including an imputed interest charge for owned land) are \$231.15 in 2015, a decrease from the \$239.34 reported in 2014. Land costs are 27.8% of the total per acre cost of production which is approximately the same as 2014 but make up the second highest share of the total non-feed costs.

The authors 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 5,700 plus farmers and 60 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM staff provide counsel along with 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.