

June 8, 2001

FEFO 01-12

FARM AND FAMILY LIVING INCOME AND EXPENSES FOR 2000

In 2000, noncapital living expenses of 1,087 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged \$42,544 for the year or, in other words, \$3,545 per month (Table 1). The average noncapital living expense in 2000 was 4.1 percent higher than 1999 and 6.1 percent higher than in 1998. Another \$4,982 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 \$47,526 for 2000 compared with \$45,225 for 1999, or a \$2,301 increase per family. The average amount spent per family for capital items was \$611 more, while noncapital expenses increased \$1,690 per family. The sample farms were mainly grain farms located primarily in central and northern Illinois.

INCOME AND SOCIAL SECURITY TAXES PAID

Income and social security tax payments decreased slightly in 2000 due to lower farm earnings in 1998 and 1999. The amount of income taxes paid in 2000 averaged \$10,998 compared to \$11,046 in 1999. Medical expenses were slightly lower in 2000 compared to 1999. In 2000, medical expenses averaged \$5,561. This is the first time since the 1970s that medical expenses did not increase as compared to the year before.

In the table, the averages per farm for total family living expenses are divided into five categories for 1997 through 2000. The "expendables" category includes cash spent for food, operating expenses, clothing, personal items, recreation, entertainment, education, and transportation. This category also includes selected itemized deductions such as the personal share of real estate taxes. Cash spent for capital improvements exceeding \$250 is not included. The use of a rented house on an estimated 40 to 50 percent of the farms in this sample is not included, since these data cover only cash outlays.

For the complete narrative report, visit the management section at the farm.doc website:
http://www.farmdoc.uiuc.edu/manage/enterprise_cost/family_living_2000.PDF.

Issued by: Dale Lattz, Department of Agricultural and Consumer Economics

Table 1. *Average Sources and Uses of Funds Over a Four-Year Period and by Noncapital Living Expenses for Selected Illinois Farms*

	All records, average per farm				Family of 3 to 5, 2000 ^a	
	2000	1999	1998	1997	High-Third	Low-Third
Number of farms in sample	1,087	912	924	177	196	196
Age of Operator	50	49	48	46	45	44
Number in family	3.3	3.4	3.4	3.4	4.2	3.9
Net Farm Income	\$ 49,960	\$ 38,091	\$ 10,292	\$ 48,205	\$ 63,627	\$ 46,637
Source of dollars						
Net nonfarm income	\$ 22,424	\$ 19,170	\$ 17,992	\$ 16,368	\$ 25,675	\$ 18,824
Money borrowed	172,889	185,424	181,966	165,118	278,507	144,768
Farm receipts	260,066	249,956	236,394	253,842	335,388	236,441
Uses of dollars						
Interest paid	\$ 19,213	\$ 19,585	\$ 17,782	\$ 16,203	\$ 27,461	\$ 16,162
Cash operating expenses	174,594	166,255	158,153	168,498	225,800	160,096
Capital farm purchases	29,877	23,232	31,073	36,458	38,609	26,481
Payments on principal	166,890	182,933	156,891	144,677	266,155	146,756
Income and Social Security taxes	10,998	11,046	13,859	11,724	12,667	8,361
Net new savings and investment	6,281	6,180	13,805	13,180	(2,225)	7,743
Living expenses						
Contributions	\$ 1,597	\$ 1,448	\$ 1,489	\$ 1,507	\$ 2,295	\$ 846
Medical	5,561	5,613	5,392	5,170	6,761	3,593
Insurance, life and disability	2,701	2,575	2,544	2,427	3,365	1,916
Expendables	<u>32,685</u>	<u>31,218</u>	<u>30,651</u>	<u>30,200</u>	<u>52,373</u>	<u>22,841</u>
Total noncapital expense	(42,544)	(40,854)	(40,075)	(39,305)	(64,794)	(29,196)
Capital	<u>4,982</u>	<u>4,371</u>	<u>4,714</u>	<u>5,283</u>	<u>6,309</u>	<u>5,238</u>
Total, living expenses	\$ 47,526	\$ 45,225	\$ 44,789	\$ 44,588	\$ 71,103	\$ 34,434
Percentage change, total noncapital living expenses	4.1	1.9	2.0	2.1		

^a Records were sorted into high- and low-third categories according to total noncapital living expenses.