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# A Look at Idaho Farm Income

R. W. Schermerhorn, Extension Economist  
Head, Department of Agricultural Economics

Agriculture, which includes the production (farming) and processing of agricultural products, is the major economic industry in Idaho. It is responsible, either directly or indirectly, for 40 to 60% of the total State Gross Product. Further, between 10 and 12% of our total personal income comes from farming, and about 15% of our total labor force is employed in farming. One can easily see that the future viability of the economy of Idaho depends on agriculture. This publication looks at one phase of agriculture, Idaho's farm income, which is the foundation of our agricultural industry.

A comprehensive look at farm income involves measuring gross farm income, production expenses and, finally, the net return to operators for their work and for the capital invested in farms and equipment. Table 1 presents the various components used to calculate total net farm income for Idaho from 1949 through 1976.

During this 28-year period, we have seen a 304% increase in cash receipts from farm marketings (an average of 11% year). These are gross receipts from commercial market sales plus loans (net of redemptions) made or guaranteed by the Commodity Credit Corporation and purchases under price support programs. During this same period, farm production expenses have increased by 462%, or an annual average increase of 17%. The result has been an increase of only 61% in total net farm income over the period, or an average annual increase of 2%.

Net farm income is defined as the net return to the farmer for his management and his investment in land, buildings and equipment. Limited data exist on farm investment in Idaho but we do have figures on value of land and buildings on Idaho farms. In 1949, the value of land and buildings on Idaho farms was \$912 million. If we relate this investment (which does not include investment in machinery) to net farm income in 1949, we see that the return on this investment was 14.7% (but remember that this net income must also compensate farmers for their management).

By 1976, the value of land and buildings on Idaho farms had increased to \$6,536 million, or an increase of

617%. If this investment is related to the net farm income of 216.4 million in 1976, we see that the return on investment was 3.3% — again, remember that this return must also compensate the farmer for his management.

Finally, note that during this same 28-year period, the Consumer Price Index increased by 139%, or an average annual increase of 5%. This compares to the 61% increase in total net farm income, or an average annual increase of 2%.

Table 2 presents, on a per farm basis, realized gross income, realized net income and total net income in Idaho for the years 1950 to 1976. Realized gross income includes cash receipts from farm marketings, government payments, nonmoney income (farm products consumed directly in farm households and the value of housing provided by farm dwellings) and other farm income (from recreation and machine hire and custom work).

Realized gross income has increased on a per farm basis by 534% during the 27-year period, or an annual average of 20%. Realized net income, which represents what is left from realized gross farm income after deducting farm production expenses, increased on a per farm basis by 178% during the period, or by an annual average of 7%. Total net farm income which deducts net change in farm inventories (physical change of livestock and crops owned by farmers) from realized net income, increased on a per farm basis by 147% during the period, or an annual average of 5%.

The two critical items affecting total net income in Idaho are cash receipts from farm marketings (the result of the product of volume produced and prices received) and farm production expenses. Table 3 presents farm production expenses by category for the state during the period 1974-76 and Table 4 presents cash receipts by commodity during the same period.

Total production expenses on Idaho farms rose by 5.5% between 1974 and 1975 and 8.4% between 1975 and 1976 (Table 3). For comparison, cash receipts from farm marketings declined by 12.8% between 1974 and 1975 and

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declined by almost 1% between 1975 and 1976 (Table 4). In total, during the period 1974-76, farm production expenses rose by 14.3% while cash receipts from marketing the commodities produced declined by 13.4%. The result of this situation obviously was a decline in total net farm income of farm operators. In fact, total net farm income for the period 1974-76 declined by 63.2% (Table 1).

Fortunately Idaho has a diversified agriculture. If it did not, the variation in farm income would be much greater. For example, between 1974 and 1975 cash receipts from crops declined by \$271,063,000 (mostly because of lower prices for wheat, barley and potatoes) while cash receipts from livestock increased by \$85,818,000. Between 1975 and 1976, cash receipts from livestock declined by \$42,030,000 while cash receipts from crops increased by \$33,910,000, resulting in only a 1% decline in total cash receipts for the year.

In summary, Tables 1 and 2 show steadily rising production costs for farm products in Idaho, variable but increasing cash receipts for the products produced and variable but increasing total net farm income (but at a slower rate of increase than is evident for cash receipts). In the shorter period 1974-76, the data in Tables 3 and 4 show that farm production costs have steadily increased while cash receipts from farm marketings and total net farm income of farm operators have declined. This situation, obviously, does not result in an economically viable agriculture. And, as a result, it does not form the basis for an economically viable economy in the State of Idaho.

Table 2. Realized gross income, realized net income and total net income per farm, Idaho, 1950-76.

Year	Realized gross income	Realized net income	Total net income
Dollars per farm			
1950	8,044	2,718	3,255
1955	9,854	3,116	3,221
1960	13,129	3,581	3,377
1961	13,243	2,808	3,188
1962	14,575	3,184	3,503
1963	15,476	2,929	3,559
1964	16,442	3,023	2,309
1965	18,750	4,165	5,407
1966	20,318	4,842	3,905
1967	20,130	3,700	4,737
1968	21,797	4,308	4,204
1969	25,276	6,105	6,972
1970	26,945	6,273	7,269
1971	28,484	6,643	7,029
1972	34,031	9,569	9,752
1973	46,508	14,765	16,584
1974	56,776	19,239	21,615
1975	50,931	10,905	10,859
1976	50,967	7,570	8,043

Source: State Farm Income Statistics, 1977. Supplement to Statistical Bull. No. 576, Econ. Res. Ser., USDA, pp. 6-11.

Table 1. Realized gross income and net income from farming, Idaho.

Year	Realized gross farm income		
	Cash receipts from farm marketings	Government payments	Nonfarm income
1949	309.1	5.1	25.1
1950	308.0	3.5	25.1
1951	376.0	5.8	28.1
1952	389.8	4.6	29.1
1953	346.4	3.8	29.1
1954	340.1	5.9	27.1
1955	348.9	4.8	27.1
1956	366.8	9.8	26.1
1957	367.8	14.1	25.1
1958	396.3	10.3	27.1
1959	430.5	13.9	27.1
1960	429.9	13.3	29.1
1961	413.7	14.1	31.1
1962	434.2	23.1	33.1
1963	448.4	21.0	36.1
1964	457.4	27.8	37.1
1965	512.1	29.2	37.1
1966	540.7	37.6	38.1
1967	519.0	37.1	39.1
1968	551.7	39.9	40.1
1969	632.8	46.1	42.1
1970	666.5	48.0	44.1
1971	698.9	45.1	48.1
1972	832.7	51.1	55.1
1973	1,177.3	31.9	61.1
1974	1,441.8	11.2	71.1
1975	1,256.5	8.7	84.1
1976	1,248.4	9.3	90.1

Source: State Farm Income Statistics, 1977. Supplement to Statistical Bull. No. 576, Econ. Res. Ser., USDA, pp. 6-11.

Table 3. Farm production expenses, Idaho 1974-76.

Year	Current farm operating expenses			
	Feed	Livestock	Seed	Fertilizer and lime
1974	141.2	45.8	40.8	100.3
1975	126.3	37.3	31.4	126.4
1976	133.8	53.6	39.3	112.5

<sup>1</sup>Repairs and maintenance of buildings, repairs and operation of motor vehicles and other machinery, and other expenses.

<sup>2</sup>Includes cash wages perquisites and (1951 to date) Social Security taxes paid by employees.

<sup>3</sup>Includes depreciation and accidental damage to farm buildings and depreciation of motor vehicles and other machinery.

Source: State Farm Income Statistics, 1977. Supplement to Statistical Bull. No. 576, Econ. Res. Ser., USDA, pp. 6-11.

Year	Other farm income	Total	Farm production expenses	Realized net farm income of farm operators	Net change in farm inventories	Total net farm income of farm operators
	Million Dollars					
	—	339.2	207.7	131.5	2.7	134.2
	0.3	337.1	223.2	113.9	22.5	136.4
	.7	411.3	260.8	150.5	3.9	154.4
	1.2	425.3	265.2	160.1	30.6	190.7
	1.5	380.8	246.3	134.5	13.3	147.8
	1.8	375.1	250.5	124.5	11.7	136.2
	2.2	383.3	262.1	121.2	4.1	125.3
	2.5	406.0	267.6	138.5	5.7	144.2
	3.0	410.9	285.6	125.4	13.9	139.3
	4.0	438.4	315.5	123.0	9.6	132.5
	4.1	476.0	345.3	130.7	- 3.8	126.9
	4.3	476.6	346.6	130.0	- 7.4	122.6
	4.3	463.5	365.2	98.3	13.3	111.6
	4.5	495.6	387.3	108.3	10.8	119.1
	5.0	510.7	414.0	96.7	20.8	117.4
	5.5	527.8	430.8	97.0	-22.9	74.1
	6.4	585.0	455.1	129.9	38.7	168.7
	6.8	623.8	475.1	148.7	-28.8	119.9
	7.9	603.9	492.9	111.0	31.1	142.1
	8.5	640.8	514.2	126.7	- 3.0	123.6
	9.1	730.5	554.1	176.4	25.1	201.5
	8.8	767.9	589.1	178.8	28.4	207.2
	10.4	803.3	615.9	187.3	10.9	198.2
	10.7	949.5	682.5	267.0	5.1	272.1
	13.3	1,283.6	876.1	407.5	50.2	457.7
	16.2	1,544.3	1,021.0	523.3	64.6	587.9
	20.4	1,370.0	1,076.7	293.3	- 1.2	292.1
	22.6	1,371.0	1,167.4	203.6	12.7	216.4

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Repairs operation of capital items <sup>1</sup>	Hired labor <sup>2</sup>	Misc.	Total current farm operating expenses	Depreciation and other consumption of farm capital <sup>3</sup>	Taxes on farm property	Interest on farm mortgage debt	Net rent to nonoperator landlords	Total production expenses
Million Dollars								
98.8	105.8	175.3	708.0	160.1	28.1	56.3	68.5	1,021.0
113.3	112.8	189.3	736.7	193.2	32.9	66.8	47.1	1,076.7
122.9	151.4	211.3	824.7	202.8	34.6	74.7	30.6	1,167.4

petroleum fuel and oil used in the farm business.

farm machinery and equipment.

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Table 4. Cash receipts from farm marketings by commodity, Idaho, 1974-76.

Commodity	1974		1975		1976	
	Value	% of total	Value	% of total	Value	% of total
Thousand Dollars						
All commodities	1,441,785	100.0	1,256,540	100.0	1,248,420	100.0
Livestock products:	411,302	28.5	497,120	39.5	455,090	36.4
Cattle and calves	245,581	17.0	326,533	25.9	267,812	21.4
Sheep and lambs	23,314	1.6	21,639	1.7	21,472	1.7
Hogs	10,097	.7	9,381	.8	10,370	.8
Dairy products	112,473	7.8	123,211	9.8	136,492	10.9
Poultry and eggs	8,180	.5	7,861	.6	9,043	.7
Wool	4,095	.2	2,084	.2	3,504	.3
Honey	3,056	.2	2,238	.1	2,038	.1
Other livestock	4,506	.5	4,173	.4	4,359	.5
Crops:	1,030,483	71.5	759,420	60.5	793,330	63.6
Wheat	228,608	15.8	198,504	15.8	164,371	13.2
Hay	56,293	3.9	57,986	4.6	63,396	5.1
Barley	70,650	4.9	54,166	4.3	60,475	4.8
Corn	5,571	.3	4,727	.3	4,266	.3
Oats	2,929	.2	2,507	.2	2,622	.2
Potatoes	377,059	26.1	187,760	14.9	289,412	23.1
Dry beans	58,236	4.0	46,668	3.7	36,679	2.9
Onions	12,014	.8	13,782	1.1	10,862	.9
Dry peas	12,021	.8	10,760	.8	10,192	.9
Sweet corn	8,544	.6	9,309	.7	8,338	.7
Green peas	3,206	.2	3,587	.2	4,068	.3
Apples	12,131	.8	10,652	.9	16,691	1.3
Plums and prunes	1,617	.1	698	*	1,326	.1
Peaches	1,079	.1	1,206	.1	1,190	.1
Sweet cherries	988	.1	884	.1	1,071	.1
Pears	182	*	307	*	328	*
Sugarbeets	81,365	5.6	73,256	5.8	57,100	4.6
Alfalfa seed	17,855	1.2	12,609	1.0	10,450	.8
Mint	5,105	.3	5,437	.4	6,460	.5
Hops	5,673	.4	5,099	.4	4,533	.4
Greenhouse	3,617	.3	3,921	.3	4,156	.3
Forest products	3,696	.2	2,854	.2	4,059	.3
Red clover seed	741	*	583	*	615	*
Bluegrass seed	614	*	471	*	259	*
Other crops	60,790	4.8	51,687	4.7	30,411	2.7

\* Less than 0.05 percent

Source: State Farm Income Statistics, 1977. Supplement to Statistical Bull. No. 576, Econ. Res. Ser., USDA, pp. 55-56.

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