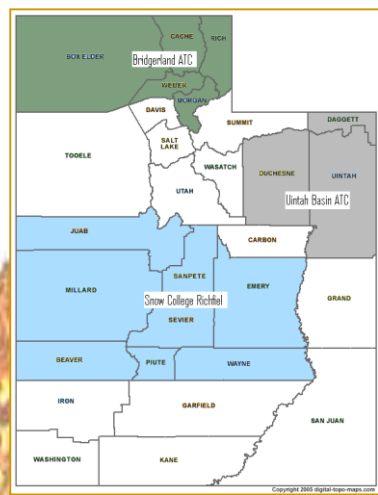




**UTAH**  
**CENTER FOR**  
**FARM &**  
**RANCH**  
**MANAGEMENT**  
**SNOW COLLEGE**

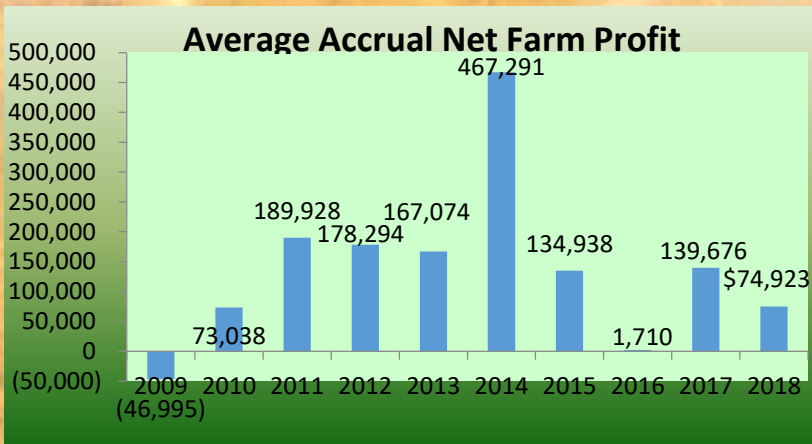


Utah Farm/Ranch Mgt. education service areas

# Quick Facts & Trends, 2018 Annual Report

## Disclaimer and Caution

Data were obtained from farms and ranches enrolled in Farm/Ranch Management education at three colleges in Utah. Enrolled farms are not representative of all producers in these areas nor are they consistently the same farms through all the years. Data in this report should not be used to make inferences about all farms and ranches in Utah. However it can be considered a representation of production agriculture in Utah. Farms and ranches in this report include very small and average size dairies, cow/calf ranches of 50 up to 1200 head and less than 100 acres of range up to and over 50,000 acres of range (both private and public grazing), and farms of 50 acres up to 800 acres.



Average accrual adjusted net farm profit for 36 farms included in this 2018 report was \$74,923 compared to \$139,676 in 2017, the downturn can be partially explained by the unusually low rainfall in the 2018 water year. Accrual net farm income is arrived at by adjusting net cash income by changes in account payables, receivables and inventory.

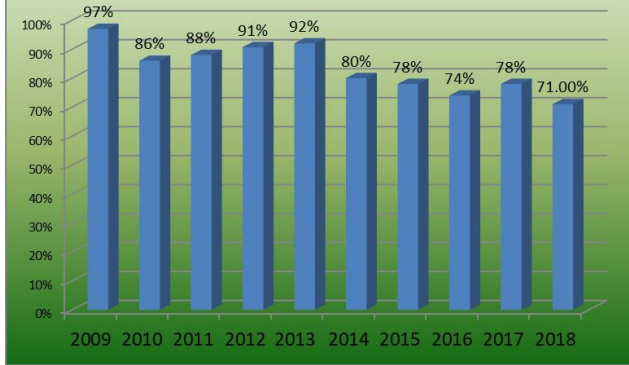
## Money Spent Within the Community by the Ave. Farm

Custom Work & Hire	\$ 13,668
Rent paid	\$ 17,429
Hired Labor	\$ 41,499
Local Utilities	\$ 10,797
Within AG Bus. Community (supplies, repairs, fuel, etc)	\$ 257,153
Lender (interest)	\$ 18,138
Professional (Legal & Acct)	\$ 3,098
Insurance	\$ 9,035
Capital Purchases	\$ 46,410
Local Taxes	\$ 5,731
Owner Wages/Benefits or Family Living	\$ 47,916
<b>Total Money Spent within the Community</b>	<b>\$ 470,874</b>

Contrary to the typical public and political perception production agriculture operations provide a stable and significant economic base to local economies. In 2018, dollars spent locally by the average farm in this report was \$470,874. Applying any economic multiplier adds a significant increase to the value of dollars that farming and ranching contribute to the flow of money in rural economies.

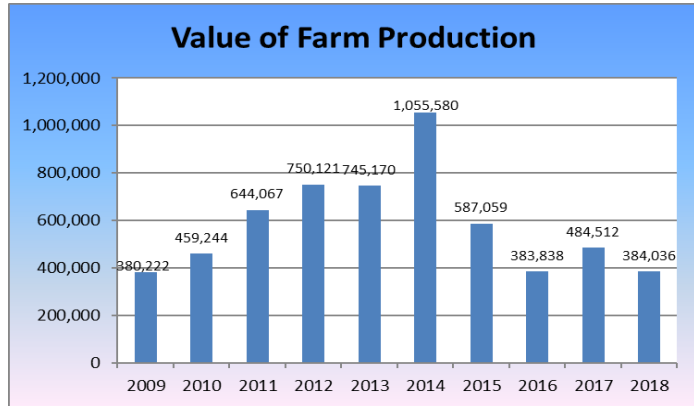
# Financial Data

## Cash Expense as a % of Income



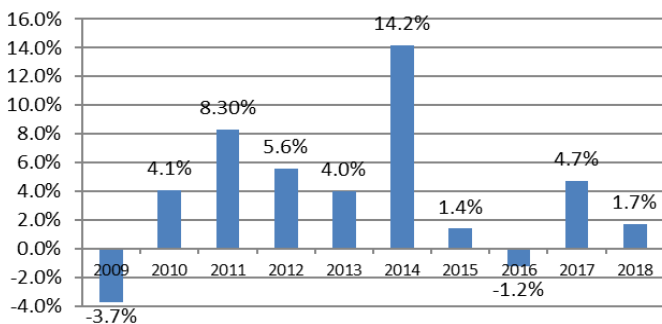
Cash expenses as a percent of income decreased 7 % to 71%. As producers realized a slight increase in crop prices due to lower yields from less irrigation water. Livestock prices decreased on weaned calves while prices for backgrounded feedlot calves increased from 2017 prices. Producers reduced their operational expenses in response to decreased water supplies.

## Value of Farm Production



Value of farm production decreased \$100,476 from 2017 production values. The decreased value reflects the impact of significantly decreased water storage and water availability for irrigation throughout Utah.

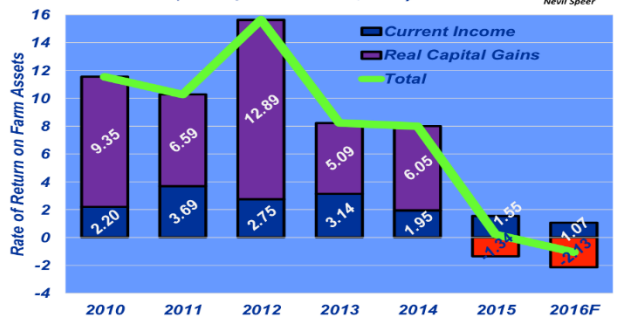
## Rate of Return on Average Farm Assets



As expected, with \$100,000 decrease in farm production values the rate of return on farm assets (ROA) decreased by 3%.

Utah's farms ROA trends are in line with USDA's Economic Research Service trends and forecasts for U.S. agriculture.

## Total Rate of Return on Farm Assets Adapted from USDA:ERS (Data updated Nov 30, 2016)

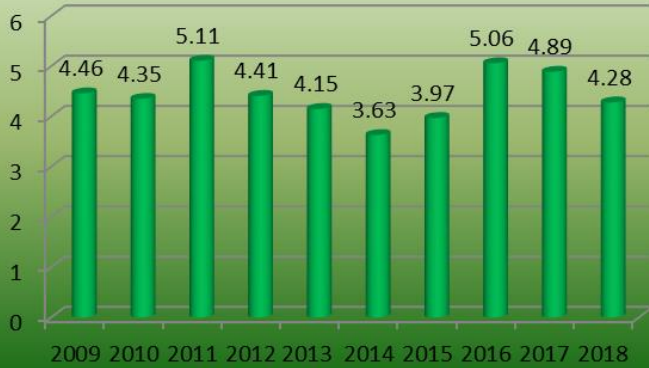


# Crop Data

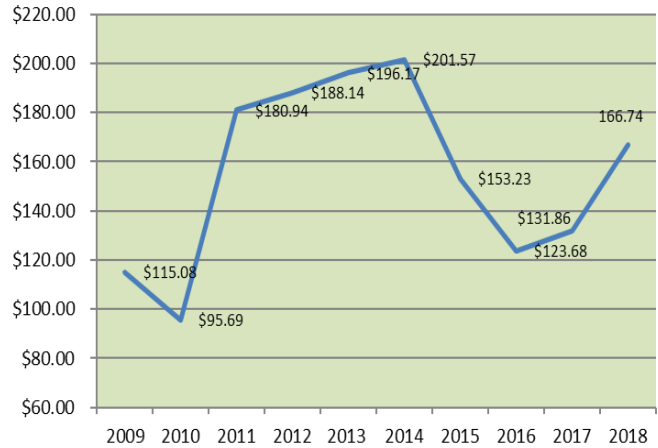
Alfalfa hay yield dropped from 2017 but is within the long term average yield.

Alfalfa hay experienced a significant increase from 2017 prices due to lower production as a result of historically low irrigation water storage and availability.

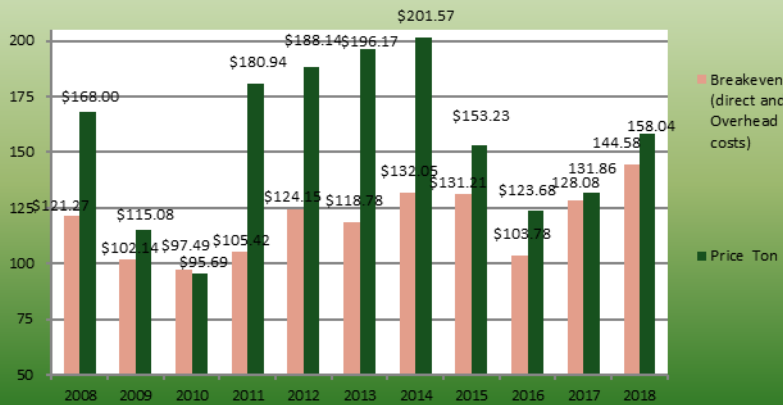
## Alfalfa Hay ton/per Acre



## Alfalfa Hay Cash Prices/ton



## Alfalfa Hay Breakeven and Sales Price per Ton of Hay



The breakeven cost/price spread increased from 2017 but continues the trend seen from 2015 to present of being significantly tighter than 2011 to 2014 production years.

The majority of crop acres in Utah continue to be owned by the farm operator. Over the past ten years the number of acres cash rented has varied between 79 and 140 acres. However, 2018 had a very substantial increase in cash rented acres in 253.

Share rented acres are minimal and have no real effect on overall crop or farm profitability.

In certain locations, where absentee ownership of small acreages is more common, we see a trend to more acres being cash rented and at times share cropped.

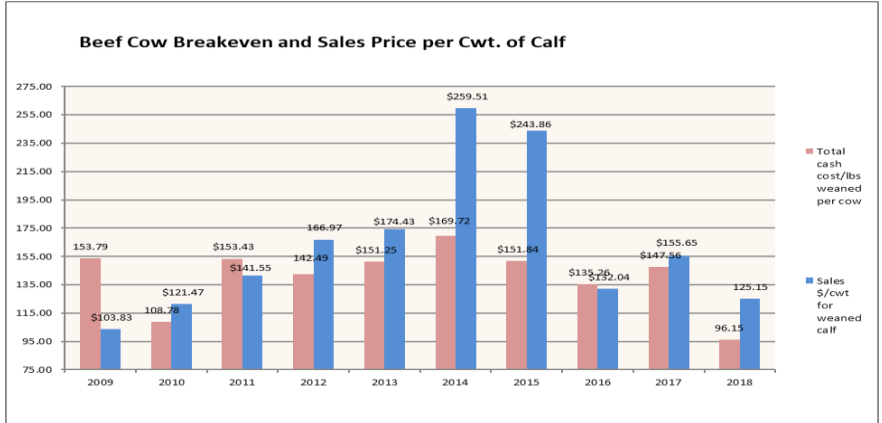
## Crop Acres



# Livestock Data

2018 calf sales decreased by almost 20%. The data shows that producer response to projected and then actual calf prices was to significantly reduce cow/calf expenses, \$0.51, for \$0.27 spread over break even price. The historical variability in breakeven costs and sales prices support the premise that cost management is the key to profitability.

**BEING LOW COST = BEING PROFITABLE**



## Price Received for Weaned and Background Calves, and Price spread between the two

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sales \$/cwt. for weaned calf	108.64	103.83	121.47	141.55	166.97	174.43	259.51	243.86	132.04	155.65	125.15
Sales \$/cwt. for Background beef	95.40	89.91	98.10	127.73	132.63	140.81	177.39	215.25	137.64	141.73	157.66
Spread between weaned & bckgrd calves	13.24	13.92	23.37	13.82	34.34	33.62	82.12	28.61	(5.60)	13.92	(32.51)

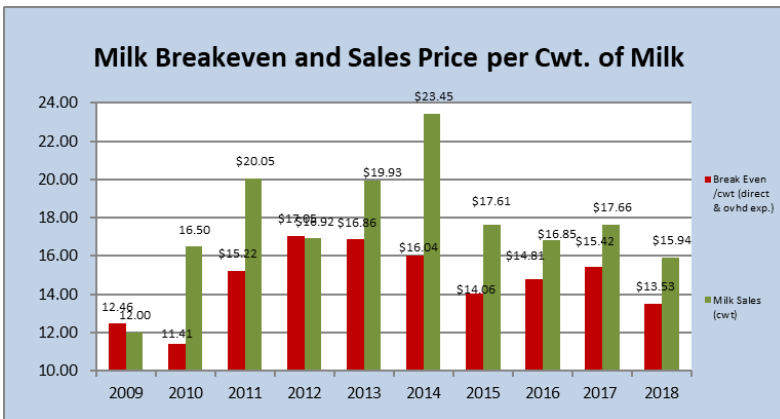
The \$-32.51 (negative) price spread between weaned calves and backgrounded calves per lbs. is rarely experienced in the beef industry.

## Return Over All Listed Costs

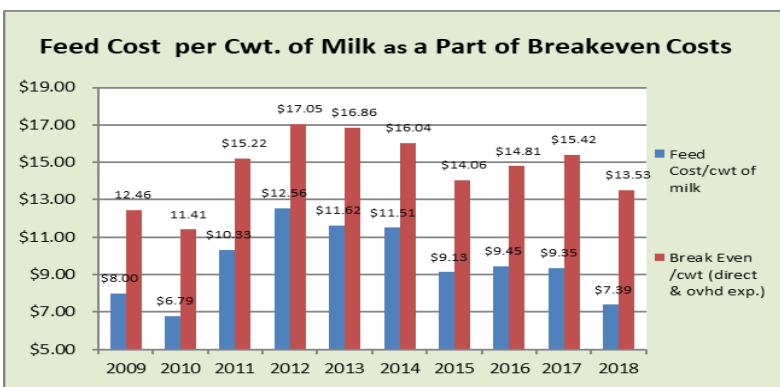
Enterprise	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cow/Calf (\$ return/cow)	110.45	28.57	173.9	114.32	313.1	645.64	223.85	-22.71	55.03	10.4
return/head	37.2	50.62	67.6	174.69	207.47	360.7	46.47	8.09	132.84	146.36
Costs (\$/head)	998.17	1058.83	1278.54	1331.85	1561.27	1661.64	1977.59	1492.06	1333.59	1419.18
Dairy Cows (\$ return/cow)	-287.93	860.81	741.74	-324.8	428.88	1956.32	442.51	382.82	655.32	550.25
return/cwt	-1.31	4.23	3.68	-1.52	2.12	8.37	2.07	2.24	4.21	3.02

Beef operators again saw a positive but lower return per cow in 2018 from 2017. For producers who chose to background 2017 calves into 2018 benefited from significant upward price movement. Backgrounded calves had a respectable net revenue per head of **\$146.36**

Return on the dairy cow decreased **\$105 to 550.25**. Correspondingly the return per cwt of milk decreased to **\$2.41**.



Considerable variation exists between the sales price of a cwt. of milk and the breakeven (all direct and indirect costs), evidence that dairy is a volatile agriculture business.



The difference between feed costs and milk price increased to \$6.14, approximately \$1.00 increase from 2017 data. With the high correlation between feed and milk price dairy profitability hinges on intensive management of all direct and indirect costs.

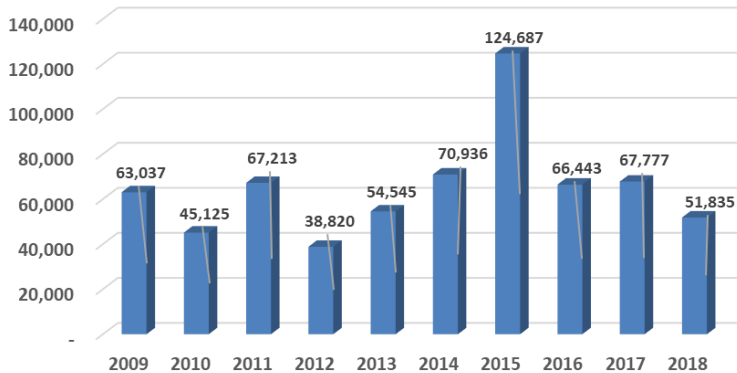
# Family Living Data

## Family living Expenses

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Average Family Size</b>	4.0	4.6	4.2	3.4	3.4	3.7	3.4	3.3	Not enough
<b>Food &amp; Meals</b>	5,870	7,179	7,213	8,409	19,952	10,308	8,442	8,325	farm families
<b>Medical &amp; Health Ins.</b>	10,172	7,838	8,746	6,285	8,417	12,540	9,957	14,075	reported family
<b>Cash Donations</b>	2,274	6,602	7,785	5,887	7,514	3,268	4,628	6,003	living expenses
<b>Recreation</b>	1,352	3,316	1,004	4,160	6,997	9,164	6,921	4,273	
<b>Clothing</b>	1,259	2,531	57	2,020	2,569	1,518	2,096	1,657	
<b>Gifts</b>	1,603	2,603	1,889	1,474	2,127	2,906	3,598	2,643	
<b>Vehicle</b>	1,153	1,900	104	575	2,059	3,095	1,797	3,401	
<b>Utilities</b>	2,983	3,073	1,449	1,796	1,945	2,215	2,195	2,369	
<b>Income and Property Tax</b>	1,607	9,466	1,130	4,444	1,532	63,371	8,133	11,789	
<b>Personal Interest</b>	3,018	2,755	1,919	762	2,009	731	556	660	
<b>Family Savings &amp; Invest.</b>	247	0	0	857	1,406	6,429	333	0	
<b>Other</b> (home supply&repair, personal care, pers. vehicle, & misc&fam living from farm)	<u>5,201</u>	<u>6,683</u>	<u>7,524</u>	<u>3,208</u>	<u>1,170</u>	<u>15,646</u>	<u>8,174</u>	<u>17,192</u>	
<b>Total Cash Living exp</b>	36,739	53,946	38,820	39,877	57,697	131,191	56,830	72,387	
<b>Non Farm Income</b>	16,590	17,956	19,737	13,246	16,438	4,616	8,802	14,841	10,204

With fewer farms sharing the business check book for family living expenses, the number of farm families that report actual living expenses has decreased to the point that there are too few data sets to include a detailed family expenses. For this reason Owner Wages and Benefits are being reported for the annual total draws from the farm to support the owner's family.

## Owner Wages and Benefits



Owner wages and benefits is the accumulation of all draws from the farm for family living. This includes, medical and life insurance, farm production used in the home (generally butchered animals and milk), as well as the cash withdrawn or paid to owners. Decreased owner draws from the high prices for crops and livestock seen in 2015 reflect the financial pressures that Utah farm families, just as all U.S. farm families, have experienced in the past three years.



In 1988 Utah Farm/Ranch Business Management program began at six applied technology colleges. It is estimated that over 1,700 Utah farm families have benefited from participating in the program. Currently there are approximately 120 farm businesses enrolled in three Farm/Ranch Business Management programs at Snow College, Bridgerland Technical College and Uintah Basin Technical College.

#### What is Farm Management Education?

Farm/ranch management education has helped Utah producers develop management skills through one-on-one education in financial and production record keeping and analysis since 1988. Participating producers receive a detailed business financial analysis based on their complete fiscal year financial and production records as well as comparative data from the averages of all participating Utah producers. Participating producers are also guided to the National Database of Farm Management data ([www.finbin.umn.edu](http://www.finbin.umn.edu)) for national benchmarking farm/ranch data.

#### Farm Management Education is Concerned With:

Creating an awareness of the need for accurate financial & production enterprise records.

Individualized on-farm instruction based on the producer's needs.

Stimulating families to establish goals and set priorities.

Developing the farm/ranch operator's understanding of the function of management.

Develop skills in analyzing and interpreting farm/ranch business records and make informed management decisions based on analysis and benchmarking.

#### Contact the instructor in your area for more information:

**Bridgerland Technical College** : Kathryn Rawson  
Bridgerland ATC, 1301 N. 600 W. Logan, UT 84321  
(435) 757-8120



**Snow College**: Jay Olsen ,Kendra Bagley, Matt Goble  
Snow College 150 E. College Ave. Ephraim, UT 84627  
(435) 283-7335 or (435) 283-7336 (435) 283-7334



**Uintah Basin Technical College**: David Gillman  
Uintah Basin ATC, 1100 E Lagoon St, Roosevelt, UT 84066  
(435) 722-6956



## Program Partners



United States Department of Agriculture  
National Institute of Food and Agriculture

