FARM AND FAMILY LIVING INCOME AND EXPENSES FOR 2006

In 2006 the total, noncapital, living expenses of 1,196 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged $54,994--or $4,583 a month for each family (Table 1). This average was 4.3 percent higher than in 2005 and 4.6 percent higher than in 2004. Another $4,692 was used to buy capital items such as the personal share of the family automobile, furniture, and household equipment. Thus, the grand total for living expenses averaged $59,686 for 2006 compared with $58,285 for 2005, or a $1,401 increase per family. The average amount spent per family for capital items was $850 less, while noncapital expenses increased $2,251 per family. The sample farms, which were mainly grain farms, were located primarily in central and northern Illinois.

Income and Social Security Taxes Paid

Income and social security tax payments were about the same in 2006 compared to the year before. The amount of income taxes paid in 2006 averaged $10,251 compared to $10,351 in 2005. Medical expenses were higher in 2006 compared to 2005. In 2006, medical expenses averaged $7,665. Medical expenses include out-of-pocket costs for health insurance along with doctor and hospital expenses. Net nonfarm income continues to increase, averaging $29,614 in 2006. Net nonfarm income has increased $13,246, or 81 percent in the last ten years.

In the table, the averages per farm for total family living expenses are divided into five categories for 2003 through 2006. The "expendables" category includes cash spent for food, operating expenses, clothing, personal items, recreation, entertainment, education, and transportation. This category also includes selected itemized deductions such as the personal share of real estate taxes. Cash spent for capital improvements exceeding $250 is not included. The use of a rented house on an estimated 40 to 50 percent of the farms in this sample is not included, since these data cover only cash outlays.

Table 1 also contains averages for the high third and low third sorted by noncapital living expenses for families of three to five. The high third averaged $85,485 of noncapital family living expense while the low third averaged $37,061.

The author would like to acknowledge that data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for
educational purposes. FBFM, which consists of 5,500 plus farmers and 58 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with computerized recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-5511 or visit the FBFM website at www.fbfm.org.

Issued by: Dale Lattz, Department of Agricultural and Consumer Economics
Table 1.  *Average Sources and Uses of Funds over a Four-Year Period*

<table>
<thead>
<tr>
<th></th>
<th>All records, average per farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms in sample............</td>
<td>1,196</td>
</tr>
<tr>
<td>Age of Operator..................................</td>
<td>53</td>
</tr>
<tr>
<td>Number in family..............................</td>
<td>3.1</td>
</tr>
<tr>
<td>Net Farm Income ..............................</td>
<td>$94,756</td>
</tr>
</tbody>
</table>

**Source of dollars**

- Net nonfarm income .......................... $29,614 | $27,810 | $27,280 | $25,919 |
- Money borrowed .............................. 262,230 | 252,685 | 246,566 | 240,363 |
- Farm receipts ............................... 364,712 | 351,457 | 351,327 | 305,957 |

**Uses of dollars**

- Interest paid ................................ $21,386 | $18,303 | $17,491 | $17,713 |
- Cash operating expenses ...................... 265,931 | 260,479 | 252,258 | 218,726 |
- Capital farm purchases ...................... 40,029 | 42,495 | 46,156 | 35,291 |
- Payments on principal ....................... 245,450 | 230,072 | 229,008 | 225,968 |
- Income and Social Security taxes .......... 10,251 | 10,351 | 8,208 | 7,571 |
- Net new savings and investment ............ 13,823 | 11,967 | 13,503 | 14,062 |

**Living expenses**

- Contributions ................................ $1,888 | $2,058 | $1,816 | $1,583 |
- Medical ........................................ 7,665 | 7,433 | 7,320 | 6,581 |
- Insurance, life and disability ............. 2,978 | 2,900 | 2,753 | 2,681 |
- Expendables .................................. 42,463 | 40,352 | 40,700 | 37,314 |
- Total noncapital expense .................  (54,994) | (52,743) | (52,589) | (48,159) |
- Capital .......................................  4,692 | 5,542 | 5,960 | 4,749 |
- Total, living expenses ......................  $59,686 | $58,285 | $58,549 | $52,908 |

Percentage change, total

- noncapital living expenses ................. 4.3  | 0.0  | 9.2  | 8.3  |
Table 1 cont.  
**Sources and Uses of Funds Sorted by Noncapital Living Expenses for Selected Illinois Farms**

<table>
<thead>
<tr>
<th>Source of dollars</th>
<th>Family of 3 to 5, 2006&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High-Third</td>
</tr>
<tr>
<td>Number of farms in sample</td>
<td>188</td>
</tr>
<tr>
<td>Age of Operator</td>
<td>48</td>
</tr>
<tr>
<td>Number in family</td>
<td>4.1</td>
</tr>
<tr>
<td>Net Farm Income</td>
<td>$121,705</td>
</tr>
</tbody>
</table>

**Source of dollars**
- Net nonfarm income:
  - High-Third: $38,733
  - Low-Third: $24,066
- Money borrowed:
  - High-Third: 388,994
  - Low-Third: 218,454
- Farm receipts:
  - High-Third: 472,450
  - Low-Third: 315,031

**Uses of dollars**
- Interest paid:
  - High-Third: $27,732
  - Low-Third: $17,875
- Cash operating expenses:
  - High-Third: 344,871
  - Low-Third: 236,395
- Capital farm purchases:
  - High-Third: 52,225
  - Low-Third: 35,785
- Payments on principal:
  - High-Third: 356,821
  - Low-Third: 205,026
- Income and Social Security taxes:
  - High-Third: 12,380
  - Low-Third: 6,495
- Net new savings and investment:
  - High-Third: 15,075
  - Low-Third: 15,042

**Living expenses**
- Contributions:
  - High-Third: $2,477
  - Low-Third: $1,042
- Medical:
  - High-Third: 9,837
  - Low-Third: 4,653
- Insurance, life and disability:
  - High-Third: 4,475
  - Low-Third: 1,909
- Expendables:
  - High-Third: 68,696
  - Low-Third: 29,457
- Total noncapital expense:
  - High-Third: (85,485)
  - Low-Third: (37,061)
- Capital:
  - High-Third: 5,588
  - Low-Third: 3,872
- Total, living expenses:
  - High-Third: $91,073
  - Low-Third: $40,933

<sup>a</sup> Records were sorted into high- and low-third categories according to total noncapital living expenses.