# "WHY CAN'T AGRICULTURE BE LIKE IT WAS IN THE 1970's?"

## COMPARING A 1970's FARM WITH CURRENT FARM RETURNS & COST OF LIVING

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## Assumptions:

- Avg. Size South Central Minnesota Farm In 1974 Was 261 Acres (Owned), 23 Sows Farrow-To-Finish, and 25 Milk Cows[2]
- 2015 Yields: Corn - 206 Bu./Ac., Soybeans - 60 Bu./Ac., Corn Silage - 24 Ton/Ac., and Alfalfa Hay - 5 Ton/Ac.
- In 2015: Farmer farrows 2.12 Litters per Sow per Year, Sells 8.3 Pigs per Litter, And Feeds 300 Bu. Of Corn Per Litter.
- Farmer Feeds 68 Bu. of Corn, 9.4 Tons Corn Silage, and 1.4 Ton Alfalfa Hay Per Cow Per Year.
- Farmer Has No Debt To Re-pay. Net Return Per Unit of Commodity Sold Includes Government Payments.
- In This Minnesota County There Are No Income Taxes, No Social Security Taxes, and No Real Estate Taxes.
- Family Size Is 2.9 Persons.
- Actual 2015 Household and Personal Living Expenses Were $101,316[1] (Includes expenditures for food, medical costs, medical insurance, supplies, gifts, charitable donations, clothing, furnishings, educational costs, recreation expenses, utilities, child care, transportation, house rent and upkeep, purchase of non-farm vehicles, investments, and life insurance premiums). Subtracting out taxes and social security payments, actual family living expense net of taxes was $81,311.00 for 2015.

## Calculations:

**Net Income Per Farm Unit:**

| | | | |
|---|---|---|---|
| Corn: | 88 Acres x -$5.16/Ac.[1] | = | -$454.08 |
| | (19 Acres to feed cows) | = | -0- |
| | (20 Acres to feed hogs) | = | -0- |
| Soybeans: | 127 Acres x $53.81/Ac.[1] | = | $6833.87 |
| Hay: | (17 Acres to feed cows) | = | -0- |
| Hogs: | 405 Hogs x -$26.47/Hog[1] | = | -$10,720.35 |
| Dairy Cows: | 25 Cows x $289.48/Cow[1] | = | $7,237.00 |
| | **Total Net Income** | | **$2,896.44** |

**Expenses:**

| | | |
|---|---|---|
| Family Living | = | $81,311.00 |
| Principal & Interest Payments | = | -0- |
| Income, Social Security & Real Estate Taxes | = | -0- |
| **Total Expenses** | | **$81,311.00** |

Net Results: (Income Minus Expenses) - $78,414.56

Off-Farm Income:

Assume one family member decides to work off the farm in order to make up the $78,414.56 shortfall needed to meet household and personal living expenses. How many hours would the person have to work and what wage would they have to receive in order to make up the shortfall? Note: 2,080 hours is considered a full-time, 40 hour per week job.

| | | |
|---|---|---|
| 2,080 hours x $35.00/hour | = | $72,800.00 |
| 2,080 hours x $38.00/hour | = | $79,040.00 |
| 2,080 hours x $40.00/hour | = | $83,200.00 |

After the calculations, we see that one family member would have to work full-time and receive approximately $38 per hour to make up the household and personal living expense shortfall of $78,414.56.

***Data Source:***

1) 2015 FINBIN Data Base www.FINBIN.umn.edu
2) 1974 United States Census of Agriculture