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2005 Nebraska Farm Business Data

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Following a year of climbing fuel prices, tough crop prices and average yields, I really didn’t expect to be reporting record high net farm income for the State of Nebraska, but that’s the news I have to report. Net Farm Income for 2005 was $83,095, up 5 percent over last year’s record high income. I was really surprised as the averages were coming in, but it didn’t take long to understand where the numbers were coming from.

The livestock industry showed tremendous profits in 2005, exceeding the crop operations significantly. The following figure shows net farm income by type of farm where the category enterprise makes up at least 70 percent of their gross farm income. Seven of the top ten profitable farms had gross income from livestock of over $500,000, which is the most in several years.

Figure 1. 2005 Net Farm Income by Farm Type

Government payments also had a significant effect on net farm income in 2005. With substantial Loan
Deficiency Payment’s (LDP) during the harvest lows, total government payments increased almost 50 percent to a total of $69,175, with $23,776 coming in LDP payments. Taking another look at those operations with 70 percent of gross income coming from farming, government payments account for 104 percent of their net farm income in 2005, showing the important effect government payments have on crop farming in Nebraska.

The four regional comparisons showed a more even distribution across the state this year than in years past. The Northeast Region posted a net farm income average of $78,448, the Southeast Region reached the highest at $95,212, the South Central Region held fairly steady at $83,858, while the Western Region rebounded from 2004 nicely with an average net income of $66,323. With all of the large livestock industries faring well in 2005 and a fairly even distribution of those industries by region, the incomes stayed consistent with each other. Figure 2 shows the trend of each region for 2003-2005.

Figure 2. Net Farm Income by Region

Maybe the most significant information that can be taken from the 2005 data is from our study of the Top Efficient Farms. We have selected 20 farms that consistently attain Net Farm Income Ratios of greater than 20 percent regardless of the size of their operation. While these farms do have some income from livestock, the majority of them are crop operations, which explains the narrowing of the gap between the average farms and the Top Efficient Farms shown in Figure 3.

Figure 3. Net Farm Income - Average Farm vs. Top Efficient Farm

This year, we added enterprise data to this study to find out why they are able to operate their farms so much more effectively. The corn enterprise information, especially irrigated, showed many areas where the Top Efficient Farms excelled beyond the average including fertilizer, interest, cash rent and many more areas. The soybean enterprise data was much more consistent between the two groups and did not show a lot of obvious differences.

All of this data and more will be available on our website (www.nfbi.net) by June. If you are interested in a hard copy or have any questions, please contact our office at (402) 464-6324 or email us at info@nfbi.net.

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