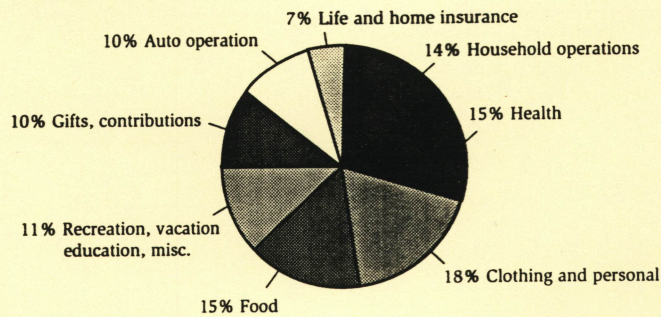


# Living Expenditures of Farm Families



**Distribution of farm family living expenditures, 1997**  
(based on average annual expenditures of \$31,371)

The information in this report came from family living expenditure records kept by 191 Iowa farm families in 1997. It is suitable for use by Idaho farm families and those who work with them for planning and/or analyzing expenditures. The families included in this summary are not necessarily representative of all farm families.

The information summarizes only those cash expenditures made for family living purposes. Farm-related expenditures are not included.

**Cash expenses** for household operations and repairs are included, but no expense for house rental or interest on mortgage payments is included because the housing investment is generally considered to be an integral part of the farm business. Farm produce or livestock grown on the farm and consumed by the farm family is valued at its market price. (Farm produce and livestock normally represent a reduction in cash income rather than a cash expenditure, but we include it here to demonstrate the full cost of the family's food).

**Investments for living** include expenditures for items expected to provide use over a period of more than one year. These include purchases of home improvements, home furnishings, and automobiles.

**Net farm income** is calculated on the accrual, or inventory, basis. The difference between total family income (net farm income plus nonfarm income) and the total used for family living represents the amount available to the family for payment of income taxes, savings, investment in the farm business, or debt retirement.

**Acknowledgment** This publication was based on Iowa State University publication Fm-1790, June 1998.

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**Table 1. Farm family living expenditures, 1997**

	Per capita	Per household	Our estimate for year _____
<b>Cash expenses for living</b>			
Food purchases	\$1,369	\$4,655	\$ _____
Farm produce used	60	203	_____
Clothing and personal items	1,729	5,880	_____
Health	1,397	4,751	_____
Household operations	565	1,923	_____
Repairs, minor furnishings	187	636	_____
Gifts, contributions	890	3,025	_____
Auto operation	481	1,635	_____
Life, home insurance	633	2,152	_____
Recreation, vacation	555	1,887	_____
Education	309	1,049	_____
Miscellaneous, child care	127	431	_____
<b>Total cash living expense</b>	<b>\$8,302</b>	<b>\$28,227</b>	<b>\$ _____</b>
<b>Investments for living</b>			
Home improvement	\$218	\$741	\$ _____
Home furnishing, appliances	309	1,052	_____
Automobile purchase	397	1,351	_____
<b>Total investment for living</b>	<b>\$924</b>	<b>\$3,144</b>	<b>\$ _____</b>
<b>Total living expenditures</b>	<b>\$9,226</b>	<b>\$31,371</b>	<b>\$ _____</b>
<b>Income</b>			
Net farm income (accrual basis)		\$48,374	_____
Nonfarm income		13,954	_____
<b>Total family income</b>		<b>\$62,328</b>	<b>\$ _____</b>
Income taxes paid		\$5,953	\$ _____
Available for investment and debt retirement		\$25,002	\$ _____

Source: Based on Iowa State University publication Fm-1790, June 1998.

Note: Average age of farm operator, 49; Average size of household, 3.4 people;  
Number of families surveyed, 191



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**Table 2. Farm family living expenditures, by size of household, 1997**

	Total number in household		
	1 or 2	3 or 4	5 or more
<b>Cash expenses for living</b>			
Food purchases & farm produce used	\$3,644	\$5,025	\$6,539
Clothing and personal items	4,573	6,120	7,616
Household operations	1,783	1,929	2,132
Repairs, minor furnishings	832	560	424
Health	5,253	3,777	5,140
Recreation, vacation	1,844	1,945	1,886
Education	248	1,566	1,671
Gifts, contributions	3,062	2,326	3,802
Auto operation	1,037	1,884	2,265
Life, home insurance	2,116	1,803	2,626
Miscellaneous, child care	453	549	256
<b>Total cash living expense</b>	<b>\$24,845</b>	<b>\$27,484</b>	<b>\$34,357</b>
<b>Investments for living</b>			
Home improvement	\$771	\$697	\$747
Home furnishing, appliances	917	1,191	1,094
Automobile purchase	1,466	1,232	1,317
<b>Total investment for living</b>	<b>\$3,154</b>	<b>\$3,120</b>	<b>\$3,158</b>
<b>Total living expenditures</b>	<b>\$27,999</b>	<b>\$30,604</b>	<b>\$37,515</b>
<b>Income</b>			
Net farm income (accrual basis)	\$41,660	\$42,939	\$65,274
Nonfarm income	13,350	15,863	12,607
<b>Total family income</b>	<b>\$55,010</b>	<b>\$58,802</b>	<b>\$77,881</b>
Income taxes paid	\$6,195	\$5,033	\$5,934
Available for investment and debt retirement	\$20,816	\$23,163	\$34,432

Source: Based on Iowa State University publication Fm-1790, June 1998.

Note: Average age of farm operator	58	43	42
Average size of household (people)	1.9	3.7	5.4
Number of families surveyed	79	61	51

Total expenditures were highest in households with five or more people. This group spent \$37,515, compared with \$27,999 for households of one or two persons, the group with the lowest average total living cost.

Household size influenced some expenditures more than others. Total food cost, including both purchased and farm-raised food, varied from \$3,644 for the smallest households to \$6,539 for the largest. Expenditures for clothing and personal items and for auto operating were also closely related to the number of persons in the household.

**Table 3. Farm family living expenditures, by total family income, 1997**

	Total farm income			
	\$30,000 and less	\$30,000 to \$50,000	\$50,000 to \$75,000	\$75,000 or more
<b>Cash expenses for living</b>				
Food purchases & farm produce used	\$3,966	\$4,500	\$4,952	\$5,813
Clothing and personal items	4,770	5,391	6,330	6,812
Household operations	1,356	2,477	1,728	2,031
Repairs, minor furnishings	591	672	603	669
Health	4,329	4,370	5,103	5,128
Recreation, vacation	1,484	2,068	1,484	2,398
Education	462	763	1,188	1,656
Gifts, contributions	1,994	2,867	2,557	4,402
Auto operation	1,351	1,465	1,682	1,976
Life, home insurance	1,694	1,789	2,308	2,713
Miscellaneous, child care	261	297	888	284
<b>Total cash living expense</b>	<b>\$22,258</b>	<b>\$26,659</b>	<b>\$28,823</b>	<b>\$33,882</b>
<b>Investments for living</b>				
Home improvement	\$578	\$888	\$742	\$734
Home furnishing, appliances	469	982	1,105	1,531
Automobile purchase	1,076	848	713	2,601
<b>Total investment for living</b>	<b>\$2,123</b>	<b>\$2,718</b>	<b>\$2,560</b>	<b>\$4,866</b>
<b>Total living expenditures</b>	<b>\$24,381</b>	<b>\$29,377</b>	<b>\$31,383</b>	<b>\$38,748</b>
<b>Income</b>				
Net farm income (accrual basis)	\$7,580	\$22,169	\$50,878	\$102,707
Nonfarm income	9,031	18,665	11,059	16,068
<b>Total family income</b>	<b>\$16,611</b>	<b>\$40,834</b>	<b>\$61,937</b>	<b>\$118,775</b>
Income taxes paid	\$1,785	\$3,415	\$6,379	\$10,351
Available for investment and debt retirement	(\$9,555)	\$8,041	\$24,175	\$69,676

Source: Based on Iowa State University publication Fm-1790, June 1998.  
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Note: Average age of farm operator	51	49	49	48
Average size of household (people)	3.1	3.1	3.4	3.8
Number of families surveyed	42	49	47	53

Total family income is defined as net farm income plus off-farm income. Total living expenses increased as income increased. However, total incomes fluctuate widely from year to year. Most families do not adjust living expenditures due to short-run income changes.

Many expenditures are relatively fixed and cannot be adjusted easily. Families with low or negative family income have to finance living expenditures by reducing inventories, selling farm assets, or borrowing.

*Issued in furtherance of cooperative Extension work in agriculture and home economics, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, LeRoy D. Luft, Director of Cooperative Extension System, University of Idaho, Moscow, Idaho 83844. The University of Idaho provides equal opportunity in education and employment on the basis of race, color, religion, national origin, gender, age, disability, or status as a Vietnam-era veteran, as required by state and federal laws.*