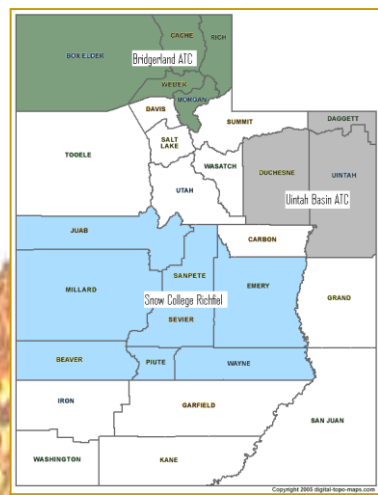




UTAH
CENTER FOR
FARM &
RANCH
MANAGEMENT
SNOW COLLEGE

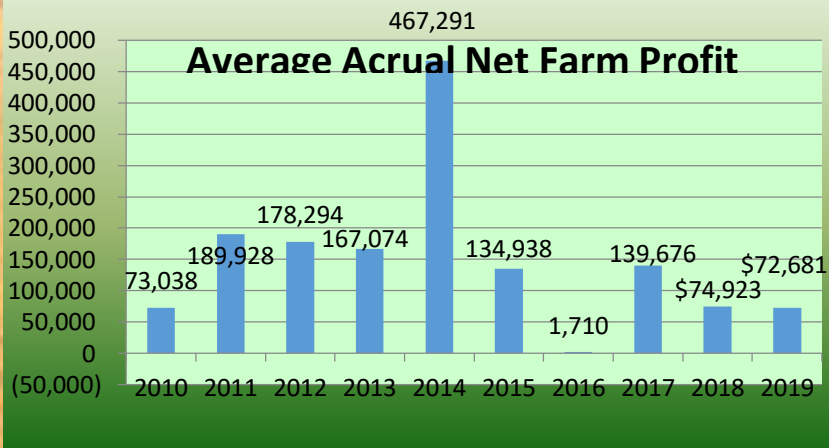


Utah Farm/Ranch Mgt. education service areas

Quick Facts & Trends, 2019 Annual Report

Disclaimer and Caution

Data were obtained from farms and ranches enrolled in Farm/Ranch Management education at two 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 800 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 23 farms included in this 2019 report was \$72,681, up slightly from 2018 consistent with the continued flat U.S. agriculture economy. Accrual net farm income is arrived at by adjusting net cash income by changes in account payables, receivables and inventory.

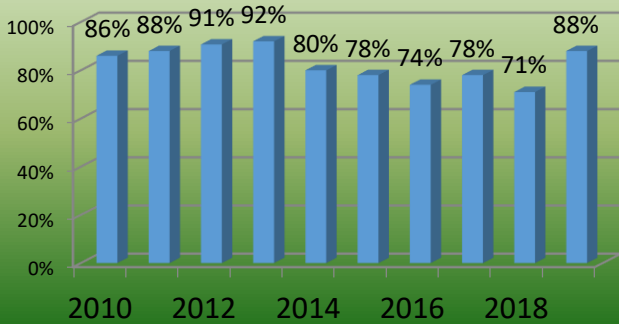
Money Spent Within the Community by the Ave. Farm

Custom Work & Hire	\$ 4,559
Rent paid	\$ 28,370
Hired Labor	\$ 69,639
Local Utilities	\$ 17,990
Within AG Bus. Community (supplies, repairs, fuel, etc)	\$ 280,218
Lender (interest)	\$ 36,084
Professional (Legal & Acct)	\$ 7,178
Insurance	\$ 10,732
Capital Purchases	\$ 39,419
Local Taxes	\$ 6,168
Owner Wages & Benefits (Family Living)	\$ 67,777
Total Money Spent within the Community	\$ 568,134

Contrary to typical societal and political perception production agriculture businesses provide a stable and significant economic base to local economies. In 2019, dollars spent locally by the average farm in this report was \$568,134. These dollars extrapolated across every farm in a county and then additionally applying an economic multiplier results in a monumental economic impact that farms and ranches have in rural economies and a significant impact in urban counties .

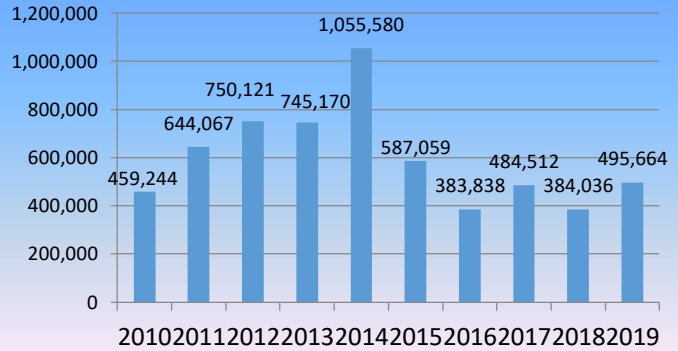
Financial Data

Cash Expense as a % of Income



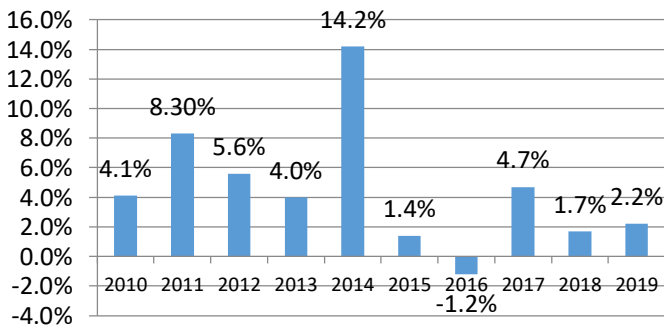
Cash expenses as a percent of income increased 17% to 88%. 2019 crop prices and calf remained consistent with 2018 prices with the exception of backgrounded beef prices which showed a significant decrease. Producers spent more on crop and livestock inputs and also increased the draw for family living after reining in expenses in 2018.

Value of Farm Production



Value of farm production increased \$111,628 from 2018 production values. The increase reflects the benefits of a better water year compared to 2018 resulting in increased crop yields. Weaning weights of calves remained relatively the same as 2018 weaning weights.

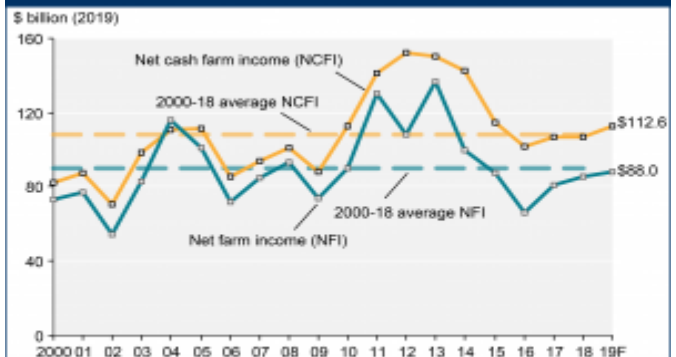
Rate of Return on Average Farm Assets



As expected, with increased value of farm production the return on farm assets (ROA) increased slightly, .5%.

Utah's Net Farm Income and resulting profitability measures are in line with USDA's Economic Research Service trends and forecasts for U.S. Net Farm Income; slightly up in 2019.

Net farm income and net cash farm income, 2000-19F



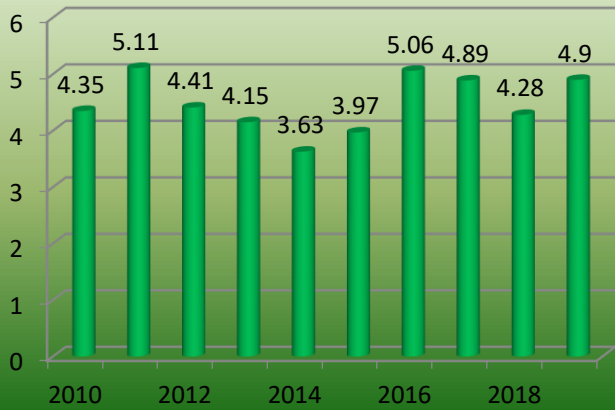
Note: F = forecast. Values are adjusted for inflation using the chain-type GDP deflator, 2019=100.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of August 30, 2019.

Crop Data

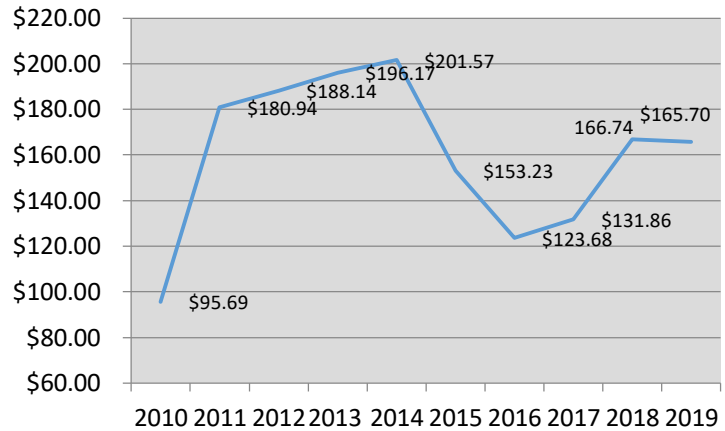
Alfalfa hay yield dropped from 2017 but is within the long term average yield.

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

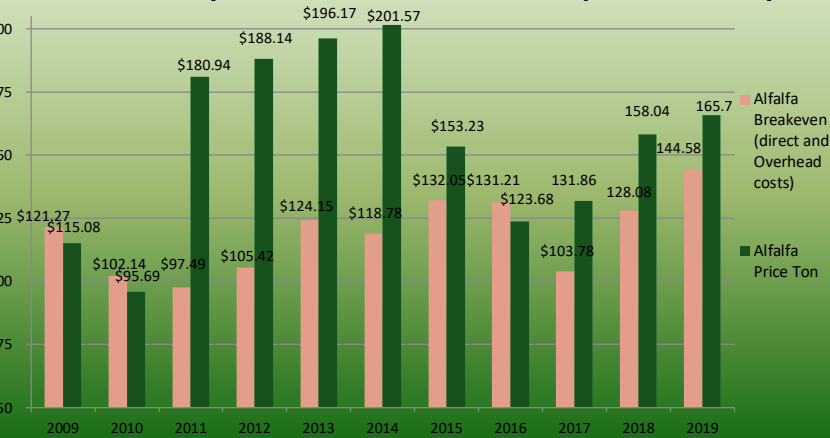
Alfalfa Hay ton/per Acre



Alfalfa Hay Cash Prices/ton



Alfalfa Hay Breakeven and Sales Price per Ton of Hay

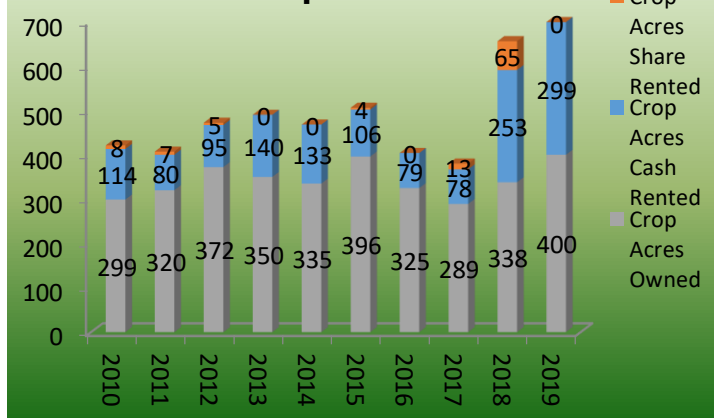


The breakeven cost/price spread decreased slightly from 2018 but continues the trend seen from 2015 to present of being significantly tighter than 2011 to 2014 production years.

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 and into 2019 show substantial increase in cash rented acres to 299 in 2019. 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

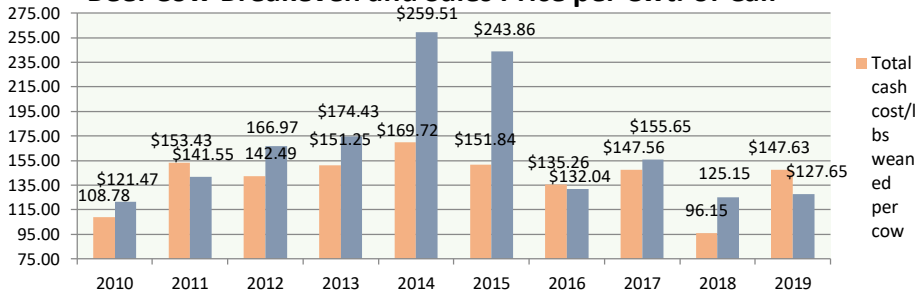


Livestock Data

2019 calf sale prices are almost equal to 2018 prices. The data shows that producers increased their annual cow costs by \$51.48 resulting in almost 20 cents increase in the breakeven costs. 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

Beef Cow Breakeven and Sales Price per Cwt. of Calf



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

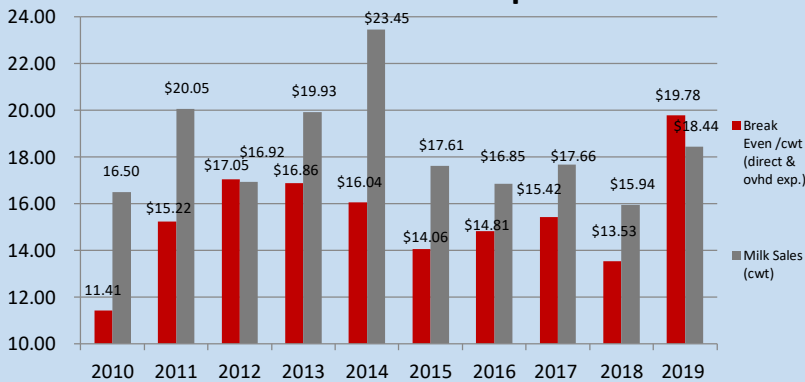
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales \$/cwt. for weaned calf	103.83	121.47	141.55	166.97	174.43	259.51	243.86	132.04	155.65	125.15	127.65
Sales \$/cwt. for Background beef	89.91	98.10	127.73	132.63	140.81	177.39	215.25	137.64	141.73	157.66	128.47
Spread between weaned & bckgrd calves	13.92	23.37	13.82	34.34	33.62	82.12	28.61	(5.60)	13.92	(32.51)	(0.82)

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	2019
Cow/Calf (\$ return/cow)	110.45	28.57	173.9	114.32	313.1	645.64	223.85	-22.71	55.03	10.4	107.36
Beef Backgrounding (\$ return/head)	37.2	50.62	67.6	174.69	207.47	360.7	46.47	8.09	132.84	146.36	21.09
Beef Replacement Heifer Costs (\$/head)	998.17	1058.83	1278.54	1331.85	1561.27	1661.64	1977.59	1492.06	1333.59	1419.18	1753.38
Dairy Cows (\$ return/cow)	-287.93	860.81	741.74	-324.8	428.88	1956.32	442.51	382.82	655.32	550.25	-466.12
Dairy, Milk Production (\$ return/cwt)	-1.31	4.23	3.68	-1.52	2.12	8.37	2.07	2.24	4.21	3.02	-3.16

Milk Breakeven and Sales Price per Cwt. of Milk



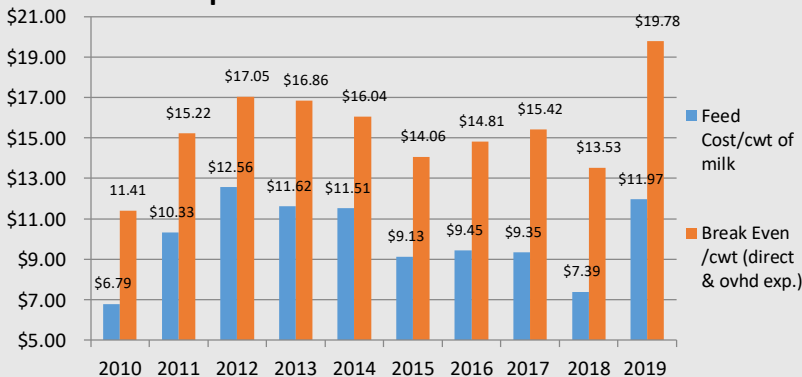
Beef cattle producers who chose to background 2018 calves into 2019 experienced a significant decrease in profit on backgrounded cattle; \$146.36 return per backgrounded beef in animal in 2018 compared to only \$21.09 return in 2019.

Based on only 2 dairy operations in the 2019 analysis the data will likely not reflect the dairy industry. The 2 reporting dairies show that their return reversed to a \$466.12 loss per cow and a correspondingly loss of \$3.16 per hundred weight of milk.

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 \$7.81 approximately \$1.00 increase from 2018 which followed an approximately \$1.00 increase from 2017. With the high correlation between feed and milk price dairy profitability hinges on intensive management of all direct and indirect costs.

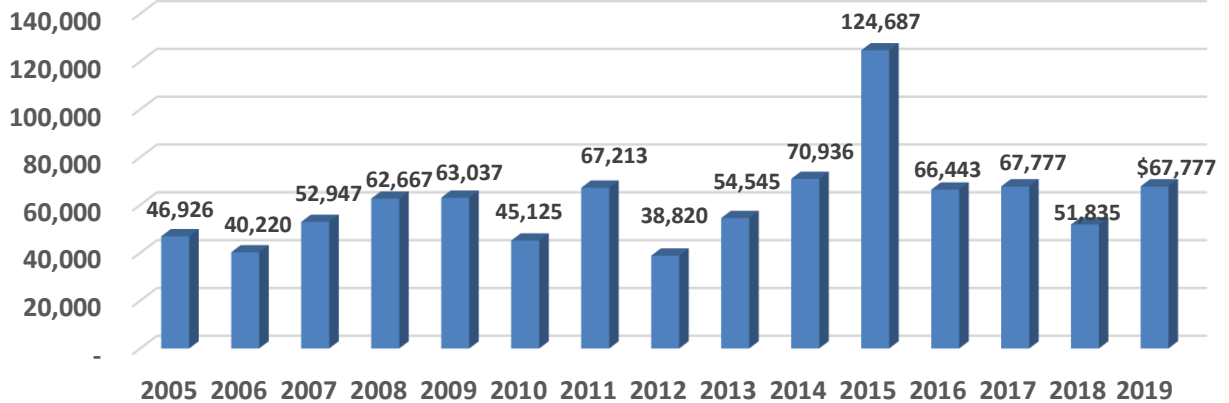
Feed Cost per Cwt. of Milk as a Part of Breakeven Costs



Family Living Data

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 110 farm businesses enrolled in three Farm/Ranch Business Management programs at Snow College, Uintah Basin Technical College and Bridgerland 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) 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:

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

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



Program Partners



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