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ERRATA

MilHgan, Robert A., Caroline J. Nowak, Wayne A. Knoblauch, and Danny G. Fox. "Economic Viability of Investing in Alternative Part-Time Cow-Calf Farms in the Northeastern United States," 13 (!984):45-53.

In order to correct errors in the discounted cash flow analysis of this article, the following changes were made:

1. Calculation of income tax liability in the top marginal tax bracket was corrected.
2. The investment cash flow in year 1 is corrected

by removing the equity of \$35,000 from year 1 cash inflow removing the farm residence from the down payment. 3. An after-tax interest rate is used.

The errors do not affect the profitability analysis reported in Table 4 (page 49). The impact of the corrections is on Table 5 which is reproduced with the corrected results below. These changes alter slightly Figure 1 and the text on pages 48—50. The authors regret any inconvenience these errors may have caused.

Table 5. Comparison of Four Cow-Calf Management Systems on Family Financial Status

	Management System			
	I	II	III	IV
Net Present Value of Tax Shield*	\$-12,578	\$14,183	\$17,173	\$-29,412
\$25,000 ^b				
\$45,000 ^b	-2,205	20,110	28,214	- 8,094
\$65,000 ^b	2,860	23,233	31,294	4,070
Change in Net Worth ^c	86,080	86,759	105,590	116,389
Net Present Value of Investment ¹¹	-15,123	-3,376	-9,773	-27,193
\$25,000 ^b				
\$45,000 ^b	-44	7,096	9,622	-4,450
\$65,000 ^b	8,482	17,114	23,768	12,592
Average Cash Flow, Years 1-4	-3,358	-4,500	-8,011	-11,337
\$25,000 ^b				
\$45,000 ^b	- 1 ,438	-3,557	-5,912	-5,534
\$65,000 ^b	-565	-3,184	-5,860	-2,989

^a Net present value of investment tax shield is the discounted differences, using an after-tax interest rate, between after-tax cash flow with and without the cow-calf investment.

^b Off-farm taxable income.

^c Change in net worth is the difference between the original \$35,000 equity and farm assets minus farm debts at the end of 10 years, before taxes.

^d Net present value of investment in the discounted sum of the cash gain or loss of the cow-calf operation, and the tax shield for 10 years plus the after-tax liquidation in year 11.