

May 16, 2007

FEFO 07-10

FARM AND FAMILY LIVING INCOME AND EXPENSES FOR 2006

In 2006 the total, noncapital, living expenses of 1,196 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged \$54,994--or \$4,583 a month for each family (Table 1). This average was 4.3 percent higher than in 2005 and 4.6 percent higher than in 2004. Another \$4,692 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 \$59,686 for 2006 compared with \$58,285 for 2005, or a \$1,401 increase per family. The average amount spent per family for capital items was \$850 less, while noncapital expenses increased \$2,251 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 were about the same in 2006 compared to the year before. The amount of income taxes paid in 2006 averaged \$10,251 compared to \$10,351 in 2005. Medical expenses were higher in 2006 compared to 2005. In 2006, medical expenses averaged \$7,665. Medical expenses include out-of-pocket costs for health insurance along with doctor and hospital expenses. Net nonfarm income continues to increase, averaging \$29,614 in 2006. Net nonfarm income has increased \$13,246, or 81 percent in the last ten years.

In the table, the averages per farm for total family living expenses are divided into five categories for 2003 through 2006. 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.

Table 1 also contains averages for the high third and low third sorted by noncapital living expenses for families of three to five. The high third averaged \$85,485 of noncapital family living expense while the low third averaged \$37,061.

The author 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 5,500 plus farmers and 58 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with computerized 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.

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

	All records, average per farm			
	2006	2005	2004	2003
Number of farms in sample.....	1,196	1,209	1,225	1,102
Age of Operator.....	53	52	51	51
Number in family.....	3.1	3.1	3.2	3.3
Net Farm Income.....	\$ 94,756	\$ 55,030	\$ 93,704	\$ 66,290
Source of dollars				
Net nonfarm income.....	\$ 29,614	\$ 27,810	\$ 27,280	\$ 25,919
Money borrowed.....	262,230	252,685	246,566	240,363
Farm receipts.....	364,712	351,457	351,327	305,957
Uses of dollars				
Interest paid.....	\$ 21,386	\$ 18,303	\$ 17,491	\$ 17,713
Cash operating expenses.....	265,931	260,479	252,258	218,726
Capital farm purchases.....	40,029	42,495	46,156	35,291
Payments on principal.....	245,450	230,072	229,008	225,968
Income and Social Security taxes.....	10,251	10,351	8,208	7,571
Net new savings and investment.....	13,823	11,967	13,503	14,062
Living expenses				
Contributions.....	\$ 1,888	\$ 2,058	\$ 1,816	\$ 1,583
Medical.....	7,665	7,433	7,320	6,581
Insurance, life and disability.....	2,978	2,900	2,753	2,681
Expendables.....	<u>42,463</u>	<u>40,352</u>	<u>40,700</u>	<u>37,314</u>
Total noncapital expense.....	(54,994)	(52,743)	(52,589)	(48,159)
Capital.....	<u>4,692</u>	<u>5,542</u>	<u>5,960</u>	<u>4,749</u>
Total, living expenses.....	\$ 59,686	\$ 58,285	\$ 58,549	\$ 52,908
Percentage change, total noncapital living expenses.....	4.3	0.0	9.2	8.3

Table 1 cont. *Sources and Uses of Funds Sorted by Noncapital Living Expenses for Selected Illinois Farms*

	Family of 3 to 5, 2006 ^a	
	High-Third	Low-Third
Number of farms in sample	188	188
Age of Operator.....	48	47
Number in family	4.1	3.8
Net Farm Income	\$121,705	\$ 72,930
Source of dollars		
Net nonfarm income	\$ 38,733	\$ 24,066
Money borrowed.....	388,994	218,454
Farm receipts	472,450	315,031
Uses of dollars		
Interest paid.....	\$ 27,732	\$ 17,875
Cash operating expenses	344,871	236,395
Capital farm purchases	52,225	35,785
Payments on principal	356,821	205,026
Income and Social Security taxes	12,380	6,495
Net new savings and investment	15,075	15,042
Living expenses		
Contributions	\$ 2,477	\$ 1,042
Medical	9,837	4,653
Insurance, life and disability	4,475	1,909
Expendables.....	68,696	29,457
Total noncapital expense	(85,485)	(37,061)
Capital	<u>5,588</u>	<u>3,872</u>
Total, living expenses	\$ 91,073	\$ 40,933

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