



**Financial Characteristics
of Corn Belt Farmers**
by Economic Class

Dorwin Williams
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University of Missouri-Columbia
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Financial Characteristics

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Introduction

Significant changes have been occurring in the financial structure and organization of farming. Individual farmers are handling larger operations by using technological advances from many sources. To more fully utilize the new productive technologies available, farmers have increased their capital investments and farm debt. The larger investments and debts require more attention to the financial aspects of farming. Information on farmers' assets, debts, and related farm financial items is of interest to many individuals and groups desiring to keep informed on the changing agricultural picture.

U.S. agriculture is not a homogeneous industry, but is composed of many sectors. For example, farmers may be divided into several groups according to size of operations, type of products produced, geographic region, age of operator, tenure status, and other differences. A better insight is gained when farming as a whole is broken down into more similar groups. However, all farming sectors can not be covered adequately in a single study, so the scope must be restricted. This study was limited to seven economic classes (sizes) of operations in the Corn Belt region (Ohio, Indiana, Illinois, Iowa, and Missouri). This region, while only one of the 10 major farm production regions of the U.S., accounts for a large proportion of the total agricultural resources of the nation (Table 1).

^{1/} Agricultural Economist, Farm Production Economics Division, Economic Research Service, USDA, stationed at the University of Missouri. Appreciation is expressed to Allen G. Smith, Agricultural Economist, FPED and other FPED and Missouri Station staff for cooperation and assistance in the study.

Table 1. Selected farm financial and related items for the farming sector of the Corn Belt region as a percentage of totals for the U.S. farming sector, 1970.^{1/}

Item	Corn Belt as a percentage of U.S. total Percent
1. Farm production asset value	23.5
2. Farm real estate value	23.2
3. Total asset value	23.3
4. Total real estate debt	19.9
5. Total debt	21.1
6. Proprietors' equities	23.9
7. Cash receipts from farm marketings	22.7
8. Government farm payments	22.4
9. Number of commercial farms	25.4
10. Acreage in commercial farms	12.6

^{1/} The Corn Belt region includes Ohio, Indiana, Illinois, Iowa, and Missouri; the U.S. total was for the 48 contiguous states which are classified into 10 major farm production regions. Items 1 through 6 were for 1970; items 7 and 8 for 1969, and items 9 and 10 were for 1968. Items 1 through 8 were computed from data in The Balance Sheet of the Farming Sector, 1970, pages 21-24. Items 9 and 10 were computed from data in Economic Tables, pages 40-41; both of these sources were published by the Economic Research Service, U.S. Department of Agriculture, January 1971.

Table 2. Distribution of sample farms, by tenure group and economic class of farm, Corn Belt region, 1967^{1/}

Economic (sales) class of farm ^{2/}	Tenure groups			Total
	Full owners	Part owners ^{3/}	Full tenants	
	Number of operators			
1. Under \$ 2,500	90	11	5	106
2. \$ 2,500 - 4,999	54	9	4	67
3. 5,000 - 9,999	41	19	11	71
4. 10,000 - 19,999	100	83	61	244
5. 20,000 - 39,999	53	110	67	230
6. 40,000 - 99,999	25	70	43	138
7. \$100,000 & over	7	11	6	24
All classes	370	313	197	880

^{1/} From the 1966 ERS Pesticide and General Farm Survey taken in the spring of 1967. The Corn Belt region includes Ohio, Indiana, Illinois, Iowa, and Missouri. Farms in the lowest economic classes were sampled at a lower rate than those in the four highest classes. Therefore, the sample data were weighted on the basis of the number of 1964 census farms in each class in the Corn Belt when computing overall averages for all classes.

^{2/} Based on total gross sales of farm products in 1966.

^{3/} Those who owned part of the land they operated and rented the rest from others.

Source of Data

Data for the study were obtained from a national farm survey in 1967 by the Economic Research Service, U.S. Department of Agriculture. The farm production and income data were for 1966, and the financial data relating to the farmers' assets and debts were as of the spring of 1967 when the survey was taken. For this study there were 880 farmer records available from the Corn Belt region (Table 2). For analysis, they were divided into seven sizes or economic classes, based on gross sales of farm products in 1966, ranging from farms with sales of less than \$2,500 (class 1) up to those with \$100,000 and over (class 7). Since the three smallest size farms were sampled at a lower rate than were the four larger size farms, the sample data were weighted according to the number of 1964 census Corn Belt farms in each class for estimating overall averages for all classes.

Assets of the Farmers

To get a better insight into farm financial structure, the farmers' assets were broken down. These and related financial data are shown in Tables 3 and 4, and discussed in the following sections.

Physical Farm Assets

Physical farm assets owned, including farm real estate, motor vehicles, machinery and equipment, livestock, supplies, and stored crops, had an average value of \$50,795 for all farmers in the sample (this amount excludes the value of assets rented from others — mainly land). This was approximately 90 percent of their total assets. Farm real estate accounted for almost 65 percent of all farm assets owned by the operators. Livestock was the second largest item owned accounting for 9.3 percent, machinery and equipment was next with 9.1 percent, followed by stored crops, and motor vehicles (3.4 percent each).

By economic class, the average value of physical farm assets owned ranged from \$24,043 for the lowest sales class up to \$210,097 for farmers in the highest class. In general, farm real estate accounted for a lower percentage of total assets owned while livestock, and machinery and equipment accounted for a higher percentage for the larger operations. This may be explained by larger farmers renting, rather than owning, a higher percentage of the farmland they operated (Table 5). Between 1964 and 1966 the farmers had increased their average acreage owned by approximately 12 percent (Table 6).

Financial and Nonfarm Assets

Financial assets (including cash on hand and in banks, stocks and bonds, and money owed to the farmer) averaged \$3,213 per farmer which was 5.7 percent of total assets owned. Among the various classes of farmers this ranged from \$2,134 for those in class 3, up to \$7,733 for those in class 6. The amounts of financial assets owned were usually greater for the larger farm operators than for the smaller ones.

The amounts of nonfarm property (all nonfarm assets except financial) owned by the farm operators varied widely among individuals with a majority owning little or none and a few with sizeable amounts. Overall, nonfarm property owned by the farmers averaged \$2,137, representing a rather small percentage (3.8 percent) of their total assets. Most had practically all of their resources invested in their farming operations.

Table 3. Assets, debts, and other financial items of farmers by economic class of farm, Corn Belt Region, 1967^{1/}

Item	Economic Class by Gross Sales							All classes ^{2/}
	1	2	3	4	5	6	7	
	Less than \$2,500	\$2,500 to \$4,999	\$5,000 to \$9,999	\$10,000 to \$19,999	\$20,000 to \$39,999	\$40,000 to \$99,999	\$100,000 and over	
	Dollars (Average per farm operator)							
OWNED ASSETS								
Land & buildings	20,496	29,119	34,384	47,138	50,952	77,819	122,709	36,316
Motor vehicles	1,016	1,234	1,545	2,380	3,233	5,085	5,623	1,889
Mach. & equip.	964	1,901	3,757	7,251	12,502	17,674	23,250	5,129
Livestock	1,339	2,328	4,490	6,783	9,873	20,213	40,176	5,217
Supplies	97	116	274	421	756	1,265	3,005	345
Stored crops	131	558	1,161	2,260	5,109	9,324	15,334	1,899
Tot. phy. assets	24,043	35,256	45,611	66,233	82,425	131,380	210,097	50,795
Money owed to oper.	719	523	63	436	370	701	1,958	482
Stocks and bonds	371	1,192	527	1,669	1,246	3,226	3,152	1,018
Cash on hand and in banks	1,259	1,284	1,544	1,974	2,388	3,806	2,548	1,713
Tot. fin. assets	2,349	2,999	2,134	4,079	4,004	7,733	7,658	3,213
Tot. physical & financial assets	26,392	38,255	47,745	70,312	86,429	139,113	217,755	54,008
Nonfarm property	915	5,657	2,953	692	610	1,161	83	1,845
Other property	193	22	28	735	270	935	458	292
Total nonfarm prop.	1,108	5,679	2,981	1,427	880	2,096	541	2,137
TOTAL ASSETS	27,500	43,934	50,726	71,739	87,309	141,209	218,296	56,145
DEBTS								
Farm real estate	3,387	2,654	3,499	6,524	10,388	15,194	19,150	5,403
Farm non r.e.	218	249	401	1,312	3,206	7,419	9,604	1,206
Nonfarm property	189	24	240	93	50	110	0	134
Miscellaneous	294	37	729	1,009	907	1,391	11,417	669
TOTAL DEBT	4,088	2,964	4,869	8,938	14,551	24,114	40,171	7,412
NET WORTH	23,412	40,970	45,857	62,801	72,758	117,095	178,125	48,733
NET INCOME (1966)								
Farm	271	1,197	2,746	4,466	6,469	9,086	12,383	2,897
Total	4,805	5,800	5,132	6,135	7,462	10,437	13,182	5,883
RENTED REAL ESTATE (1966)								
Rented in	2,002	2,761	13,759	37,387	78,439	123,897	147,254	26,849
Rented out	1,723	2,925	428	2,691	727	4,027	367	1,817
Tot. r.e. oper.	20,775	28,955	47,715	81,834	128,664	197,689	269,596	61,348

^{1/} Based on data obtained from 880 farm operators in the 1966 ERS Pesticide and General Farm Survey taken in the spring of 1967.

^{2/} For 880 sample farms in all economic classes; weighted on the basis of the number of 1964 census farms in each class.

Total assets

The value of total assets varied among economic (sales) classes, tending to increase with size of operations (based on gross product sales). There were also considerable differences between individual farmers within the same economic (sales) class.

The total assets owned by all the farmers averaged \$56,145, ranging from \$27,500 for farmers in the lowest sales class up to \$218,296 for those in the highest class. These amounts represent only assets owned by the farmers, and exclude those rented from others. The value of land rented by the farmers from others ranged from averages of about \$2,000 for the lowest class up to \$147,000 for the highest economic class of farmers. Overall, the value of farm real estate rented by the farmers (including tenants and part-owners) amounted to about 44 percent of the total operated.

The percentage breakdown of total assets owned was as follows: physical farm assets, 90.5 percent; financial assets, 5.7 percent; nonfarm property, 3.8 percent. The distributions differed for the various economic classes, with physical farm assets usually accounting for a higher percentage for the larger operations.

Table 4. Percentage breakdowns of farmers' assets, debts, and other financial items, by economic class of farm, Corn Belt Region, 1967^{1/}

Item	Economic class by gross sales							All classes ^{2/}
	1	2	3	4	5	6	7	
	Less than \$2,500	\$2,500 to \$4,999	\$5,000 to \$9,999	\$10,000 to \$19,999	\$20,000 to \$39,999	\$40,000 to \$99,999	\$100,000 and over	
Percent (Average)								
ASSETS								
Land & buildings	74.5	66.3	67.8	65.7	58.4	55.1	56.2	64.7
Motor vehicles	3.7	2.8	3.1	3.3	3.7	3.6	2.6	3.4
Mach. & equip.	3.5	4.3	7.4	10.1	14.3	12.5	10.6	9.1
Livestock	4.9	5.3	8.8	9.4	11.3	14.3	18.4	9.3
Supplies . . . . .	.3	.3	.5	.6	.9	.9	1.4	.6
Stored crops . . . . .	.5	1.3	2.3	3.2	5.8	6.6	7.0	3.4
Tot. phy. assets	87.4	80.3	89.9	92.3	94.4	93.0	96.2	90.5
:								
Money owed to oper.	2.6	1.2	.1	.6	.4	.5	.9	.9
Stocks and bonds	1.4	2.7	1.0	2.3	1.5	2.3	1.4	1.8
Cash on hand and in banks	4.6	2.9	3.1	2.8	2.7	2.7	1.2	3.0
Tot. fin. assets	8.6	6.8	4.2	5.7	4.6	5.5	3.5	5.7
:								
Tot. physical & financial assets:	96.0	87.1	94.1	98.0	99.0	98.5	99.7	96.2
:								
Nonfarm property	3.3	12.9	5.8	1.0	.7	.8	.1	3.3
Other property . . . . .	.7	*	.1	1.0	.3	.7	.2	.5
Total nonfarm prop.	4.0	12.9	5.9	2.0	1.0	1.5	.3	3.8
:								
TOTAL ASSETS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
:								
DEBTS								
Farm real estate	82.9	89.5	71.9	73.0	71.4	63.0	47.7	72.9
Farm non r.e.	5.3	8.4	8.2	14.7	22.0	30.8	23.9	16.3
Nonfarm property	4.6	.8	4.9	1.0	.4	.5	.0	1.8
Miscellaneous	7.2	1.3	15.0	11.3	6.2	5.7	28.4	9.0
TOTAL DEBT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
:								
Net worth/total assets	85.1	93.3	90.4	87.5	83.3	82.9	81.6	86.8
Rented r.e. value as a % of total operated (1966)	9.6	9.5	28.8	45.7	61.0	62.7	54.6	43.8

* Less than .1 percent.

^{1/} Based on sample data shown in Table 3.

^{2/} For 880 sample farms in all economic classes; weighted on the basis of the number of 1964 census farms in each class.

Table 5. Acreages owned, rented, and operated, by economic class of farmers, Corn Belt region, 1966

Economic class of farm	Average per farmer				Percentage rented ^{1/}
	Owned	Rented In	Rented Out	Operated	
	Acres				Percent
1. Under \$ 2,500	78.0	9.6	12.4	75.2	12.8
2. \$ 2,500 - 4,999	128.5	12.8	9.7	131.6	9.7
3. 5,000 - 9,999	136.9	63.1	1.5	198.5	31.8
4. 10,000 - 19,999	155.7	115.8	9.4	262.1	44.2
5. 20,000 - 39,999	133.4	193.7	2.4	324.7	59.7
6. 40,000 - 99,999	180.4	284.3	10.5	454.2	62.6
7. \$100,000 & over	279.2	314.6	.5	593.3	53.0
All classes ^{2/}	123.4	77.3	8.1	192.6	40.1

^{1/} Rented acres as a percentage of total acres operated.

^{2/} For 880 farms sampled in all economic classes; weighted on the basis of number of 1964 census farms in each class in the Corn Belt.

Table 6. Changes in acreages of farmland owned by the same 880 farmers, by economic class of farm, Corn Belt, 1964-66

Economic class of farm	Average per farm operator		
	Owned in 1964	Owned in 1966	Increase 1964-66
	Acres	Acres	Percent
1. Under \$ 2,500	69.6	78.0	12.1
2. \$ 2,500 - 4,999	122.1	128.5	5.2
3. 5,000 - 9,999	121.1	136.9	13.0
4. 10,000 - 19,999	140.4	155.7	10.9
5. 20,000 - 39,999	115.3	133.4	15.7
6. 40,000 - 99,999	149.6	180.4	20.6
7. \$100,000 & over	219.2	279.2	27.4
All classes ^{1/}	110.1	123.4	12.1

^{1/} Weighted average.

Debts of the Farmers

Farmers have been using increasing amounts of credit to enlarge and improve their operations which has led to growth in farm debt. To get further insight into the farmers' debt situations, their debts were broken down into various kinds, by economic classes of farms (Tables 3 and 4).

Farm Real Estate Debt

Farm real estate debt was the major debt owed by the farmers, accounting for 73 percent of the total amount (Table 4). However, approximately 73 percent of all farmers owning land (including full and part owners, but excluding tenants) reported having no real estate debt (Table 7).

The amount of farm real estate debt owed by all farmers averaged \$5,403 which was nearly 15 percent of the real estate value. Although the amount of farm real estate debt increased with size of operations, it accounted for a smaller percentage of the larger farmers' total debt.

Other Debt

In addition to farm real estate debt, the farmers had other debt which averaged \$2,009 — approximately 27 percent of their total debt. This included \$1,206 of farm non-real estate debt (on motor vehicles, machinery, livestock, feed, fertilizer, and crops); \$134 of debt on nonfarm property; and \$669 of miscellaneous debt (covering all secured and nonsecured debt not included elsewhere). Farm non-real estate debt accounted for a higher percentage of total debt for the larger farmers than for the smaller ones.

Total Debt

The farmers' total debt averaged \$7,412; distributed approximately as follows: farm real estate, 73 percent; farm non-real estate, 16 percent; nonfarm property, 2 percent; and miscellaneous debt, 9 percent. The average total debt ranged from just under \$3,000 for class 2 farmers up to about \$40,000 for class 7 operators. These ranges, plus the fact 48 percent of the operators reported no debt at all, illustrates the widely differing debt situations among farmers.

Debt in Relation to Assets and Net Income

In assessing financial condition, relative as well as absolute amounts of debt are important. For example, debt/asset and debt/income ratios give some indications of loan security, and debt carrying and repayment capacities.

The total amount of all farmers' debt divided by the total value of their assets showed an overall debt/asset ratio of 13 percent (Table 8). It was further determined that for each dollar of debt they had an average of \$7.57 worth of total assets, and \$.79 of total net income. The ratios varied by economic classes of farms with the operators of larger farms usually showing greater debt in relation to both assets and net income. Differences also existed among individual farmers within the same income class as there were some with no debt and others with considerable amounts.

Table 7. Farm real estate debt of farmers, by economic class of farm, Corn Belt Region, 1967

Economic class of farm	Acres owned	Value per acre	Debt per acre	Debt/value ratio	Percent with no r. e. debt ^{1/}
	Acres	Dollars	Dollars	Percent	Percent
1. Under \$ 2,500	78.0	\$263	\$43	16.5	66.3
2. \$ 2,500 - 4,999	128.5	227	21	9.1	68.3
3. 5,000 - 9,999	136.9	251	26	10.2	80.0
4. 10,000 - 19,999	155.7	303	42	13.8	78.7
5. 20,000 - 39,999	133.4	382	77	20.4	77.9
6. 40,000 - 99,999	180.4	431	84	19.5	76.8
7. \$100,000 & over	279.2	440	69	15.6	83.3
All classes ^{2/}	123.4	\$294	\$44	14.9	73.5

^{1/} Includes owners and part-owners; excludes tenants.

^{2/} Weighted average.

Table 8. Relationships between the farmers' total debts, assets, and net income, by economic class of farm, Corn Belt region, 1967

Economic class of farm	: Total debt/total asset ratio	: Amt. of assets per dollar of debt	: Amt. of debt per dollar of total net income ^{1/}	: Amt. of total net income per dollar of debt ^{1/}
	: Percent	:	: Dollars	:
1. Under \$ 2,500	15	\$ 6.73	\$.85	\$1.18
2. \$ 2,500 - 4,999	7	14.82	.51	1.96
3. 5,000 - 9,999	10	10.42	.95	1.05
4. 10,000 - 19,999	12	8.03	1.46	.69
5. 20,000 - 39,999	17	6.00	1.95	.51
6. 40,000 - 99,999	17	5.86	2.31	.43
7. \$100,000 & over	18	5.43	3.05	.33
All classes ^{2/}	13	\$ 7.57	\$1.26	\$.79

^{1/} Includes net farm income plus other income of the operator and wife for 1966.

^{2/} Weighted average.

Net Worth of the Farmers

The farmers' net worth (total assets minus total debt) averaged \$48,733 for all economic classes, ranging from an average of \$23,412 for farmers in sales class 1 up to \$178,125 for those in class 7 (Table 9). Net worth divided by total assets showed overall the farmers' equity or net worth/asset ratio was 87 percent, tending to decrease as the size of operations increased. An overall average of approximately 52 percent of the farmers reported owing debt. The percentage was higher for the larger farmers than for the smaller ones (Table 9).

The farmers' equities in major kinds of farm assets and in nonfarm assets are shown in Tables 10 and 11. The data show that the farmers had a lower percentage equity in their farm real estate than in any other major kinds of assets.

Table 9. Total assets, debt, and net worth of farmers and the percentage with debt, by economic class of farm, Corn Belt, 1967

Economic class by gross sales	Average per farmer				
	Total assets	Total debts	Net worth	Net worth/ asset ratio	Operators with debt
	Dollars			Percent	
1. Under \$ 2,500	\$ 27,500	\$ 4,088	\$ 23,412	85	49.1
2. \$ 2,500 - 4,999	43,934	2,964	40,970	93	38.8
3. 5,000 - 9,999	50,726	4,869	45,857	90	43.7
4. 10,000 - 19,999	71,739	8,938	62,801	88	62.3
5. 20,000 - 39,999	87,309	14,551	72,758	83	63.9
6. 40,000 - 99,999	141,209	24,114	117,095	83	70.3
7. 100,000 & over	218,296	40,171	178,125	82	79.2
All classes ^{1/}	\$ 56,145	\$ 7,412	\$ 48,733	87	52.3

^{1/} Weighted average.

Table 10. Equities of farmers in major types of assets, by economic class of farm, Corn Belt, 1967

Economic (sales) class of farm	Major Assets Owned (Net)					Nonfarm ^{2/} Total
	Farm ^{1/}				Total	
	Land & bldgs.	Motor vehicles	Mach. & equip.	Live- stock		
Dollars -- Average per farm operator						
1. Under \$ 2,500	\$ 17,109	\$ 893	\$ 911	\$ 1,298	\$ 20,211	\$ 3,269
2. \$ 2,500 - 4,999	26,465	1,071	1,879	2,265	31,680	8,654
3. 5,000 - 9,999	30,886	1,452	3,624	4,346	40,308	4,876
4. 10,000 - 19,999	40,614	2,280	6,660	6,225	55,779	5,413
5. 20,000 - 39,999	40,564	2,930	11,316	8,323	63,133	4,833
6. 40,000 - 99,999	62,625	4,963	16,107	14,882	98,577	9,719
7. \$100,000 & over	103,558	5,540	21,458	33,197	163,753	8,200
All classes ^{3/}	\$ 30,913	\$ 1,749	\$ 4,742	\$ 4,599	\$ 42,003	\$ 5,216

^{1/} These equities (or net values) are the values reported by the owners for the major asset item minus the indebtedness reported against that item. Assets and debts represented by farm supplies and stored crops, and miscellaneous debts were not considered.

^{2/} Includes financial assets plus the net value of nonfarm property.

^{3/} Weighted average.

Table 11. The farmers' percentage equity in major types of assets, by economic class of farm, Corn Belt, 1967

Economic (sales) class of farm	Major Types of Assets Owned					
	Farm					Nonfarm
	Land & bldgs.	Motor vehicles	Mach. & Equip.	Live- stock	Total	Total
	Percentage equity - Average per farmer					
1. Under \$ 2,500	83.5	87.9	94.5	96.9	84.9	94.6
2. \$ 2,500 - 4,999	90.9	86.8	98.8	97.3	91.6	99.7
3. 5,000 - 9,999	89.8	93.9	96.5	96.8	91.2	95.3
4. 10,000 - 19,999	86.2	95.8	91.8	91.8	87.8	98.3
5. 20,000 - 39,999	79.6	90.6	90.5	84.3	82.5	99.0
6. 40,000 - 99,999	80.5	97.6	91.1	73.6	81.6	98.9
7. \$100,000 & over	84.4	98.5	92.3	82.6	85.4	100.0
All classes ^{1/}	85.1	92.6	92.5	88.2	86.5	97.5

Note: These equity percentages were computed by dividing the total value of the item by the farmers' equity in it as shown in Table 10.

^{1/} Weighted average.

Incomes of the Farmers

Income is an integral part of the financial picture of farmers. It not only affects the family's current level of living but also the survival, improvement, and growth of the farm business. Four types of incomes of the farm operators were analyzed, including total sales of farm products, government payments, net farm income, and total net income of the farmers and their wives (Table 12).

Table 12. Farm product sales and incomes of farmers sampled, by economic class of farm, Corn Belt, 1966

Economic (sales) class of farm	Average per farm operator					
	Gross sales ^{1/}	Govt. payments ^{1/}	Net farm income ^{2/}	Other income ^{3/}	Total net income ^{4/}	Net farm income/total net income
	Dollars					Percent
1. Under \$ 2,500	\$ 1,057	\$ 194	\$ 271	\$4,534	\$ 4,805	6
2. \$ 2,500 - 4,999	3,461	349	1,197	4,603	5,800	21
3. 5,000 - 9,999	7,312	767	2,746	2,386	5,132	54
4. 10,000 - 19,999	14,672	1,138	4,466	1,669	6,135	73
5. 20,000 - 39,999	28,088	1,219	6,469	993	7,462	87
6. 40,000 - 99,999	57,993	2,607	9,086	1,351	10,437	87
7. \$100,000 & over	140,283	1,025	12,383	799	13,182	94
All classes ^{5/}	\$ 11,827	\$ 741	\$ 2,897	\$2,988	\$ 5,885	49

^{1/} Includes landlord's share where applicable.

^{2/} Net farm income of the farmer only, as defined on Schedule F of Federal tax return.

^{3/} Income of the farmer and wife from sources other than their farming operation.

^{4/} Includes net farm income plus other income of the farmer and wife.

^{5/} Weighted average.

Gross Sales of Products

Gross sales of farm products for all farmers averaged \$11,827, ranging from averages of \$1,057 for the lowest sales class up to \$140,283 for the highest class. These amounts include the landlords' shares where applicable. The differences among the various size groups in their amounts of sales were great — much greater than were their differences in other types of income such as government payments, net farm income, and especially total net income.

Government Payments

Total government payments, including landlords' shares where applicable, averaged \$741 per farmer. The range was from an average of \$194 for the smallest farmers (sales class 1) up to \$2,607 for next to the largest farmers (class 6). The amounts increased for each economic class of farm up through class 6, then for class 7 (farms with sales of \$100,000 and over) the average amount dropped. This may be explained by the fact that a high proportion of these were livestock operations.

Net Farm Income

The farmers' net farm income for 1966 (as defined on Schedule F of Federal Tax return) averaged \$2,897 for all classes of farms. The range was from averages of \$271 for the lowest class up to \$12,383 for farmers in the highest class. It was apparent that the smaller farmers had to depend mainly on earnings other than farm income for survival.

Total Net Income

Total net income, including net farm income plus other income of the farmer and wife, averaged \$5,885 for all operators. By economic classes, the averages ranged from \$4,805 for farmers in the lowest class up to \$13,182 for those in the highest class. Thus, the differences between economic classes of farmers as to total net income was considerably less than were their differences in net farm income. This resulted from the larger off-farm earnings of the smaller farmers whose farms did not provide them with full employment.

Net farm income accounted for a low percentage of the smaller farmers' total net income, but a high percentage for the larger operators. For example, net farm income as a percentage of total net income ranged from 6 percent for the smallest farmers up to 94 percent for the largest farmers. The average for all farmers was 49 percent. This illustrates the importance of off-farm employment opportunities for many farm as well as nonfarm people.

Summary

This study focused on the financial characteristics of farmers of seven economic (sales) classes of farming operations in a major farm production region (Corn Belt). Data for the analysis came from a sample of 880 farmers surveyed by ERS in 1967. Their farm production and income data were for 1966, and their assets and debts were as of the spring of 1967 when the survey was taken.

Total assets owned by the farmers averaged \$56,145. This varied widely by economic (sales) classes, ranging from \$27,500 for farmers in the lowest sales class up to \$218,296 for those in the highest class. These amounts exclude the values of rented land which accounted for an average of 44 percent of total value of land operated. This percentage ran higher for the larger operations. Physical farm assets accounted for approximately 90 percent of the value of the farmers' total assets owned; farm real estate alone accounted for about two-thirds of the total amount.

Total debt owed by the farm operators averaged \$7,412, ranging from almost \$3,000 for sales class 2 farmers up to approximately \$40,200 for class 7 farmers. Approximately 52 percent reported owing one or more kinds of debt with the percentage running higher for the larger farmers than for the smaller ones. Farm real estate accounted for most of the debt owed.

Debt/asset ratios averaged 13 percent. They had \$7.57 of asset value per dollar of debt, and total (farm plus nonfarm) net income of \$.79 per dollar of debt. The larger farmers tended to have more debt in relation to their assets and total net income than did the smaller farmers.

The farmers' net worth (total assets minus total debt) averaged \$48,733 for all economic (sales) classes, ranging from an average of \$23,412 for farmers in the lowest class up to \$178,125 for those in the highest class. Thus, while the larger farmers tended to have a lower percentage equity than the smaller farmers, they had larger amounts of equity or net worth due to their greater asset base.

Gross sales of products in 1966 averaged \$11,827 per farm, ranging from averages of \$1,057 for the smallest farms up to \$140,283 for the largest ones. Government farm payments averaged \$741 per farm and ranged from an average of \$194 for the class of smallest farms up to \$2,607 for farms in next to the largest sales class. These gross sales and government payment data include both the farmers' and landlords' shares where applicable.

Net farm income averaged \$2,897 per farmer in 1966. The range was from averages of \$271 for farmers in the lowest sales class up to \$12,383 for those in the highest sales class. Differences among economic classes of farmers with regard to total net income (net farm income plus other income of the farmer and wife) were much less, due to larger nonfarm earnings of the smaller farmers. In fact, the latter could not have survived on their farm income alone. Total net income averaged \$5,885 for all farmers, ranging from \$4,805 for those in the lowest class up to \$13,182 for those in the highest. Net farm income as a percentage of total net income thus ranged from an average of 6 percent for the smallest farmers up to 94 percent for the largest.

The study revealed wide differences in assets, debts, net worth, and incomes of farmers in the Corn Belt region.