FARM BUSINESS MANAGEMENT

FARM ECONOMICS Facts & Opinions

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FARM AND FAMILY LIVING INCOME AND EXPENSES FOR 2001

In 2001 the total, noncapital, living expenses of 1,175 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged $43,212--or $3,601 a month for each family (Table 1). This average was 1.6 percent higher than 2000 and 5.8 percent higher than in 1999. Another $4,885 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 $48,097 for 2001 compared with $47,526 for 2000, or a $571 increase per family. The average amount spent per family for capital items was $97 less, while noncapital expenses increased $668 per family. The sample farms, which were mainly grain farms, were located primarily in central and northern Illinois.

INCOME AND SOCIAL SECURITY TAXES PAID

Income and social security tax payments increased slightly in 2001 compared to the year before. The amount of income taxes paid in 2001 averaged $11,475 compared to $10,998 in 2000. Medical expenses were slightly higher in 2001 compared to 2000. In 2001, medical expenses averaged $5,710. Medical expenses include out-of-pocket costs for health insurance along with doctor and hospital expenses.

In the table, the averages per farm for total family living expenses are divided into five categories for 1998 through 2001. 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/famLive2001.PDF.

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Table 1. *Average Sources and Uses of Funds over a Four-Year Period*

	All records, average per farm			
	2001	2000	1999	1998
Number of farms in sample	1,175	1,087	938	912
Age of Operator	50	50	49	48
Number in family	3.3	3.3	3.4	3.4
Net Farm Income	$ 29,678	$ 49,960	$ 38,091	$ 10,292
Source of dollars				
Net nonfarm income	$ 23,374	$ 22,424	$ 19,170	$ 17,992
Money borrowed	194,479	172,889	185,424	181,966
Farm receipts	266,422	260,066	249,956	236,394
Uses of dollars				
Interest paid	$ 19,297	$ 19,213	$ 19,585	$ 17,782
Cash operating expenses	185,154	174,594	166,255	158,153
Capital farm purchases	30,557	29,877	23,232	31,073
Payments on principal	179,988	166,890	182,933	156,891
Income and Social Security taxes	11,475	10,998	11,046	13,859
Net new savings and investment	9,707	6,281	6,180	13,805
Living expenses				
Contributions	$ 1,567	$ 1,597	$ 1,448	$ 1,489
Medical	5,710	5,561	5,613	5,392
Insurance, life and disability	2,660	2,701	2,575	2,544
Expendables	33,275	32,685	31,218	30,651
Total noncapital expense	(43,212)	(42,544)	(40,854)	(40,076)
Capital	4,885	4,982	4,371	4,714
Total, living expenses	$ 48,097	$ 47,526	$ 45,225	$ 44,790
Percentage change, total noncapital living expenses	1.6	4.1	1.9	2.0

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

+Table 2. *Noncapital Living Expenses for Selected Illinois Farms*

	Family of 3 to 5, 2001[a]	
	High-Third	Low-Third
Number of farms in sample	207	207
Age of Operator	46	44
Number in family	4.1	3.9
Net Farm Income	$ 37,941	$ 26,775
Source of dollars		
Net nonfarm income	$ 27,206	$ 21,483
Money borrowed	300,599	166,487
Farm receipts	352,668	245,111
Uses of dollars		
Interest paid	$ 24,744	$ 16,031
Cash operating expenses	246,769	172,222
Capital farm purchases	38,955	28,444
Payments on principal	264,718	157,767
Income and Social Security taxes	15,559	9,183
Net new savings and investment	16,686	14,506
Living expenses		
Contributions	$ 2,076	$ 941
Medical	7,535	3,625
Insurance, life and disability	3,579	1,757
Expendables	53,655	23,461
Total noncapital expense	(66,845)	(29,783)
Capital	6,197	5,145
Total, living expenses	$ 73,042	$ 34,928

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