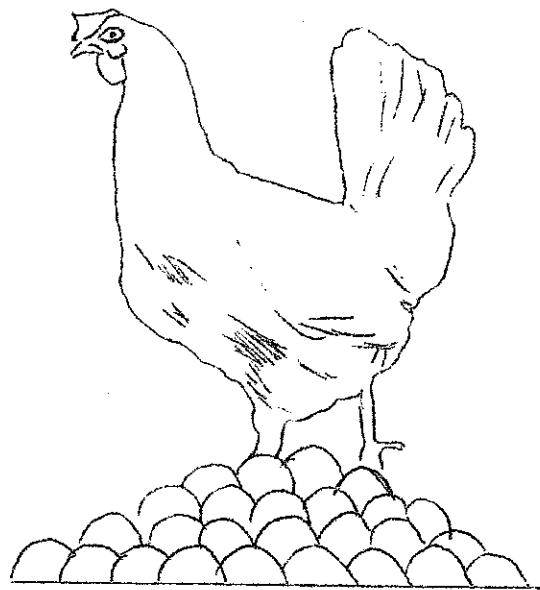


# THE ECONOMICS OF POULTRY FARM MANAGEMENT

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Jonathan S. Tobey  
Department of Agricultural Economics  
New York State College of Agriculture  
A Contract College of the State University  
Cornell University, Ithaca, New York

INTRODUCTION

This is the tenth year that a summary of poultry farm management records has been published in New York State. The information presented in this report was obtained from 37 poultry farms.

The farms in this summary averaged 9,567 layers. Fourteen of the farms had more than 10,000 hens. Eleven of the flocks had fewer than 5,000 layers.

A comparison of information from different flock sizes is also presented in this publication. While the number of farms in each group is not large, the averages should be more meaningful to producers in studying their farm businesses.

The composition of the farms in the cash account program differ from year to year. The information presented in the following tables is useful as guidelines in studying the New York poultry industry.

The producers who have supplied the information in this publication deserve the thanks of the entire poultry industry. We would also like to acknowledge the County Agricultural Agents who have spent a great deal of time throughout the year working with the cooperators.

FARM BUSINESS SUMMARY  
New York State Poultry Enterprises  
1962, 1963 and 1964

HOW MUCH CASH WAS AVAILABLE FROM THE FARM FOR  
INTEREST AND DEBT PAYMENTS AND FAMILY LIVING?

<u>Items</u>	<u>23 Farms 1962</u>	<u>26 Farms 1963</u>	<u>37 Farms 1964</u>	<u>My Farm 1964</u>
Total farm receipts	\$46,735	\$54,529	\$75,431	\$ _____
Less increase in farm inventory	<u>3,489</u>	<u>4,935</u>	<u>5,396</u>	_____
Cash receipts	\$43,246	\$49,594	\$70,035	\$ _____
Total farm expenses	\$38,576	\$45,324	\$66,632	\$ _____
Less decrease in farm inventory	865	613	2,576	_____
Less unpaid family labor	<u>345</u>	<u>189</u>	<u>43</u>	_____
Cash expenses	\$37,366	\$44,522	\$64,013	\$ _____
Cash available for interest and debt payments, and family living.	\$ 5,880	\$ 5,072	\$ 6,022	\$ _____

1. The average net operating margin for the 37 farms summarized for 1963 was \$6,022. This is the average cash available for interest, debt payments and family living expenses.
2. The net operating margin measure of farm profit ignores inventory changes and non-cash costs. This is not the best indicator to use in making year to year comparisons.
3. The average increase in inventory was larger than in both previous years. The average flock size for the farms summarized in 1964 was about 29 per cent larger than those summarized in 1963. Several farms had substantial decreases in inventory which resulted in the highest average inventory decrease in the ten years of summarizing poultry records. Much of the decrease was due to the inability of a producer to replace his laying flock because of low egg returns.

FARM BUSINESS SUMMARY  
New York State Poultry Enterprises  
1962, 1963 and 1964

HOW MUCH DID I GET FOR MY YEARS WORK WHEN I CONSIDER  
RECEIPTS AND EXPENSES THAT ARE NOT CASH?

<u>Items</u>	<u>Labor Incomes</u>			
	<u>23 Farms 1962</u>	<u>26 Farms 1963</u>	<u>37 Farms 1964</u>	<u>My Farm 1964</u>
Average farm inventory	<u>\$46,898</u>	<u>\$44,890</u>	<u>\$61,876</u>	<u>\$</u>
Farm receipts (includes inventory changes)	\$46,735	\$54,529	\$75,431	<u>\$</u>
Farm expenses (includes unpaid labor and inven- tory changes)	\$38,576	\$45,324	\$66,632	<u>\$</u>
Farm income	8,159	9,205	8,799	<u>_____</u>
Interest on average capital at 5 per cent	<u>2,345</u>	<u>2,244</u>	<u>3,094</u>	<u>_____</u>
Labor income per farm	\$ 5,814	\$ 6,961	\$ 5,705	<u>\$</u>

1. Labor income per farm averaged \$5,705 in 1964 compared to \$6,961 in 1963. The flock size in 1964 averaged 9,567 compared to 7,426 in 1963. The average price received per dozen in 1964 was 34.6 cents, down 3/10ths of a cent from 1963.

FARM BUSINESS SUMMARY  
New York State Poultry Enterprises  
1962, 1963 and 1964

CAPITAL INVESTMENT

<u>Items</u>	<u>23 Farms 1962</u>	<u>24 Farms <sup>1/</sup> 1963</u>	<u>37 Farms 1964</u>	<u>My Farm 1964</u>
Machinery and equipment	\$ 8,387	\$ 8,880	\$12,184	\$ _____
All Poultry	7,537	9,418	12,149	_____
Other livestock	388	116	1,157	_____
Feed and supplies	3,279	1,176	1,263	_____
Land and buildings	<u>27,403</u>	<u>24,307</u>	<u>35,123</u>	_____
Total farm inventories	\$46,994	\$43,897	\$61,876	\$ _____

<sup>1/</sup> An accurate breakdown of inventory values was completed on 24 farms.

WHERE THE MONEY CAME FROM

<u>Items</u>	<u>Farm Receipts</u>			
	<u>23 Farms 1962</u>	<u>26 Farms 1963</u>	<u>37 Farms 1964</u>	<u>My Farm 1964</u>
Egg sales	\$36,814	\$44,622	\$63,200	\$ _____
Poultry sales	1,484	1,036	1,877	_____
Started pullet sales	650*	909*	930	_____
Work off farm	262	446	467	_____
Crops	2,486	681	1,084	_____
Miscellaneous receipts	1,550	1,900	2,477	_____
Increase in inventory	<u>3,489</u>	<u>4,935</u>	<u>5,396</u>	_____
Total farm receipts	\$46,735	\$54,529	\$75,431	\$ _____

Egg sales were about 84% of total receipts in 1964 compared to 82% in 1963 and 79% in 1962.

Egg sales were 90% of total cash receipts in 1964, the same as in 1963. Started pullet sales were reported on ten farms in the study.

\* Includes chick and started pullet sales.

FARM BUSINESS SUMMARY  
New York State Poultry Enterprises  
1962, 1963 and 1964

WHERE THE MONEY WENT

<u>Items</u>	<u>Farm Expenses</u>			
	<u>23 Farms</u> <u>1962</u>	<u>26 Farms</u> <u>1963</u>	<u>37 Farms</u> <u>1964</u>	<u>My Farm</u> <u>1964</u>
Feed bought	\$19,233	\$26,240	\$37,051	\$ _____
Eggs bought	408	360	1,177	_____
New buildings	2,392	2,764	2,627	_____
New machinery	1,548	1,929	2,264	_____
Hired labor	2,418	2,616	3,462	_____
Chicks bought	1,250	1,526	1,731	_____
Started pullets bought	3,379	4,170	8,222	_____
Machinery and equipment expense	868	773	1,544	_____
Poultry supplies	648	627	1,371	_____
Telephone, electricity, and fuel	950	957	1,008	_____
Buildings, fence expense	287	342	448	_____
Taxes	527	406	531	_____
Crop expense	1,361	642	864	_____
Insurance	232	235	412	_____
Miscellaneous	1,865	935	1,301	_____
Unpaid family labor	345	189	43	_____
Decrease in inventory	<u>865</u>	<u>613</u>	<u>2,576</u>	_____
Total farm expenses	\$38,576	\$45,324	\$66,632	\$ _____

Feed purchases on the 37 farms summarized for 1964 averaged 58% of the cash farm expenses. Started pullet purchases averaged an additional 13% of the cash farm expenses. The major cost item in a replacement pullet is feed cost. Feed costs on farms raising their own replacements can be expected to comprise about 65 per cent of the total farm costs.

FARM BUSINESS SUMMARY  
New York State Poultry Enterprises  
1962, 1963 and 1964

PRODUCTION FACTORS 1/

Chicken Arithmetic

<u>Items</u>	<u>23 Farms 1962</u>	<u>26 Farms 1963</u>	<u>37 Farms 1964</u>	<u>My Farm 1964</u>
Average number of layers for year	5,738	7,426	9,567	_____
Number of eggs sold per layer	216	211	220	_____
Mortality as per cent of average number of layers	13	13	13.6	_____
Man equivalent	2.0	1.8	2.1	_____
Layers per man	2,838	4,179	4,556	_____
Dozen eggs sold per man	51,003	73,235	84,039	_____
Price received per dozen eggs sold	35.2	34.9	34.6	_____
Pounds feed per dozen eggs sold	5.3	5.1	4.8	_____

1/ Information was not available for each farm for every item.

1. The average flock size of the farms summarized for 1964 was 9,567 layers.
2. Eggs sold per layer averaged 220, the highest reported since records have been summarized.
3. Layer mortality averaged 13.6 per cent, up slightly from past years.
4. The average number of layers per man continued the trend of increasing from the previous year.
5. The average price received per dozen eggs was the lowest price received in the ten years that records have been summarized.
6. Feed efficiency, at 4.8 pounds per dozen, was improved over previous years.

FARM BUSINESS SUMMARY  
Thirty-four New York State Poultry Farms  
1964

HOW DID THE PROFITABLE OPERATIONS DIFFER FROM THE OTHERS?

Labor Income Analysis, By Income Groups

<u>Item</u>	<u>17 High Labor Income Farms</u>	<u>17 Low Labor Income Farms</u>
Average Farm Inventory	\$ 77,068	\$46,669
Total Receipts <sup>1/</sup>	101,775	49,088
Total Expenses <sup>2/</sup>	<u>85,965</u>	<u>47,300</u>
Farm Income	15,810	1,788
Interest on capital at 5 per cent	<u>3,853</u>	<u>2,333</u>
Labor Income Per Farm	\$ 11,957	--\$ 545

<sup>1/</sup> Includes inventory changes.

<sup>2/</sup> Includes inventory changes and charges for unpaid family labor.

Production Factors, By Income Groups

<u>Item</u>	<u>17 High Labor Income Farms</u>	<u>17 Low Labor Income Farms</u>
Average number of layers	12,970	6,842
Eggs sold per layer (number)	223	212
Layer mortality (per cent)	13.5	14.1
Man equivalent (number)	2.5	1.8
Layers per man	5,139	3,770
Dozen eggs sold per man	96,382	67,211
Price received per dozen eggs (cents)	34.9	34.0
Feed per dozen eggs sold (pounds)	4.6	5.1

The high labor income farms had almost twice as many layers as the low labor income farms. Higher returns per dozen eggs, better feed efficiency and more eggs sold per layer were also factors that resulted in profits on the high labor income farms.



FARM BUSINESS SUMMARY  
Thirty-Seven New York State Poultry Farms  
1964

HOW DID THE OPERATIONS DIFFER BY SIZE GROUPS?

Production Factors, By Size Groups

<u>Item</u>	<u>12 Large Size Farms</u>	<u>13 Medium Size Farms</u>	<u>12 Small Size Farms</u>
Average number of layers	18,208	7,364	3,802
Eggs sold per layer (number)	221	222	210
Layer mortality (per cent)	13.8	13.0	14.0
Man equivalent	2.7	2.1	1.5
Layers per man	6,682	3,328	2,535
Dozen eggs sold per man	122,872	67,495	44,897
Price received per dozen eggs (cents)	33.9	34.6	37.7
Feed per dozen eggs sold (pounds)	4.7	4.9	5.0

Labor Income Analysis, By Size Groups

<u>Item</u>	<u>12 Large Size Farms</u>	<u>13 Medium Size Farms</u>	<u>12 Small Size Farms</u>
Average Farm Inventory	\$ 99,082	\$53,624	\$33,672
Total Receipts <sup>1/</sup>	136,724	59,046	32,013
Total Expenses <sup>2/</sup>	121,527	52,772	26,858
Farm Income	15,197	6,274	5,155
Interest on Capital at 5 per cent	<u>4,954</u>	<u>2,681</u>	<u>1,684</u>
Labor Income	\$ 10,243	\$ 3,593	\$ 3,471

<sup>1/</sup> Includes inventory changes.

<sup>2/</sup> Includes inventory changes and charges for unpaid family labor.

## POULTRY FARM BUSINESS CHART

FARM OF \_\_\_\_\_

YEAR \_\_\_\_\_

Success in farming is the result of many factors. Farm business studies show that the most important factors under the farmer's control are size of business, production rates, labor efficiency, and selection and combination of enterprises.

The chart below shows the range of experiences for New York State poultry operations with respect to size of business, production rates, and labor efficiency.

The figure at the top of each column is the average for the highest 10 per cent of the farms in that factor. For example, the figure 250 at the top of the column headed "Eggs Sold per Hen" is the average of the 10 per cent of the farms with the highest sales per hen. The other figures in the column are the averages for "the next best 10 per cent," "the 10 per cent below that," and so forth. The figure 185 at the bottom of the column is the average of the 10 per cent of the farms with the lowest sales of eggs.

Each of the columns is independent of the others. The figure 6,000 at the top of the column headed "Hens per Man" is the average of the 10 per cent of the farms with the highest number of hens per man.

## HOW TO USE THIS CHART

Draw lines in each column to show the rank of the farm business being studied. For example, if the hens produced 212 eggs, draw a line between 210 and 214. Draw heavy lines so that you can see them easily.

Production Eggs sold per hen	Mortality		Size of Business Number of Hens	Efficiency		
	Hens percent of Ave. no.	Chicks percent of no. started		Hens per man	Dozen eggs sold per man	Lbs. Feed per doz. eggs
250	6	1	20,000	6,000	108,000	4.2
235	10	2	12,000	4,500	81,000	4.7
225	11	3	7,000	3,700	67,000	4.9
220	12	4	5,500	3,200	58,000	5.1
217	13	5	5,000	2,800	50,000	5.3
214	14	6	4,500	2,600	47,000	5.7
210	16	7	4,000	2,400	43,000	6.1
205	18	8	3,500	2,200	40,000	6.5
200	22	11	2,800	2,000	36,000	6.9
185	28	15	2,000	1,500	27,000	7.2

The poultry business is undergoing continuous change. In New York, average egg production since 1930 has increased from 140 to more than 217 eggs per bird. The labor required to produce a dozen eggs has been about halved as the result of this increase in egg production, together with the mechanization of poultry houses. Another important change has been the decline in the number of small poultry flocks and the growth of the full-time commercial poultry farm.

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New York State College of Agriculture, Cornell University, Ithaca, New York  
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