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EC1194 Analysis of the Summarization of 249 Farm Family Record Books of Nebraska Farm Security Borrowers

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ANALYSIS

of

THE SUMMARIZATION OF 249 FARM FAMILY RECORD BOOKS

of

NEBRASKA FARM SECURITY BORROWERS

for

1937

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

The Home Supervisors, under the direction and counsel of Miss Florence J. Atwood, Associate State Director, Farm Security Administration, placed the Farm Security Record Books used in this analysis. Families were assisted with record keeping and aided with the closing and summarization of their records.

This analysis of the 1937 Records was made by the Nebraska Agricultural Extension Service under the direction of Miss Muriel Smith, Extension Economist in Home Management. Miss Smith prepared the section of the analysis pertaining to farm family living. Mr. Frank Miller, of the Department of Rural Economics, University of Nebraska, prepared the analysis for the farm business section.

The study provides factual information as to the resources and their use by the farm families of Nebraska who have loans from the Farm Security Administration.

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THE SUMMARY AND ANALYSIS OF 249 FARM FAMILY RECORD BOOKS

During the year 1937 approximately 3200 farm families, who were borrowers of the Farm Security Administration, made their first attempt to keep a Farm Family Record Book. A summary and an analysis of 249 of these books from 59 counties are included in this report. The analysis throws some light on the spending habits of these families as well as checks progress that has been made in carrying out the farm and home plans which were developed with the families at the beginning of the year. A more complete analysis of certain phases of the farm business was not made because the records do not provide for detailed information.

At the time the rehabilitation loans were made to these farm families, they agreed to keep records and accounts as prescribed by the Farm Security Administration. The Farm Family Record Book, published by the Farm Security Administration, was designated as the book to be used. This book is designed especially for families with whom farm and home management plans are developed. Space is provided in which to enter the estimated income for the year from all sources and the estimated expenditures for all items so that the family can check actual accomplishments against the plans.

Account keeping was a wholly new experience to many of these families. Some of the record keepers were assisted with their records twice and others only once during the year. The time intervening was a handicap to some of the borrowers in keeping as complete a book as is desired. Nevertheless, from these records it is possible for the borrowers to evaluate the plan which they developed. Much credit is due to the families who have made an honest effort to carry out the agreement of record keeping. All families who have submitted books will have the benefit of a year's record to use in future planning.

In some instances the record books were given to the individual family at the time the farm and home management plan was developed, while with others the books were distributed and explained to a group of borrowers after the plans had been developed. At the close of the year the borrowers were requested to submit their books to the county office. Home Supervisors classified the items which had been recorded by the farm families, and checked the summary tables. Studies shown in this analysis were made from these tables.

In making loans to these families, it is recognized that the farm and the farm home must be considered as a unit. Neither can go forward without the other. For this reason farm and home plans are developed jointly and a joint record is kept. The plans are designed to assure the best possible use of the money and the family's management ability. Each family used this plan through the year as a guide. Only the minimum requirements necessary to protect the health and welfare of its members for a period of at least a year, are set forth for family living. Yet, this is the maximum amount that should be spent until the loan is repaid unless substantial reasons can be given for the spending of a larger amount. This is designated as 'anticipated', while the recorded section shows what was actually used by the family.

The record books are so planned that all money received is entered under one of three headings--namely, Farm Products Sold, Resettlement Loans, and Other Sources. In the column for Farm Products Sold are entered the sale of butterfat, 19324fr

eggs, poultry, hogs, cattle, sheep, hay and all grain crops. The term 'Resettlement Loan' refers to the loans made to approximately 6000 farmers in Nebraska by the Rural Rehabilitation Division of the Farm Security Administration, who on account of the recent depression and drought, were having difficulty in obtaining and maintaining credit from other sources. None of these farmers would have been able to continue farming without the credit secured from Farm Security. These loans are classed as income, and are used to purchase machinery, seed, livestock and feed for livestock. Under Other Sources are entered money received for labor, soil conservation, CCC checks, grants, sale of old iron, etc.

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PRODUCTS HOME PRODUCED AND USED BY THE FAMILY

Table I is a summary of products home produced and used by 247 families, and shows the state average as well as the average for each family type. Records used in this study of home products were kept by the individual families in detail during the year. At the close of the year the amounts and values of fruits and vegetables in some cases were estimated.

Milk as recorded in these figures includes both whole and skimmed milk. For families which include younger children a noticeable increase is seen in the amount of milk consumed. The amount of milk used by families of Type II, which includes husband, wife and two children under 16 years of age, averaged 675 quarts. If a family of this size used the amount of milk recommended for adequate nutrition--a quart to each child and a pint to each adult daily--it would have needed 1095 quarts for the year. A similar deficiency in the amount of milk used can be seen for all families of this study. Knowing the importance of milk and its contribution to the family living it would be desirable to increase the amount of milk consumed.

As the age of the family increases, as is true in families of Types III and V, a marked increase is shown in the amount and value of meat consumed. Eggs have made a substantial contribution to the total, and when meat is not available they are a good substitute. An average of \$17.29 for 105 dozen per family for 1937 is shown by these records. It is desirable from a nutritional standpoint to increase this amount.

The items of honey, sorghum, flour, cereal and nuts show small amounts in Table I. These amounts represent the average for all families. Those families who did report these items show amounts which made a significant contribution to their home produced food supply. It would be desirable if all families would include more of these items in their home production program.

The quantities of fresh, stored or canned vegetables were not sufficiently recorded to use here but such a figure would be useful in calculating the valuations more accurately and would be helpful also to the family in its future planning.

There is a wide variance in the amounts of home products available and used by Types IV and V. Type IV represents principally families with three or four children under sixteen years of age. Type V is composed of families of three or four adults other than the husband and wife, or a husband and wife and five or more persons regardless of age. The persons therefore in families of Type V are of an age that they can contribute to the production of home products as well as to the consumption of them.

TABLE I.

SUMMARY OF ALL PRODUCTS HOME PRODUCED AND USED BY THE FAMILY

Number Reporting	* Family Types											
	215		26		79		33		48		61	
	State Average		I		II		III		IV		V	
I t e m s	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value
Milk-(Qts.)	819	\$46.53	504	\$30.75	675	\$42.16	624	\$39.67	731	\$41.97	1312	\$66.24
Cream (Pts.)	152	22.38	122	19.00	163	22.25	135	23.49	149	21.83	163	23.87
Eggs (Doz.)	105	17.29	77	11.99	95	16.35	98	17.70	101	15.45	136	21.99
*Fish (Lbs.)	3	.38	6	.88	2	.30		.20	4	.54	3	.26
Poultry (Lbs.)	85	14.07	67	12.01	82	12.18		14.34	90	14.92	99	16.59
Other Meat (Lbs.)	184	32.93	104	19.80	176	27.22	220	39.62	169	32.15	207	42.90
Lard-Bacon-Butter		10.02		7.65		8.77		9.66		10.35		12.57
*Fuel (Loads)	4½	17.74	6	14.42	5	17.84	5	13.00	4½	19.86	6	19.94
*Honey		.37		.23		.27		.17		.43		.62
*Sorghum		.11		.07		.15		.08		.10		.09
*Flour (Lbs.)	182	7.14	71	2.97	158	6.17	232	7.85	165	5.97	246	10.69
*Cereals (Lbs.)	15	1.27	5	.59	12	.87	2½	.33	19	2.91	27	1.30
*Nuts		.05		.12				.06		.04		.04
Vegetables & Fruits:												
Fresh		10.58		7.94		9.55		8.38		11.77		13.32
Stored		6.05		5.93		4.78		4.87		5.85		8.56
Canned		9.86		6.99		6.93		11.01		10.27		13.92
Dried		.28		.18		.21		.34		.05		.56
TOTAL HOME PRODUCTS		\$197.05		\$141.52		\$176.00		\$190.77		\$194.46		\$253.46

(*Average shown is low due to small number reporting any, and this is average for all)

(*) DEFINITION OF FAMILY TYPES:

Type I: Family of 2--husband and wife.

Type II: Family of 3 or 4--husband, wife, and one or two children under 16.

Type III: Family of 3 to 6--husband, wife, and one other adult, with or without one or two children under 16, and one person 16 or over.

Type IV: Family of 5 or 6--husband, wife, and three or four children under 16, or four adults.

Type V: Family of 5 to 14--husband, wife and three or four other adults, OR husband, wife, and five or more other persons regardless of age.

This makes a larger amount of home products available to them for use, and may account for the difference of approximately \$50 in the value of the home products used by these two types of families.

The state average for 247 families amounts to \$197 as the contribution of home products to the family living for the year. This is to be commended. However, 1937 was not favorable to as large a home production program as it is possible to have. With favorable weather conditions to make possible better gardens, and increased livestock numbers it is to be hoped that home production will make a still greater contribution to the farm family living in the future than was shown in the summarization of these 1937 records.

* * * *

MONEY PAID OUT FOR FAMILY LIVING

The term 'family living' as it is used in this summary, includes both cash expended and a valuation for the home produced food and fuel used by the family. These totals do not include a valuation for shelter, or any share of the car expense.

The figures in the following table show a range from \$408 to \$610 as the family living, and a state average of \$513. Of this \$513 home products contributed nearly two-fifths of the total living, and three-fifths was money expended. The average size of family was 4.8 persons.

TABLE II. TOTAL FAMILY LIVING - 1937

I t e m s	State Average	F a m i l y T y p e				
		I	II	III	IV	V
Cash Expenditures	\$316	\$267	\$287	\$334	\$326	\$356
Home Products	197	141	176	191	194	254
TOTAL FAMILY LIVING	\$513	\$408	\$463	\$525	\$520	\$610

Table III (page 5) shows the detail of the expenditure of money by 215 families in 1937. The amounts anticipated at the beginning of the year as well as those actually spent for various phases of family living are shown in this Table.

Due partly to the unfavorable growing conditions for late gardens in 1937 and partly to the reduction of poultry and livestock products available for home use the amount provided by the farm was less than anticipated in the farm and home management plan. This probably accounts for the cash expended for food being greater than the amount anticipated. In all other phases of expenditure the average spent was within the amount anticipated.

Clothing expenditures of only \$50 per family call for supplemental sources of clothing in gifts, and the skillful remaking of garments and much care and repair.

The average expenditure for medical care was \$17.50. This allows about \$3.80 per person for a year's health cost. How much of one person's normal need in medical service, dental care, glasses, or drugs could be purchased for \$3.80? It should be added, however, that the expense for medical care was actually greater than the amount recorded. The emergency medical needs were met with special grants and were not recorded in these books as money expended.

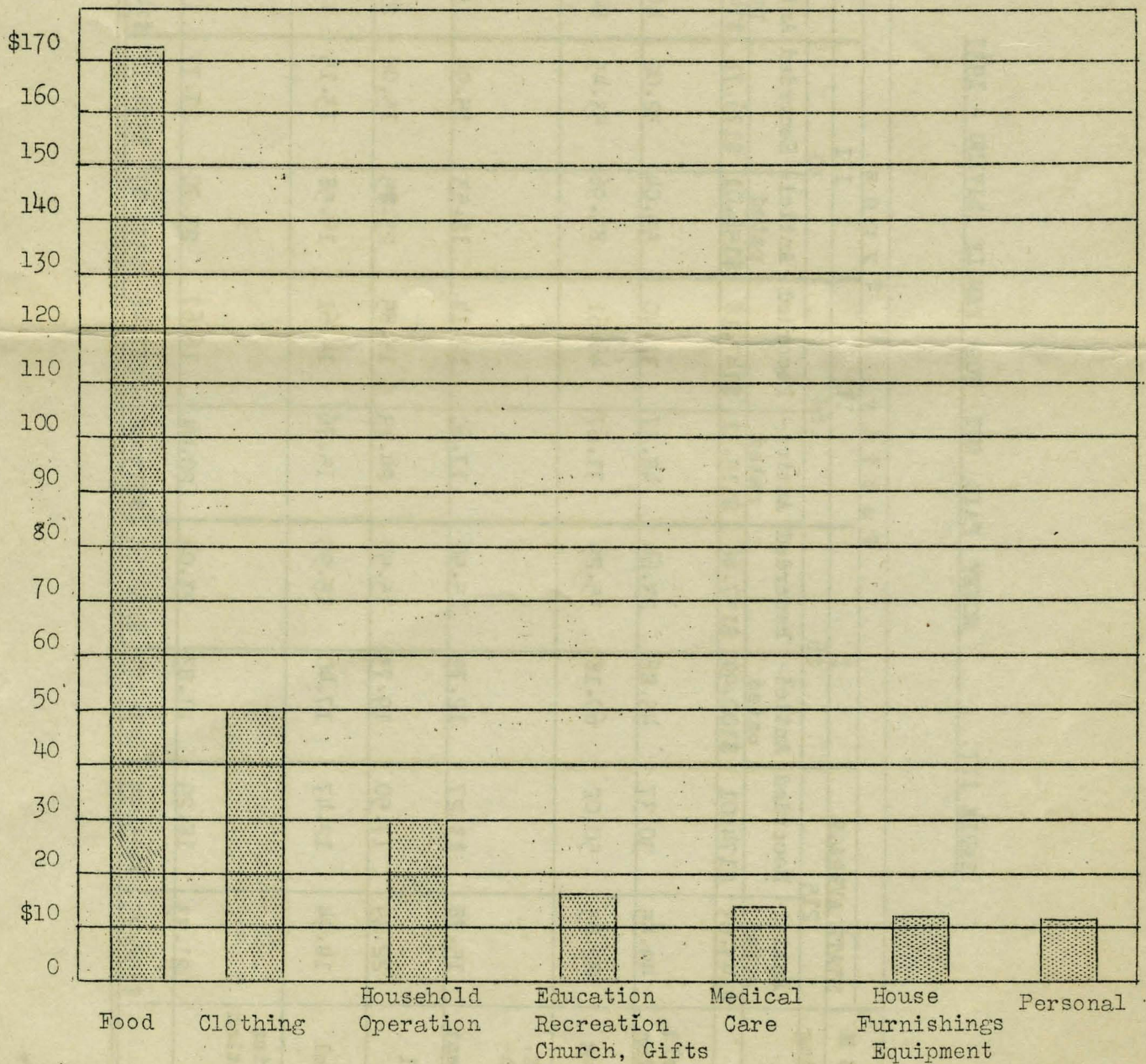
TABLE III. MONEY PAID OUT FOR FAMILY LIVING - 1937

I T E M Reporting	F a m i l y T y p e s											
	STATE AVERAGE		I		II		III		IV		V	
	215		26		68		30		44		47	
	Antici- pated	Recorded	Antici- pated	Recorded	Antici- pated	Recorded	Antici- pated	Recorded	Antici- pated	Recorded	Antici- pated	Recorded
Food	\$143.63	\$174.01	\$100.94	\$137.46	\$115.11	\$147.18	\$156.01	\$176.71	\$140.74	\$186.21	\$199.96	\$215.32
Household Operation	49.55	30.37	45.86	23.64	48.77	31.40	59.04	32.02	49.49	34.68	45.75	26.95
Clothing	82.63	50.02	60.18	35.29	71.67	46.61	83.96	53.45	84.53	50.62	106.01	59.09
Housing, Furnish- ings & Equipment	15.78	13.27	12.79	15.90	17.60	12.14	12.53	15.94	15.12	12.36	17.13	12.34
Medical Care	22.39	17.50	19.73	15.50	24.13	18.85	23.25	15.08	21.60	16.66	21.09	18.54
Personal	14.94	12.47	17.40	15.95	15.76	14.61	16.58	13.15	13.99	9.77	11.96	9.42
Education Recreation Church Gifts	21.33	18.29	21.83	23.04	20.04	16.67	23.70	27.77	17.80	15.18	24.21	14.58
TOTALS	\$350.25	\$315.93	\$278.73	\$266.68	\$313.08	\$287.46	\$375.07	\$334.12	\$343.27	\$325.48	\$425.21	\$356.24

This summary shows that the year's education, recreation, church and gift items were limited to a cash expenditure of \$18.29. With so small an amount available for these purposes advantage should be taken of all possible sources of community, educational and recreational opportunities. The public schools, the church, 4-H Clubs and the local musical organizations offer a contribution to the total family living with little or no money expended.

The accompanying diagram pictures graphically the cash expended for family living as shown in Table III. From this diagram we see the principle of the economic law that when income is small a large proportion of the total is necessary for food.

DISTRIBUTION OF \$315.93, THE AVERAGE CASH EXPENDITURE FOR 215 FAMILIES



ANALYSIS OF THE FARM BUSINESS SUMMARY

Cash Expenditures for the Farm Business - Anticipated and Actual

At the beginning of 1937 each farm operator who received a loan from the Farm Security Administration prepared an estimate of business expenditures for the year. These estimates varied widely as between areas in the state and between farms within individual areas. The differences are the natural outgrowth of factors that influence the farm business. Among them are number of acres operated, diversity and size of enterprises, intensity of effort expended on these enterprises, condition of necessary equipment, inventories of supplies on hand at the beginning of the accounting period, and the ingenuity of the operator in getting farm work done with the least amount of expense. Naturally a large farm will likely require a greater amount of expense than a small farm with a similar set-up; and a large farm with a high percentage of the acreage in cultivation will probably require a larger cash outlay than the same size farm used principally for grazing. A summary of the averages of estimates for 204 farms and the actual expenses as recorded during the year are given in Table IV. Individual operators may compare their estimates and expenditures, as shown in the account books, with these averages.

TABLE IV. SUMMARY OF ANTICIPATED AND RECORDED EXPENSES FOR THE FARM BUSINESS

I t e m s	State Average	F a m i l y T y p e s				
		I	II	III	IV	V
No. Reporting	204	26	64	29	40	45
ANTICIPATED:						
Machinery & Equipment	\$ 34.40	\$ 33.46	\$ 23.05	\$ 44.95	\$ 40.90	\$ 39.22
Livestock.....	58.97	58.12	53.06	48.88	37.61	93.35
Seed & Fertilizer....	62.65	51.63	57.90	70.22	62.76	70.79
F e e d.....	153.53	136.41	145.28	153.51	148.97	179.23
L a b o r.....	43.45	32.00	48.15	51.86	37.52	43.24
Other Items.....	226.84	176.33	237.23	273.56	197.34	237.34
R. A. Loans & Debts..	252.54	261.91	277.90	289.74	172.91	257.89
C a r.....	25.24	23.07	26.52	30.86	19.06	26.56
T O T A L.....	\$857.62	\$772.93	\$869.09	\$963.58	\$716.26	\$947.62
R E C O R D E D:						
Machinery & Equipment	\$ 71.50	\$ 56.88	\$ 66.12	\$ 76.79	\$ 67.14	\$ 82.28
Livestock.....	72.27	71.99	60.12	61.26	78.12	91.64
Seed & Fertilizer....	73.30	63.96	71.43	80.73	71.03	78.57
F e e d.....	146.65	112.83	149.10	139.49	173.88	143.11
L a b o r.....	40.34	52.25	33.41	48.01	35.57	42.63
Other Items.....	155.20	183.18	161.20	171.27	101.31	168.00
R. A. Loans & Debts..	80.69	79.10	98.63	56.16	62.44	88.12
C a r.....	39.95	47.46	35.94	37.04	31.84	50.41
T O T A L.....	\$679.90	\$677.63	\$675.95	\$670.75	\$621.33	\$744.76
SIZE OF FARM	160 A.	127 A.	145 A.	175 A.	147 A.	202 A.

When averages for 204 farms and for each family type are considered, recorded expenditures for the farm business were kept within the estimates, but expenses on individual farms varied widely from the estimates. For example: the highest estimate for a Type I family was \$1314.00; the highest expenditure was \$2243.61. The lowest estimate was \$289.50, and the lowest expenditure was \$120.63.

If averages for individual classifications are considered, it is noted that machinery and equipment, livestock, seed, and car expenses were higher than anticipated, while feed costs, wages for hired labor, and miscellaneous items were lower.

Feed and seed costs were comparatively large items of expense. Under normal crop conditions both of these could either be reduced or the number of livestock kept for a like amount of cash outlay increased.

Near failure in crops may explain why expenditures for some items were lower than anticipated. An operator whose crops fail does not need extra help for harvest. A lower feed cost than estimated may be due to reduction in livestock numbers when poor yields or failure indicated a possible shortage of home-grown feed.

FARM EXPENSES PAID AND INCOME FROM THE SALE OF FARM PRODUCTS

Line 1 of Table V gives the average amount received from the sale of farm products and line 5, the average expenditures for the farm business. During 1937, in the state as a whole, farmers receiving Farm Security loans did not have enough income from the sale of farm products to pay the expenses of the business. Type I and III families were able to meet farm expenses out of receipts from sale of farm products, but, on the average, in these two groups practically nothing was left for cash expenditures for family living, or for interest payments and reduction of loans. Type II, IV and V families were obliged to meet a part of business expenses out of other income. These comparisons do not take into account changes in inventories but inventory increases were small over most of the state.

TABLE V. SUMMARY OF MONEY RECEIVED AND PAID OUT

I t e m s	State Average	F a m i l y T y p e s				
		I	II	III	IV	V
No. Reporting	215	26	68	30	44	47
MONEY RECEIVED FROM:						
1.Sale of Farm Products	\$521.11	\$605.00	\$507.40	\$610.96	\$367.76	\$580.75
2.Farm Security Loans..	316.58	236.22	282.23	341.31	351.49	362.23
3.Other Income	267.21	240.82	272.73	184.38	267.35	326.56
4. T o t a l s	\$1104.90	\$1082.04	\$1062.36	\$1136.65	\$ 986.60	\$1269.54
MONEY PAID OUT TO:						
5.Farm business.....	\$ 598.71	\$ 603.29	\$ 590.70	\$ 606.05	\$ 543.17	\$ 655.07
6.Family Living (Cash)..	317.45	268.82	288.12	338.95	325.63	365.41
7.Debts Paid.....	127.31	138.89	125.39	91.29	90.00	181.64
8. T o t a l s	\$1043.47	\$1011.00	\$1004.21	\$1036.29	\$ 958.80	\$1202.12

Some idea of total gains and losses may be obtained from Table VI (page 9), which gives the average net income from the business when cash receipts, value of home-grown products used for the family living, and net inventory changes are combined and farm expenses subtracted. Line 1 shows the average positive income for each of the five family types and line 2 the average negative income. The number of families of each type having positive and negative net incomes from the farm business is indicated in parentheses. There were 86 farms out of 215 reporting on which the income from the sale of products, inventory increases, and value of home-grown products used by the family were not large enough to pay the expenses of the 19324fr

farm business. Among these families a part of the expense of the business and the equivalent of the total cash outlay for family living had to be met from other sources of income. Net income on many of the other farms was insufficient to meet cash expenses for family living.

In the above discussion averages of totals are used. Individual records show that some families were able to meet expenses, pay interest, and reduce debts.

TABLE VI. NET FARM INCOME
Including the Value for Farm Products Used in the Home

I t e m s	F a m i l y T y p e s				
	I	II	III	IV	V
	(19)	(39)	(16)	(23)	(32)
1. 'Plus' Net Farm Income	\$401.61	\$412.46	\$620.54	\$310.88	\$586.27
	(7)	(29)	(14)	(21)	(15)
2. 'Minus' Net Farm Income	\$221.78	\$295.68	\$198.37	\$215.66	\$291.66

The accounts analyzed here show very unsatisfactory farm incomes for 1937. Low crop yields and complete crop failures cut net returns to levels which are very likely the record low for some areas in the state. Under these conditions expenses for the farm business and for family living were probably kept as low as possible. Incomes will improve with the return of more favorable weather conditions but records kept this year indicate that average returns from the sale of farm products must exceed \$916.16, which is the average amount paid out for the farm business and for family living, if interest and debts are to be paid. Adjustments in the size of the farm business should be made with these figures in mind.

* * * * *

A COMPARISON OF TWO STUDIES MADE IN NEBRASKA OF 1937 RECORDS

A tabulation and summarization have been made for two studies made in Nebraska of farm family living in the year 1937. One summary used 232 books kept by families cooperating with the Agricultural Extension Service in the Home Accounts Project, which is reported in Extension Circular 11-116. The other is this analysis and summary of 249 books kept by families who were borrowers of the Farm Security Administration, reported in this circular.

The Home Account Book issued by the Nebraska Agricultural Extension Service was used for the first study. The Farm Family Record Book of the Federal Farm Security Administration was the book used for the second study.

In order to make these two studies comparable the following information must be kept in mind:

Cash expenditures for the family living in the Extension Service Home Account Project records include the home share of car expense, which is one-fourth, 19324fr

one third or usually one-half, according to the division of all car expense as specified by the family. Cash expenditures for the family living in the Farm Security records do not include any expenditure for the car as all car expense is included in the Farm Business.

The term 'total living value' as used in the Extension Service Home Account Project summary includes cash expended for family living, plus a value for farm products of food and fuel used in the home, and also a computed figure for shelter.

The total living value as shown in the Extension Service study was \$1104. To secure a family living total in the Farm Security study which is comparable to the total living value of the Extension Service study, a valuation for shelter and a share of the car expense must be added to \$513, the figure shown in Table II (page 4) as total family living. The following table has been made up with these adjustments.

TABLE VII. TOTAL LIVING VALUE COMPARISONS

I t e m	FARM SECURITY STUDY	EXTENSION SERVICE STUDY
C a s h	\$316	\$681
Home Share of the Car.....	20	61
Home Products Used (Food & Fuel)...	197	222
*Shelter.....	140	140
Total Family Living Value..	\$673	\$1104

(*Approximately 9% of \$1555, Average House Valuation)

* * * * *

The habit of record keeping can grow to be of practical use to the family. Each year of this experience makes record keeping easier, more interesting and more valuable. Records written down are of little value unless studied. Figures cannot be studied unless they are put together accurately and in an orderly manner. Correct totals give useful facts. This service of summarizing books has been given so that the figures may be studied and used as a measuring stick or guide.

Account keeping should contribute to wholesome family living, build happy attitudes and assist in accomplishing the short and long time goals set by the family.

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