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ANALYSIS

of

THE SUMMARIZATION OF FARM FAMILY RECORD BOOKS

of

NEBRASKA FARM SECURITY BORROWERS

for

1938

File Copy

375 F.S.A. records

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 SUMMARY AND ANALYSIS OF 385 FARM FAMILY RECORD BOOKS

1938 marks the third consecutive year that Farm Security borrowers have been keeping records. Each year the Extension Service has made a summary and an analysis of a small sampling of these record books. This analysis serves to check progress that the families have made in carrying out the Farm and Home Plans which they developed at the beginning of the year. It also, throws some light on the spending habits of these farm families. This year approximately 6,000 farm families who are borrowers of the Farm Security Administration kept record books. From this number of borrowers, 765 submitted record books to the state office of which 385 were used in compiling this summary. The same books are represented in the tabulations of the farm analysis as in the home phase of the summary.

At the time rehabilitation loans were made to these farm families, they agreed to keep records as prescribed by the Farm Security Administration. The record book used is designed especially for families who develop Farm and Home Management Plans each year. 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 completed their record books will have the benefit of a year's record to use in future planning.

In making loans to these families, it is recognized that the farm and the home must be considered as a unit. Neither can go forward without the other. For this reason, Farm and Home Management Plans are developed jointly and a joint record is kept. The Plans are designed to assure the best possible use of the family's labor, farm income, and their management ability. 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. With the experience that the families have had in keeping records the past three years, they are now better equipped to anticipate their minimum requirements. These are designated as "anticipated", while the "recorded" sections show what was actually used by the family.

The term "state average" used herein refers to the 385 books studied in this analysis.

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Table I. SUMMARY OF ALL PRODUCTS HOME PRODUCED AND USED BY THE FAMILY

	(*) Family Types											
No. in Type	371		27		112		86		70		76	
Items	State Average		I		II		III		IV		V	
	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value	Amt.	Value
Milk (Qts)	866	$ 47.13	538	$29.65	708	$39.07	923	$49.28	891	$50.67	1129	$59.55
Cream (Pts)	206	24.13	134	17.22	178	21.67	216	25.54	237	25.53	231	27.32
Eggs (Doz)	121	18.66	92	14.36	104	16.32	149	22.40	114	17.95	145	20.06
*Fish (Lbs)		.37		.23		.34		.56		.45		.17
Poultry (Head)	56	22.01	52	20.00	48	18.74	55	22.64	55	20.86	74	27.90
Other Meat (Live Wt)	526	34.40	357	27.25	135	31.64	773	37.34	472	35.77	492	36.41
Lard-Bacon (Lbs)	38		51		39		35		48		28	
Butter (Lbs)	77	19.30	67	17.15	51	12.58	92	23.71	77	19.64	99	24.66
*Fuel (Loads)	9	21.85	7	19.94	9	22.45	11	26.68	9	22.41	7	15.68
*Honey		.14		.25		.18		.11		.11		.12
*Sorghum		.13				.08		.19		.14		.21
*Flour (Lbs)	183	3.95	157	3.15	102	2.55	124	4.23	348	4.72	224	5.25
*Cereals (Lbs)	6	.35	4	.19	5	.30	6	.37	11	.58	3	.22
*Nuts		.06				.08				.04		.13
Miscellaneous		.16		.35		.13		.23		.11		.12
Vegetables & Fruits:												
Fresh		10.29		7.25		8.23		12.13		11.08		11.60
Stored		7.54		7.52		5.92		7.53		7.38		10.07
Canned		12.13		9.81		10.93		12.30		13.51		13.27
Dried		.10		.19		.12		.06		.12		.04
TOTAL VALUE		$222.70		$174.51		$191.33		$245.30		$231.08		$252.77

(*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.

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The fuel figure represents wood principally. It shows a marked increase in both quantity and value when compared with 1937 averages. This increase may have been due to better records, a greater appreciation of the contribution of home-produced fuel to family living, and the availability of wood thru the loss of trees in drouth.

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.

As in 1937, the records showed valuations of fruits and vegetables produced on the farm but neither quantities nor kinds were reported. This makes it impossible to get any indication as to how far the home-produced fruits and vegetables went to meeting nutritional standards for the family. The valuation shows that the orchard and garden provided 18% of the home food production program in 1938.

From Table I, the total average amount of home products was $222.70, of which $21.85 was fuel and $201.85 was food. All of these home products are important contributions to the farm family food supply, but in addition some must be purchased.

How nearly did the sale of dairy products, eggs and poultry equal the amount needed in cash for the purchase of food? Table II, shown below, would indicate that this was not fully accomplished in 1938. However, for many individual families the income from sale of dairy and poultry products was greater than cash expended for food. If the income from sale of dairy and poultry products could be made large enough to cover all family living costs, money from "Other Sources" and profits from farm operations could be used for the retirement of debt.

TABLE II
INCOME FROM DAIRY AND POULTRY
vs
CASH EXPENDITURE FOR FOOD

Items	State Average	FAMILY TYPES				
		I	II	III	IV	V
Dairy Income	$ 83	$74	$82	$93	$95	$62
Eggs Income	31	100	29	28	31	16
Poultry Income	22	40	26	19	17	17
TOTAL INCOME	$136	$214	$137	$140	$143	$95
Cash spent for food	$146	$105	$120	$150	$151	$186

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 farm-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 cash expenditure average of $274 was made up from the 385 books summarized, individual family expenditures ranging from a low of $92 to a high of $608. The range in value for home products used was $25 to $473, with an average of $223.

Comparison may be made of the two years, 1937 and 1938, in the Tables below. It is interesting to observe that with the exception of Type IV, there was a decrease in total family living. Home products show a general increase and cash expenditures a decrease.

There are two possible reasons for this change in total family living. The index figure of prices received by farmers for all products dropped from 121 in 1937 to 95 in 1938. When prices of farm products are low, there is always a tendency for families to consume their food products rather than to sell them at a low price. The 1938 record of farm products used in the home shows a marked increase over the amount used in 1937.

The second reason for the change in total family living possibly was a decrease in cash expenditure due to increased use of home products and a small decrease in retail prices of merchandise purchased.

TABLE III. TOTAL FAMILY LIVING - 1937

Items	State Average	Family Types				
		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 IV. TOTAL FAMILY LIVING - 1938

Items	State Average	Family Types				
		I	II	III	IV	V
Cash Expenditures	$274	$201	$237	$269	$289	$341
Home Products	223	175	191	245	231	253
TOTAL FAMILY LIVING	$297	$376	$428	$514	$520	$594

The diagram below pictures graphically the division of $497, the 1938 average family living. The food column stands highest as is always true when total value of family living is low. If the proportion home produced can be increased, cash otherwise spent for food can be released to other family needs.

The striped section of the food column represents a value of $201 for home-produced food used in 1938, and the striped section of the household operation column represents a $22 value for home-produced fuel.

The columns in the graph have been arranged in the declining order of their value, the order of which did not change from the 1937 record.

The $18 shown for Education does not represent all educational and recreational opportunites which the family has enjoyed. The public schools, churches, 4-H clubs and the local musical organizations offer a contribution to the total family living with little or no money expended.

The column headed "Personal" includes amounts spent for items such as care of the hair, cosmetics, and all tobaccos.

DISTRIBUTION OF $497, THE AVERAGE TOTAL LIVING VALUE

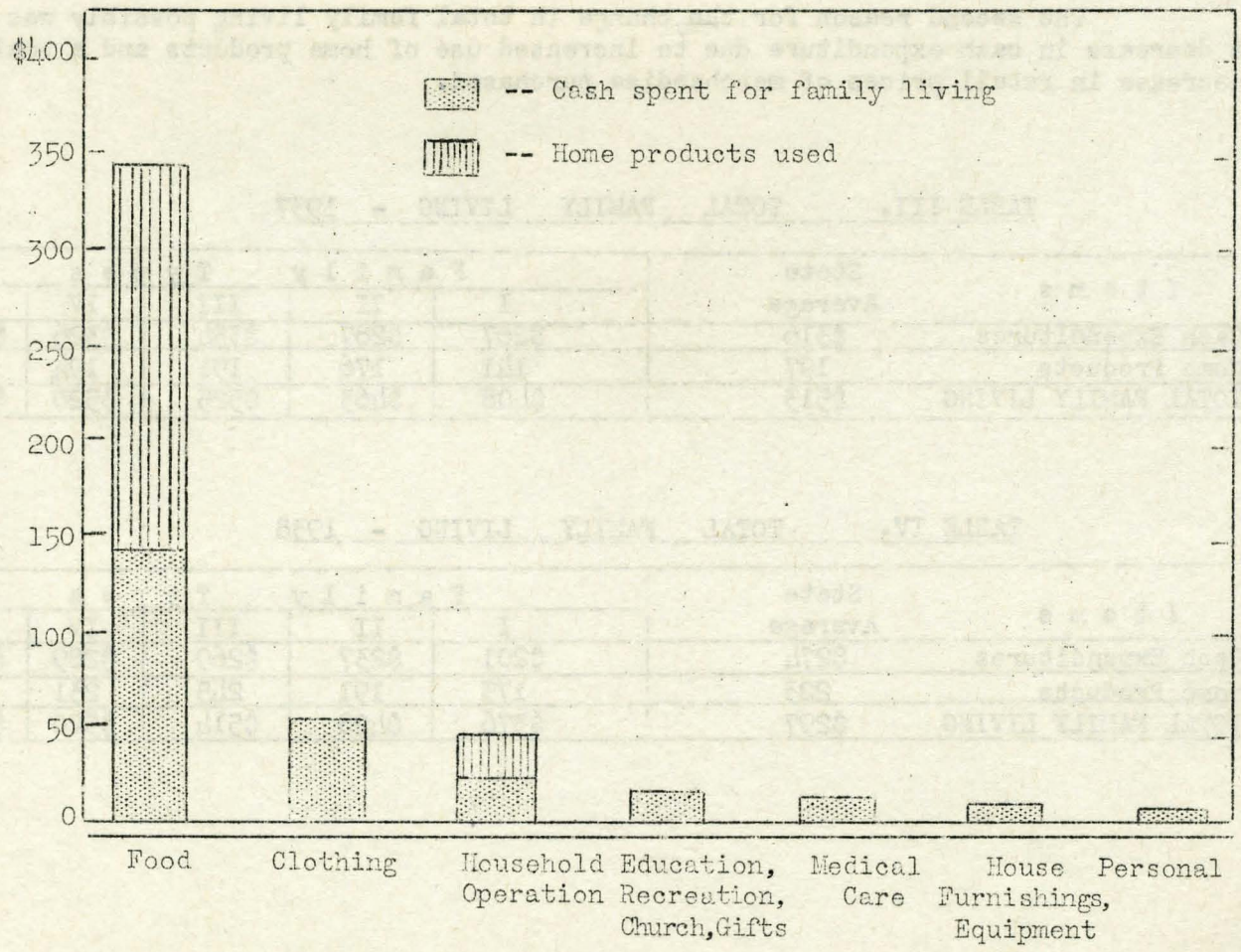

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TABLE V. MONEY PAID OUT FOR FAMILY LIVING - 1938

ITEM	Family Types											
	STATE AVERAGE		I		II		III		IV		V	
Reporting	353	369	26	26	107	111	77	86	68	70	75	76
	Anticipated	Recorded	Anticipated	Recorded	Anticipated	Recorded	Anticipated	Recorded	Anticipated	Recorded	Anticipated	Recorded
Food	$139.68	$146.01	$82.60	$104.96	$114.59	$120.45	$136.94	$149.69	$150.82	$151.33	$187.98	$186.38
Household Operation	41.10	22.85	30.68	23.26	38.48	20.49	40.45	20.22	42.64	25.00	47.75	26.85
Clothing	78.48	51.33	42.53	30.98	64.64	44.04	75.63	48.86	87.96	57.96	105.00	64.96
Housing, Furnishings & Equipment	12.16	11.57	8.58	6.92	11.06	12.66	10.26	9.25	15.43	13.13	13.96	12.58
Medical Care	25.96	15.32	21.19	9.37	23.07	11.66	26.10	15.66	27.18	17.69	30.49	19.95
Personal	14.30	9.11	12.95	9.52	14.41	9.47	14.28	8.01	13.91	9.00	14.97	9.66
Education Recreation Church Gifts	24.16	17.79	14.10	15.67	21.60	17.76	25.56	17.33	25.72	15.35	28.45	21.10
TOTALS	$335.84	$273.98	$212.63	$200.68	$287.85	$236.53	$329.22	$269.02	$363.66	$289.46	$428.60	$341.48

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The 1938 average cash expenditures were 55 per cent of the total family living and home products were 45 per cent, as compared with the 1937 average cash expenditure of 60 per cent and home products 40 per cent. This makes evident a gratifying improvement as a result of the home production program.

Examining the figures in Table V, it is noted that the Anticipated cash expenditures for food were below the amount actually spent, but in the case of all other types of expenditure, the actual cash expenditures were much lower than the amount anticipated as needed. In a few cases, food commondities were made available to these families. Thus, the figure for food, cash plus home products, is not the full valuation.

Clothing expenditures of only $50 per family call for supplemental sources of clothing in gifts, and skillful remaking of garments and much care and repair. Families reporting in this study received clothing commodities and, perhaps gifts of clothing, for which no valuation was shown in the above $50 expenditure for clothing, which means that this amount does not fully represent the year's valuation for clothing for these families.

The average expenditure for medical care was $15.32. It should be added, however, that the expense for medical care was actually greater than the amount recorded here. The emergency medical needs are met with special grants and are not recorded in these books as money expended.

* * * * * * *

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ANALYSIS OF THE FARM BUSINESS SUMMARY

Table VI shows the distribution, according to county and size of farm, of the 385 farms of the Farm Security borrowers on which the farm records used in this summary were kept.

Averages for a county in which fewer than 10 records were kept have little meaning. Since only two size-groups, "170 and under" and "171 to 250" acres, had sufficient number to justify detailed analysis, all other classes are omitted from detailed consideration of this section of this report.

TABLE VI. NUMBER OF FARM SECURITY BORROWERS BY COUNTIES AND SIZE OF FARM FOR THE YEAR 1938-1939

County	170 and under	171-250 acres	251-330 acres	331-410 acres	Over 410 acres
Boone	48	12	3	0	2
Polk	33	6	2	-	-
Butler	37	12	1	-	-
Platte	40	6	1	-	-
Madison	23	3	4	1	-
Burt	17	1	-	-	-
Nance	38	14	6	3	-
Merrick	25	2	4	1	-
Stanton	7	2	-	-	-
Thurston	14	1	1	1	-
Colfax	10	1	-	-	-
Cuming	3	-	-	-	-
TOTAL	295	60	22	6	2

The Financial Statement of Rehabilitation Loan Farms given in Table VII makes possible a comparison of assets and liabilities at the beginning and the end of the year for the two size-groups, below 170 acres and 171 to 250 acres. Without exception the average value of the assets of the farms of 170 and less acres increased in value during the year. Liabilities also increased for each county except Cuming County. Boone, Butler, and Nance counties each had 12 or more reports on farms of 171 to 250 acres. These farms showed about the same situation as existed for the smaller farms with assets and liabilities increasing during the year. As noted above, averages of less than 10 records are of doubtful significance.

TABLE VII. FINANCIAL STATEMENT OF REHABILITATION LOAN FARMS, 1938-39

Size of Unit	County	Number of farms	Total Assets		Total Liabilities	
			Beginning of year	End of year	Beginning of year	End of year
BELOW 170 ACRES						
	Polk	33	$1,199.79	$1,622.28	$1,228.38	$1,583.10
	Burt	16	1,237.50	1,753.89	1,013.46	1,150.35
	Madison	22	1,599.23	2,026.16	1,564.48	1,856.68
	Nance	39	1,129.75	1,517.75	1,436.87	1,973.65
	Thurston	14	1,056.92	1,491.40	983.17	1,370.42
	Colfax	10	1,918.84	3,089.91	1,702.41	2,612.36
	Cuming	3	1,244.52	1,609.33	959.15	949.45
	Merrick	25	1,410.07	1,680.28	1,110.87	1,341.10
	Stanton	6	1,249.53	1,737.81	1,163.87	1,389.37
	Boone	47	1,214.08	1,749.25	1,658.41	1,976.10
	Platte	40	1,697.54	1,850.53	1,455.83	1,531.50
	Butler	36	1,391.77	1,851.55	1,125.94	1,309.57
171 TO 250 ACRES						
	Polk	6	1,369.73	1,871.17	1,238.29	1,740.93
	Burt	1	1,379.32	2,010.00	1,078.05	1,856.57
	Madison	3	1,373.00	2,041.67	2,010.28	2,389.51
	Nance	13	1,131.50	1,591.73	1,628.85	2,098.44
	Thurston	1	1,416.00	1,700.00	940.25	871.52
	Colfax	1	1,678.00	2,054.00	1,747.05	1,671.32
	Cuming	None				
	Merrick	2	1,684.61	2,250.16	1,281.95	1,702.03
	Stanton	2	1,349.89	2,185.42	1,358.90	1,311.91
	Boone	12	1,624.79	2,518.89	2,433.93	3,085.30
	Platte	6	1,571.08	2,040.03	1,492.87	1,800.20
	Butler	12	1,777.11	2,245.27	1,405.75	1,428.83

Net worths at the beginning and end of the year are shown in Table VIII. The figures in Column 3 show the remainders after the liabilities at the beginning of the year are subtracted from the assets at the beginning of the year. Column 4 shows the corresponding values for the end of the year. In cases where liabilities exceed the assets the remainders are preceded by a minus (-) sign. The absence of this sign indicates that assets exceeded liabilities by the amount given in columns 3 or 4.

Whenever the amount of the minus net worth decreases during the year the client has improved his position as a debtor even though his liabilities exceed his assets at the end of the year. In cases where minus signs are not found, a larger net worth at the end of the year also shows improvement in the financial status of the clients of the county.

TABLE VIII. NET WORTH OF FARM SECURITY LOAN FARMS FOR 1938-39

Column 1	Col. 2	Col. 3	Col. 4	Col. 5
County	Number of Farms	Net Worth Beginning of Year	New Worth End of Year	Gain throughout the Year
UNDER 170 ACRES				
Polk	33	-28.59	39.18	67.77
Burt	16	224.04	603.54	379.50
Madison	22	-34.75	169.48	204.23
Nance	39	-307.12	-455.90	-148.78
Thurston	14	73.75	120.98	47.23
Colfax	10	216.43	477.55	261.12
Cuming	3	285.37	659.88	374.51
Merrick	25	299.20	339.18	39.98
Stanton	6	85.66	348.44	262.78
Boone	47	-444.33	-226.85	217.48
Platte	40	241.71	319.03	77.32
Butler	36	265.83	541.98	276.15
170 TO 250 ACRES				
Polk	6	131.44	130.24	-1.20
Burt	1	301.27	153.43	-147.84
Madison	3	-637.28	-347.84	289.44
Nance	13	-497.35	-506.71	-9.36
Thurston	1	475.75	828.48	352.73
Colfax	1	-69.05	382.68	451.73
Cuming	None			
Merrick	2	402.66	548.13	145.47
Stanton	2	-9.01	873.51	882.52
Boone	12	-809.14	-566.41	242.73
Platte	6	78.21	239.83	161.62
Butler	12	371.36	816.44	445.08

The amount of such gain or loss is shown in column 5. Nance county farms of the group below 170 acres were the only ones to show a decrease in net worth. Of the 3 counties having 12 or more records in the 171 to 250-acre size-group, Nance county showed a loss for the year. Butler County showed greater net worth at the end of the year than at the beginning. Boone County averages showed liabilities in excess of assets at the beginning of the year and again at the end of the year, although the deficits at the end of the year had been reduced by $242.73.

TABLE IX. LIVESTOCK ON FARMS OF NEBRASKA FARM SECURITY BORROWERS, 1938-39

Size of Unit	County	Number of farms	Value		Pct. Value of Total Assets	
			Beginning of Year	End of year	Beginning of Year	End of Year
UNDER 170 ACRES						
	Polk	33	529.49	820.65	44	51
	Burt	16	571.57	912.31	46	52
	Madison	22	500.27	874.58	31	43
	Nance	39	576.73	892.09	51	59
	Thurston	14	437.50	776.09	41	52
	Colfax	10	636.10	776.58	33	25
	Cuming	3	655.92	818.33	53	51
	Merrick	25	633.96	889.74	45	53
	Stanton	6	579.73	963.83	46	55
	Boone	47	473.32	774.04	39	44
	Platte	40	584.08	914.16	34	49
	Butler	36	611.19	882.17	44	48
170 TO 250 ACRES						
	Polk	6	484.50	683.17	35	36
	Burt	1	315.00	650.00	23	32
	Madison	3	675.00	1,066.67	49	52
	Nance	13	662.50	1,015.19	59	64
	Thurston	1	355.00	625.00	25	37
	Colfax	1	476.00	750.00	28	37
	Cuming	None				
	Merrick	2	1,003.50	1,487.00	60	66
	Stanton	2	442.50	807.25	33	37
	Boone	12	557.71	955.73	34	38
	Platte	6	744.13	860.42	47	42
	Butler	12	676.87	957.79	38	43

Livestock made up the greater part of the assets on farms of below 170 acres at the beginning of the year, and also at the end of the year, according to Table IX. Very little difference is indicated in actual value of livestock for the two size-groups of farms. It appears that there is a tendency for all Farm Security borrowers to reduce their livestock to about the same minimum value regardless of the acres operated. Livestock increased in relation to other assets during the year as shown by the percentage of the assets represented by livestock. Where livestock can be handled efficiently this class of assets should continue to be increased.

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TABLE X. FARM SECURITY ADMINISTRATION LOANS TO REHABILITATION FARMERS

Size of Unit	County	Number of farms	F. S. A. Loans End of year	F. S. A. Loans Beginning of year
BELOW 170 ACRES				
	Polk	33	$1,072.89	$1,393.44
	Burt	16	766.92	1,013.08
	Madison	22	848.78	1,193.97
	Nance	39	930.48	1,586.94
	Thurston	14	789.33	1,222.31
	Colfax	10	683.08	1,484.68
	Cuming	3	907.15	885.19
	Merrick	25	944.65	1,172.93
	Stanton	6	843.22	1,081.90
	Boone	47	943.84	1,388.17
	Platte	40	609.54	1,050.36
	Butler	36	731.22	1,047.71
170 TO 250				
	Polk	6	1,016.96	1,578.09
	Burt	1	823.50	1,557.21
	Madison	3	1,229.61	1,709.98
	Nance	13	873.85	1,691.73
	Thurston	1	920.25	561.38
	Colfax	1	384.80	323.32
	Cuming	None		
	Merrick	2	1,098.78	1,480.58
	Stanton	2	964.50	623.41
	Boone	12	1,219.32	1,977.29
	Platte	6	993.50	1,465.97
	Butler	12	1,048.45	1,408.62

One class of liabilities that is of great importance for this group of farms is the loans made by the Farm Security Administration shown in Table X. Heavy increases in these loans on farms below 170 acres are shown for all of the counties except Cuming. Thurston, Colfax, and Stanton counties show decreases for the 171 to 250-acre farms. Many of these county averages show rather heavy increases, some of which are not offset by corresponding increases in assets. When assets fail to increase to correspond to increases in liabilities the borrowers must have used some of the loans for non-productive purposes.

Assets and liabilities do not complete the picture without information on receipts and expenditures, shown in Tables XI and XII.

Table XI shows the total amount of money received by Farm Security borrowers regardless of whether from loans or sales of livestock and crops, or from other sources. Loans proved the greatest source of money, ranging from 35.57% to 44.81% of the total income. Livestock and other sources each accounted for approximately one-fourth of the income of these borrowers, and crops brought from 3.17% to 10.35% of the income. Such conditions reflect the unfavorable weather and low crop yields.

TABLE XI. SOURCES OF MONEY RECEIVED BY NEBRASKA FARM SECURITY CLIENTS, 1938-39

Size of farms	Number of farms	Average receipts				
		Livestock	Crops	Farm security loans	Other sources	Total
170 & Under	295	$232.40 25.59%	$53.49 5.89%	$378.05 41.63%	$244.21 26.89%	$908.15 100.00%
171-250	60	$250.23 24.54%	$70.70 6.93%	$440.57 43.22%	$257.98 25.31%	$1,019.48 100.00%
251-330	22	$360.92 28.71%	$130.06 10.35%	$447.17 35.57%	$319.07 25.37%	$1,257.22 100.00%
331-410	6	$447.07 27.59%	$64.22 3.96%	$685.04 42.27%	$424.12 26.18%	$1,620.45 100.00%
Over 410	2	$442.05 28.05%	$48.45 3.17%	$685.01 44.81%	$353.03 23.10%	$1,528.53 100.00%

Column 3 of Table XII shows total expense, not including payments on debts. Column 4 shows the difference between total receipts in Column 2 and total expense in Column 3. Column 5 shows the amount paid on debts, and Column 6 the amount remaining after average debt payments in Column 5* were subtracted from receipts in Column 4. The last figure may be said to be the net income for the borrowers. It is what the average family has earned during the year. This value does not take account of payments of rent or interest on investment. Larger size farms show up as an advantage in this Table. A finer breakdown of the group of farms below 170 acres would have shown this advantage to still greater extent.

*Column 5 includes reductions in principal ~~price of~~ on debts due to debt scale-down, as well as cash payments of principal and interest.