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ANNUAL FARM BUSINESS REPORT

Forty-eight southeast Nebraska farms in Cass, Gage, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, and Saline Counties.

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This report has been prepared by members of the Department of Rural Economics and the Agricultural Extension Service to enable each farm operator to compare his business with other farm businesses in the area. Special emphasis has been placed upon those factors that have the most influence upon the returns to the farm operator. By studying this analysis it is hoped that the farmer will be able to make changes that will increase his net earnings.

Nebraska
COOPERATIVE EXTENSION WORK
IN AGRICULTURE AND HOME ECONOMICS
U. of N. Agr. College and U. S. Dept. of Agr. Cooperating
W. H. Brokaw, Director, Lincoln

c.1

ANNUAL FARM BUSINESS REPORT

This report presents an analysis of farm income and expenses and some reasons for differences in net returns. Special emphasis is placed upon an examination of the factors that influenced the 1945 labor incomes of the farmers who kept the records.

Farm businesses in Southeast Nebraska include a wide diversity of enterprises. Corn, oats, wheat, and alfalfa are the principal crops. Corn constitutes about 34 per cent of the total crop acres, and wheat is the next largest crop comprising 18 per cent of the total crop acres. Brome grass is becoming increasingly important on the rolling upland. Beef cattle, dairy cows, hogs, and chickens are the major livestock enterprises. The hog returns represent 33 per cent of the total receipts and net increases, and cattle returns represent 24 per cent, while feed and grain represent only 18 per cent. This indicates that most of the grains are fed to livestock.

TOPOGRAPHY, SOIL, and WEATHER

The eastern part of the area included in this report is in the East Loess Hill region including all or part of the counties bordering the Missouri River and extending into the northeastern part of Johnson and Lancaster Counties. About one-fifth of this area is level and can be farmed without giving particular attention to erosion control measures, and on another fifth, simple erosion control practices need to be applied. The remaining part should be protected from water erosion by the use of intensive erosion control measures.

The remainder of the Southeast Nebraska area, with the exception of the southwest corner of Jefferson County and the northwestern half of Saline County which is in the Nebraska Plains (Loess Plains) area, is Loess Drift Hills. Most of the soils in this area are formed from glacial material. About one-fourth of the soils in this part of Southeast Nebraska are clay loam with tight clay or claypan subsoils. Another 33 per cent have moderately tight or semi-claypan subsoils. The topography varies from gently rolling to hilly and broken. The general surface presents the appearance of a plain sloping toward the southeast. Erosion is quite rapid and can be very serious; consequently, the type of crops grown and the tillage practices used in this area are very important.

Table 1. Monthly and Annual Precipitation at Syracuse, Lincoln (Agronomy Farm), and Pawnee City, 1945, with departures from normal.

Month	Precipitation	Departure from normal	Precipitation	Departure from normal	Precipitation	Departure from normal
	Inches		Inches		Inches	
1945	Lincoln		Syracuse		Pawnee City	
January	0.49	-0.19	0.14	-0.65	0.56	-0.12
February	1.48	+0.67	0.75	-0.35	2.09	+1.07
March	1.56	+0.27	1.99	+0.60	2.12	+0.68
April	4.40	+2.17	4.96	+2.44	5.12	+2.28
May	5.24	+2.43	6.03	+1.93	6.45	+2.07
June	5.28	+1.29	3.42	-1.05	6.21	+1.69
July	2.47	-0.60	3.27	-0.21	2.06	-1.34
August	3.54	+0.25	3.15	-0.10	2.28	-1.64
September	3.15	-0.23	3.62	+0.21	5.56	+1.76
October	0.04	-1.50	0.13	-2.11	0.20	-2.21
November	0.08	-0.96	0.64	-0.67	0.76	-0.85
December	1.69	+0.91	1.61	+0.64	1.40	+0.47
1945 total	29.42	+4.51	29.71	+0.68	34.81	+3.86
1944 total	34.49	+9.58	39.80	+10.77	44.52	+13.57
1943 total	24.17	-4.22	27.73	-2.78	25.42	-6.74
Normal Precipitation	24.91		29.03		30.95	

Monthly and annual precipitation figures are given in Table 1 for Lincoln, Pawnee City, and Syracuse. Rainfall at these points was above normal for the year, ranging from a plus 0.68 at Syracuse to a plus 4.51 inches at Lincoln. Heavy rains in the spring of 1945 delayed crop planting. During July and August crops suffered from lack of moisture because there was less rainfall than normal.

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Table 2. Summary of inventories, 48 Southeastern Nebraska farms where 1945 records were kept for analysis (Beginning of the year).

	Your Farm	Averages for: 48 farms	16 Most Profitable Farms	16 Least Profitable Farms
Size of farm (acres)		286	288	285
Size of business (work units)[1]		380	415	332
Horses		$256	$286	$213
Productive livestock				
Beef cows		415	479	394
Feeder cattle		964	1,668	390
Other beef cattle		285	317	329
Dairy cows		535	408	624
Other dairy cattle		225	165	183
Hogs		1,070	1,448	633
Sheep		34	30	59
Poultry		216	216	202
All livestock		$3,744	$4,731	$2,814
Machinery				
Truck		68	78	44
Automobile		230	198	171
Tractor		440	376	430
Other machinery		1,205	1,227	963
All Machinery		$1,943	$1,879	$1,608
Bldgs. and Imprmts.[2]		$3,347	$3,837	$2,186
Feed grain, supplies		$2,773	3,275	1,581
Land		$19,359	$17,975	$14,940
Total farm capital		$31,422	$31,983	$23,342

Footnotes 1. A productive man work unit is the amount of work a man can accomplish in a ten hour day when working on crops and productive livestock at average speed with the type of equipment in most common use in his community.

2. Residence of operator not included.

The data in Tables 2 and 3 summarize the beginning and ending inventories on all forms, and on the sixteen most profitable and the sixteen least profitable farms. Similar information about the business of each operator is typed in the summary which is returned to him. This procedure is followed throughout the report. It gives each man an opportunity to compare the data on his farm with averages of other farms in the area.

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The average investment in farm business did not change materially during the year. The decline in value of feed, grain, and supplies was offset by an increase of the investment in productive livestock, principally hogs. Increases in all productive livestock were most marked in the sixteen least profitable farms. Most all farms showed an increase of the investment in machinery.

Table 3. Summary of inventories, 48 Southeastern Nebraska farms where 1945 records were kept for analysis (End of year)

Item	Your Farm	Averages for: 48 farms	16 Most Profitable Farms	16 Least Profitable Farms
Horses		$209	$226	$175
Productive livestock				
Beef cows		407	392	465
Feeder cattle		1,020	1,582	806
Other beef cattle		314	304	342
Dairy cows		509	424	596
Other dairy cattle		247	176	225
Hogs		1,297	1,649	1,011
Sheep		41	41	83
Poultry		217	200	213
All livestock		$4,052	$4,768	$3,741
Machinery and equip:				
Truck		64	53	35
Automobile		197	188	142
Tractor		439	395	492
Other machinery		1,397	1,491	1,146
All machinery		2,097	2,127	1,814
Feed, grain, supplies		2,388	3,017	1,372
Buildings, improvements		$3,243	$3,800	$2,102
Land		$19,359	$17,975	$14,940
Total farm capital		$31,348	$31,913	$24,144

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Productive man work required for major crops and types of livestock for Eastern Nebraska.

Item	Unit	Hours of labor required
Milk cow producing:		
Less than 160 lbs. of butterfat	1 head	100
More than 160 lbs. of butterfat	1 head	130
Other dairy cattle	1 animal unit[3]	40
Feeder cattle	1 head	15
Beef cows	1 head	40
Other Beef cattle	1 animal unit	40
Hogs	100 pound gain	3
Sheep, farm flock	1 animal unit	35
Poultry	100 head	200
Corn, husked	1 acre	8
Corn, hogged	1 acre	4
Corn, silage	1 acre	14
Wheat	1 acre	6
Oats or barley	1 acre	6
Alfalfa hay	1 acre	12
Seed (Alfalfa or clover)	1 acre	10
Other hay	1 acre	6
Grain Sorghum	1 acre	10
Forage Sorghum	1 acre	12
Temporary Pasture	1 acre	3
Soybeans	1 acre	9

Footnote 3:
A productive livestock animal unit represents one cow, one bull, one feeder steer or heifer, two head of stock cattle 1 to 2 years old, four calves under 1 year old, seven sheep, 1000 pounds of hogs produced, or 100 head of poultry.

Table 4. Summary of land use on 48 Southeastern Nebraska farms, 1945 account records.

Item	Acres on your farm	Average acres for: 48 farms	16 most Profitable Farms	16 least Profitable Farms
Corn		71	82	55
Oats		28	28	28
Wheat		37	38	30
Alfalfa		18	17	19
Corn or Sorghum Fodder		1	1	1
Corn or Sorghum Silage		2	3	2
Legume and other tilled Pasture		35	41	26
Wild hay		10	6	16
Other cropland		7	3	5
Total Cropland		209	219	182
Permanent Pasture		59	53	82
Farmstead, roads and waste		18	16	21
Total land in farm		286	288	285
Per Cent of Total Acreage in Each Use				
Corn		24.8	28.5	19.3
Oats		9.8	9.7	9.8
Wheat		12.9	13.2	10.5
Alfalfa		6.3	5.9	6.7
Corn or Sorghum Fodder		.4	.4	.4
Corn or Sorghum Silage		.7	1.0	.7
Legume and other tilled pasture		12.3	14.2	9.1
Wild hay		3.5	2.1	5.6
Other cropland		2.4	1.0	1.8
Total Cropland		73.1	76.0	63.9
Permanent pasture		20.6	18.4	28.8
Farmstead, roads and waste		6.3	5.6	7.3
Total land in farm		100.0	100.0	100.0

The acreage and types of crops grown on the most profitable farms did not vary greatly from the land use on all farms and on the least profitable units except with respect to the corn acreage. The most profitable farms exceeded the average acreage of corn for all farms by over ten acres and exceeded the average acreage of corn on the least profitable farms by more than twenty-five acres. Neither the most profitable farms nor the least profitable group varied materially from the average of all farms in total land area, however, the most profitable group did exceed the least profitable group by thirty-seven acres in total crop land.

Data in Table 5 shows the average number of livestock on each group of farms at the beginning and end of the year. Pigs showed the most significant change from the beginning to the ending inventory by an increase of almost ten for all farms and an increase of almost twenty for the least profitable group.

Table 5. Summary of livestock organization on 48 Southeastern Nebraska farms, 1945 account records (Number of Head).

Type of Livestock	Beginning of year inventory				End of year inventory			
	Your farm	48 farms	16 most profit-able farms	16 least profit-able farms	Your farm	48 farms	16 most profit-able farms	16 least profit-able farms
Horses		4.4	4.6	3.8		3.9	4.1	3.6
Colts		.1	.1	.1		.1	.2	.1
Beef cows		5.4	6.2	5.6		5.1	4.5	6.3
Feeder cattle		14.3	24.0	5.9		12.9	20.8	10.5
Other beef cattle		5.8	5.3	7.3		5.9	4.9	6.4
Dairy cows		6.0	5.4	6.4		5.8	5.4	6.4
Other dairy cattle		5.4	4.6	5.3		5.7	4.8	5.4
Brood Sows		10.8	15.1	6.3		11.1	16.6	6.4
Pigs		16.7	23.2	5.0		26.5	30.2	24.6
Other hogs		19.5	28.1	12.5		20.8	23.5	20.2
Sheep		3.4	3.4	5.8		4.5	5.7	7.9
Poultry		228.5	228.0	216.9		231.1	210.2	231.8

Cash incomes and expenses for the various groups of farms are presented in Table 6. The data in Table 7 shows the farm earnings including cash receipts, expenses, and net inventory changes. Hogs, cattle, and grain were the principal sources of income on the most profitable farms. Hogs, and cattle also led on the least profitable farms, but dairy cows and poultry contributed a larger portion of the total net returns than on the most profitable farms.

Labor incomes varied from $11,346 to a minus $3,760. The average labor incomes of the sixteen operators who earned the highest percentage on the total investment were $4,099. The sixteen who earned the lowest percentage received only $139 for their labor and management after deducting 5 per cent interest on the investment in the farm business and allowing wages at $125 a month to members of the family who replaced hired labor and were not paid regualr wages. Climatic conditions and type of soil may be a cause for the differences and these cannot be controlled by the farm operator, but many changes that will improve net income can be made in most farm businesses.

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Table 6. Summary of cash income and expenses on 48 Southeastern Nebraska farms, 1945 records.

Item	Your farm	Averages for: 48 farms	16 most Profitable farms	16 least Profitable farms
Cash income from				
Improvements		$2	$7	$--
Horses		22	20	28
Cattle		2,851	3,837	1,527
Hogs		2,624	3,660	1,388
Sheep		28	33	35
Poultry		263	239	231
Egg Sales		751	661	806
Dairy Sales		746	592	867
Machy. and equip.		417	419	128
Feed, grain, supplies		2,581	3,519	1,798
Labor off farm		96	78	36
Misc. receipts		126	145	68
Total cash income		$10,507	$13,210	$6,913
Cash expenses				
Improvements		$240	$343	$145
Horses		13	3	28
Cattle		1,019	1,061	901
Hogs		205	81	323
Sheep		1	3	--
Supplies		98	93	99
Poultry		112	67	199
Livestock		64	58	55
Machinery and equip.		1,566	1,428	1,755
Feed and grain		1,942	2,968	1,533
Crop expense		195	181	201
Hired labor		467	443	307
Taxes		316	319	248
Miscellaneous		76	67	71
Total Cash expense		$6,314	$7,115	$5,865
Net cash gain		4,193	6,095	1,048
Net inventory gain		--	--	805
Net cash loss		--	--	--
Net inventory loss		84	1	--
Return to capital and operators family		$4,109	$6,094	$1,853

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Table 7. Summary of income and expense, including inventory changes and farm earnings, on 48 Southeastern Nebraska farms, 1945 records.

Item	Your farm	Averages for: 48 farms	16 most Profitable farms	16 least Profitable farms
RECEIPTS AND NET INVENTORY INCREASES				
Horses		$ 1	$ --	$ 1
Cattle		1,913	2,616	1,170
Hogs		2,668	3,848	1,442
Sheep		34	41	58
Poultry		168	156	93
Egg Sales		751	661	806
Dairy Sales		746	592	867
Feed and grain		1,475	2,286	698
Labor off farm		96	78	36
Misc. receipts		126	145	68
Machinery and equip.		3	9	--
Total Receipts and net increases		$7,981	$10,432	$5,239
EXPENSES AND NET DECREASES				
Improvements		$ 308	$ 372	$ 193
Cattle		10	--	29
Horses		38	42	39
Poultry		16	--	48
Livestock		64	58	56
Supplies		99	93	99
Machinery and equip.		1,199	922	1,454
Feed and grain		1,084	1,841	641
Crop expense		195	181	201
Hired labor		467	443	307
Taxes		316	319	248
Misc. expenses		76	67	71
Total expenses and net decreases		$3,872	$4,338	$3,386
Returns to capital and operators family		4,109	6,094	1,853
Value of unpaid labor at $125 a month		1,975	1,898	2,027
Net income from investment and management		2,134	4,196	174
Average investment		$31,385	$31,948	$23,743
Rate earned on investment		6.8%	13.1%	-.7%
Returns to capital and operators labor and management		3,634	5,696	1,326
5% interest on average investment		1,569	1,597	1,187
Labor income		2,065	4,099	139

Table 8. Comparison of some factors that affect farm income, 48 Southeastern Nebraska Farms, 1945 Account Records.

Item	Your farm	Averages for: 48 farms	16 most Proftiable farms	16 least Profitable farms
Rate earned on investment		6.8%	13.1	-.7%
Labor and Management Wage		$2,065	$4,099	$139
Size of Business:				
Acres in Farm		286	288	285
Acres in Cropland		209	219	182
Man Equivalent		1.7	1.6	1.6
Productive work units		380	415	332
Livestock units		49.3	66.4	34.1
Cows milked		5.9	5.2	6.1
Litters of pigs		11.7	15.3	7.9
Pigs weaned		73.2	96.6	48.6
Cattle on feed		13.6	22.4	8.2
Number of hens		211	205	216
Volume of production				
Bushels of grain				
Corn		2,403	3,012	1,481
Oats		598	577	690
Wheat		724	826	592
Hay, tons				
Alfalfa		31.2	27.3	30.8
Silage		12.7	13.5	9.8
Other hay		11.9	12.2	14.1
Livestock and products				
Lbs. of hogs produced		19,759	26,453	11,816
Cattle sold		22.9	28.9	15.4
Dairy sales		$746	$592	$867
Egg sales		$738	$629	$799
Rates of production				
Crop yields				
Corn		30.7	31.8	26
Oats		21.9	19.6	27.6
Wheat		14.5	17.1	12.0
Alfalfa		2.0	2.1	1.7
Pigs weaned per litter		5.4	5.6	4.4
Dairy Sales per cow		$102.12	$89.31	$116.27
Egg Sales per hen		3.34	3.10	3.51

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Table 8 (Continued)

Item	Your Farm	Averages for: 48 Farms	16 most Profitable Farms	16 least Profitable Farms
Efficiency				
Productive man work units accomplished per worker		234	258	223
Power, machinery and labor cost per productive man work unit		$1,099	912	$1,216
Returns from productive livestock per $100 worth of feed fed		151	163	140
Balance				
Percentage productive work spent on crops		37.1	35.4	36.4
Percentage of productive work spent on livestock		62.9	64.6	63.6
Productive livestock units per 100 acres in farm		17.6	22.6	14.0

SIZE OF BUSINESS

This factor can be controlled to a considerable extent by the operator. He can usually (1) rent or buy additional land. (2) increase the number of livestock, (3) change from low labor requiring animals such as beef cattle and sheep to high labor requiring animals such as dairy cattle and poultry, (4) or shift from extensive type crops such as hay and pasture to intensive crops like corn and soybeans, if his land is suitable for these crops.

The enterprises included in the business should be adjusted to the use suitability of the land and to the other resources available on the farm, such as the amount of capital for providing livestock and equipment, and the number of the family workers. Intensive crops can be planted several years in succession on fertile level land. Rolling land that is subject to serious erosion should be kept in hay and pasture crops a considerable part of the time. If the operating unit is made up of this type of land, the most feasible method of adjustment may be an expansion of the acreage so enough hay and pasture is available to feed a good dairy herd. The type of adjustment that should be made depends to a large extent upon the physical characteristics of the available land.

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A wide diversity of enterprises are included in this group of Southeastern Nebraska farm businesses. For this reason the average amount of labor required to take care of all enterprises is used as a measure of size in Table 9. Farms on which the crops and livestock required an average of 580 units of productive work returned $3,001 labor income. Those requiring only 218 units returned $1,508 for labor and management of the operator.

Table 9. Relation of size of business to labor income on 48 Southeastern Nebraska farms, 1945 account records.

Productive man work units accomplished		Number of farms	Average labor income
Range	Average		
270 and below	218	16	$1,508
271 to 401	342	16	$1,701
401 and above	580	16	$3,001

CROP YIELDS

Within the limits of proven practices in an area, high rates of production tend to lower the cost per unit and increase the net returns. This statement does not mean that a man can increase his net gain on a crop like corn by cultivating it five times instead of three to get a few additional pounds per acre, or that he will profit by feeding his milk cows in a manner that will give him the greatest number of pounds of milk each cow will produce. The value of the increased product must equal or exceed the cost of getting it or the added expense will reduce the net income. Crop yields can be increased by using legumes in a systematic rotation, by planting the best adapted varieties, by conserving moisture through contour or subsurface tillage, and by getting each type of work done in its proper season.

Operators whose yields were only 84 per cent of the average for all farms received $1,889 for their labor and management. Those who obtained yields averaging 20 per cent above the average of the entire group received $2,276 for their labor income.

The rate of gain on fattening animals, the quantity of milk produced per cow, and the number of eggs laid per hen can be increased by feeding balanced rations.

Table 10. Relation of crop yields to labor income on 48 Southeastern Nebraska farms, 1945 records.

Crop Yield Index		Number of farms	Average Labor Income
Range	Average		
92 and below	84	18	$1,889
93 to 107	100	16	$2,094
107 and above	120	14	$2,276

LIVESTOCK

Most of the farmers in Southeastern Nebraska keep enough livestock to consume the grain and hay they grow. A few who feed large numbers of cattle or hogs, or who have large dairy herds buy some feed from the minority who are cash crop operators. If efficiently managed, livestock usually return a profit in excess of the market prices of the feed they consume. They convert grass and crop residues into salable products, help in maintaining soil fertility by leaving manure on the farm, and help to provide productive employment for the farm family throughout the year. Careful selection for high rates of production in proportion to feed consumed, control of diseases and parasites, balanced rations, and skill in feeding and managing the animals are the principal problems associated with livestock production. Men who are proficient in these tasks usually receive good returns for their labor. Data in Table 11 shows the relationship between the number of animal units on farms and labor income. Operators with an average of 17.9 units of productive livestock received $1,347 labor income. Those who had 91.4 units received the largest sum of $3,081 for their labor and management.

In 1945 the men who had beef cattle and hogs received higher labor incomes than those who had dairy cattle. This situation probably reflects the fact that the ceiling price on milk and butterfat did not give the operator very high wages for the time spent milking cows.

Table 11. Relation of animal units of productive livestock to labor income on 48 Southeastern Nebraska farms, 1945 account records.

Animal Units		Number of farms	Average Labor Income
Range	Average		
30 and below	17.9	16	$1,347
31 to 51	38.6	16	1,782
51 and above	91.4	16	3,081

EFFICIENCY IN THE USE OF FEED

The value of the feed consumed by the animals usually is 50 to 85 per cent of the cost in livestock production. The exact proportion that feed is of the total cost varies with the class of livestock, the number of animals on the individuals farm, the type of equipment, and the managerial ability of the herdsman. The cash receipts and net inventory increases from livestock and animal products were enough to leave a margin above the value of the feed fed on most of the farms.

Operators who received less than $135 for each $100 worth of feed fed averaged $1,630 for their labor and management in 1945. Those who received $159 or more for each $100 worth of feed fed had higher labor incomes that averaged $2,728, as shown in Table 12.

Table 12. Relation of returns from feed fed to productive livestock to labor income on 48 Southeastern Nebraska farms, 1945 records.

Returns per $100 worth of feed fed to productive livestock		Number of Farms	Average Labor Income
Range	Average		
$135 and below	$116	16	$1,630
$136 and $159	$149	16	$1,852
$159 and above	$187	16	$2,728

Rates of production as shown by dairy sales per cow, pigs weaned and pounds of hogs produced per litter, and dozens of eggs sold per hen also have a marked influence upon the net income of the livestock producer. Each operator can compare his standing in respect to these items with the average of all farms and with the most profitable and least profitable farms in Table 8.

LABOR EFFICIENCY

Labor income usually is higher on farms where a large amount of work is accomplished per worker than on units where the rate of accomplishment is low. A high rate of accomplishment per worker reduces the labor charge per unit of business and increases the net return. The farm manager can increase the efficiency of the labor force in several ways. In the first place, the business must be large enough to provide work for all members of the family who expect to be employed on the farm. Enterprises should be selected and organized in a manner that will distribute the labor requirements throughout the year. Cattle feeding in the winter months or fall freshening of milk cows provide winter employment, when field work is not pressing. School boys can take care of a sizeable poultry flock outside of school hours. The use of labor saving machinery such as combines, pick-up balers, hay choppers, and field ensilage cutters helps to increase the amount of work accomplished per worker.

The relationship of efficiency in the use of labor and returns to the operator is shown in Table 13. The average labor incomes of operators on farms where fewer than 185 days of productive work were accomplished per man was $1,399. The operators of farms on which 240 or more work units were accomplished per man received $2,366 for their labor and management.

Table 13. Relation of efficiency in the use of labor to labor incomes on 48 Southeastern Nebraska farms, 1945 account records.

Production man work units accomplished per worker		Number of Farms	Average Labor Incomes
Range	Average		
185 and below	131	12	$1,399
186 to 240	214	14	$2,181
240 and above	302	22	$2,366

Power, Machinery, and Labor Costs

Equipment costs and wages for the labor force are the most important expenses of operating a farm business. The out-of pocket items included in these costs reduce the net returns to the operator. Expenses can be kept low on a farm that is inadequately manned and poorly equipped, but necessary work will not be done on time and the net returns often will be unsatisfactory. The data in Table 14 shows the relationship between power, machinery, and labor cost per work unit accomplished and labor income. The operators of farms where these costs averaged $15.94 per man work unit accomplished received $932 labor income. Farmers who kept their costs to an average of $7.18 per work unit received $3,032 for their labor and management.

Table 14. Relation of power, machinery and labor cost per productive man work unit accomplished to labor income on 48 Southeastern Nebraska farms, 1945 records.

Power, machinery and labor cost per productive man work unit accomplished		Number of Farms	Average Labor Income
Range	Average		
$11.75 and above	$15.94	16	$932
$11.74 to $8.51	$ 9.86	16	$2,246
$8.50 and below	$ 7.18	16	$3,032

Factors Affecting Farm Income

The influence of the factors that affect farm income is cumulative. Very few operators maintain a high standing in all phases of the business. This is shown in Table 15 where it is indicated that only 10 of the 48 farms were above average in 5 or more of the factors. Quite often efficient management in one part of the farm operation is offset by poor results in other parts. These farmers receive medium returns for their labor and management.

Those who are low in all factors get small returns. The few who maintain a high standing in most phases of the business receive returns well above the average.

Table 15. Relation of number of factors above average to labor income on 48 Southeastern Nebraska farms, 1945 account records.

Number of factors above average	Number of farms	Average labor income
0 through 1	12	$929
2	12	$1,889
3 through 4	14	$2,100
5 or more	10	$3,615

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