



## When Creating 2018 Budgets, Keep In Mind Family Living Costs

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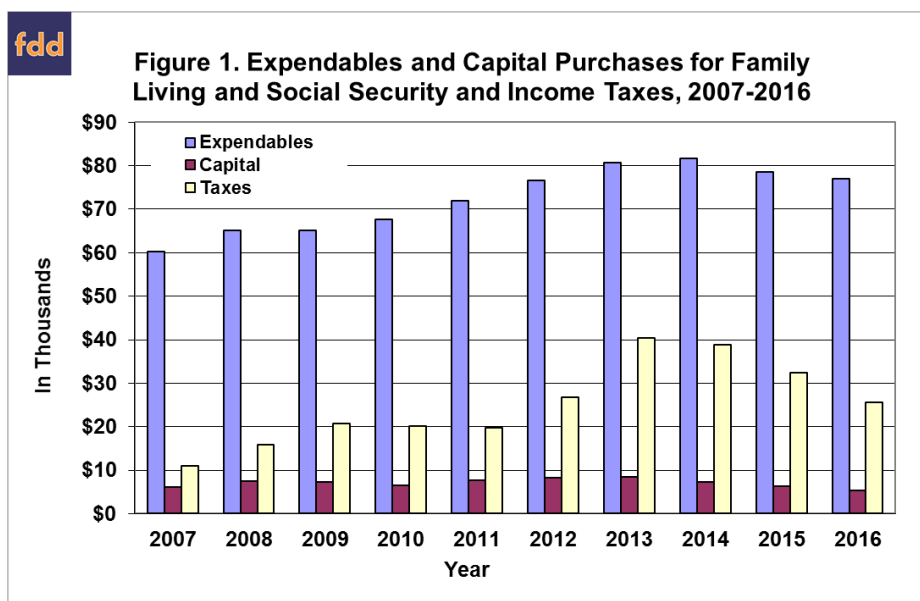
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In 2016, the total noncapital living expenses of 1,333 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) average was \$76,916--or \$6,410 a month for each family. This average was 2.1 percent lower than in 2015. Another \$5,344 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 \$82,260 for 2016 compared with \$84,779 for 2015, or a \$2,519 decrease per family.

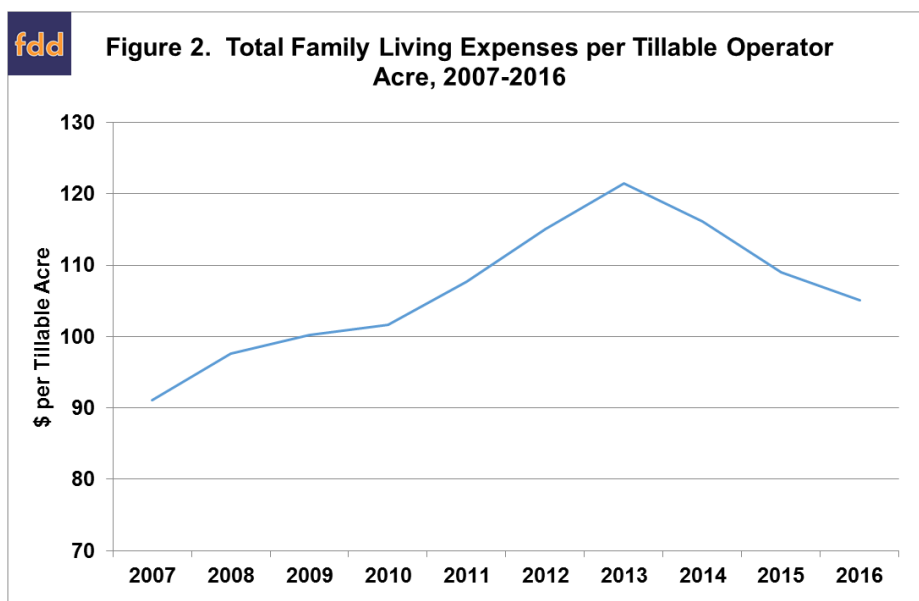
Income and social security tax payments decreased about 21.4 percent in 2016 compared to the year before. The amount of income taxes paid in 2016 averaged \$25,512 compared to \$32,438 in 2015. Net nonfarm income continued to increase, averaging \$44,503 in 2016. Net nonfarm income has increased \$12,835, or 41 percent in the last ten years.



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In Figure 2, total family living expenses (expendables plus capital) are divided by tillable operator acres for 2007 to 2016. In 2007, all of the family living costs per acre averaged about \$91 per acre. This increased to \$105 per acres in 2016. The 10-year average is \$106 of total family living expense per acre. If we compare this to the 10-year average of net farm income per acre of \$193, then 54% of the net farm income per acre is family living expense. If we look at the average year over year increase for the last ten years for family living per acre, the annual increase was 2.6% per year. The five-year annual increase per year would average *negative* 0.3%. Therefore, as you work on your crop budgets, keep in mind that a 53 cent price change on 200 bushels per acre corn is about equal to the average total family living expense per acre.

When you take total family living expenses minus net nonfarm income this equals \$48 per acre in 2016 and was \$61 per acre for the five-year average. This would be the part of family living that is covered by the farm income. In addition, there is another \$33 per acre in social security and income taxes to be covered by the farm in 2016. The five-year average for these taxes was \$43 per acre. A 24 cent price change on 200 bushels of corn per acre is equal to the 2016 family living cost that would be covered by the farm.



More information about Farm and Family Living Income and Expenditures can be found here: [http://www.farmdoc.illinois.edu/manage/enterprise\\_cost/FBM-0190familyliving.pdf](http://www.farmdoc.illinois.edu/manage/enterprise_cost/FBM-0190familyliving.pdf)

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 5,600 plus farmers and 60 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](http://www.fbfm.org).

## Reference

Krapf, B., D. Raab, B. Zwilling, and B. Fletcher. "Farm and Family Living Income and Expenditures." Farm Business Management Handbook FBM-0190, updated October 20, 2017. [http://www.farmdoc.illinois.edu/manage/enterprise\\_cost/FBM-0190familyliving.pdf](http://www.farmdoc.illinois.edu/manage/enterprise_cost/FBM-0190familyliving.pdf)