

COSTS and RETURNS



Commercial
Broiler
Farms,
Georgia

1968

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FARM COSTS AND RETURNS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches in selected U.S. farming regions. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas studied.

The 1968 costs and returns studies cover the following commercial farms and ranches by type and size:

- Dairy Farms, New York and Wisconsin
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Georgia
- Cotton Farms, Mississippi Delta
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky and Pennyroyal Area, Kentucky-Tennessee
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Substantial revisions have been made in some series to portray farming operations representative of major producers of specified products. Some series were discontinued because they no longer represent a major sector of commodity production or because the farm enterprise could be better represented by another series.

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report, published in 1968, is "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," AIB 230.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

COSTS AND RETURNS COMMERCIAL BROILER FARMS GEORGIA, 1968

Wylie D. Goodsell, Owen K. Shugars, and Daphene E. Tippet¹

Georgia is the Nation's top broiler-producing State. According to the last census, more than 76 percent of the broilers and other meat-type chickens sold in the United States were produced in 8 States, with Georgia's share set at 16 percent of the total. Other important broiler-producing States were Arkansas (14 percent of the total), Alabama (11 percent), North Carolina (9), Mississippi (8), Texas (7), Maryland (6), and Delaware (5.5). The foregoing definitely places the southeast region as the major broiler-producing area, with Georgia well in the lead and in the heart of it. (For location of area, see fig. 1.)

About 24 percent of Georgia's commercial broiler farms annually produce less than 30,000 birds per farm; they account for less than 19 percent of the State's output. Nearly 45 percent of the larger units with annual flocks between 30,000 and 100,000 birds produce nearly 57 percent of the State total. The broiler units depicted in this study grow around 4.5 lots per year and produce nearly 43,000 birds.

Return to operator labor and management, and capital in North Georgia averaged \$1,770 per farm in 1968, about the same as in 1967 (table 1). Receipts from broilers were nearly 7 percent greater than in 1967, but income from other farm sources decreased about 9 percent. More than 80 percent of cash receipts came from broilers. Operating expenses were about 6 percent higher in 1968.

Growers averaged 42,940 birds per farm, about 2,800 more than a year earlier. The average number of lots per farm was 4.5 in 1968, a slight increase over the previous year. The number of birds per lot was also greater than in 1967.

Contractual broiler income in 1968, at \$2,920 per farm, was slightly above a year earlier. Contract payments averaged 1.96 cents per pound of bird sold, compared with 1.94 cents in 1967. However, the average live weight per bird for all lots sold was a little lower in 1968 and payments per 1,000

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LOCATION OF TYPES OF FARMS STUDIED

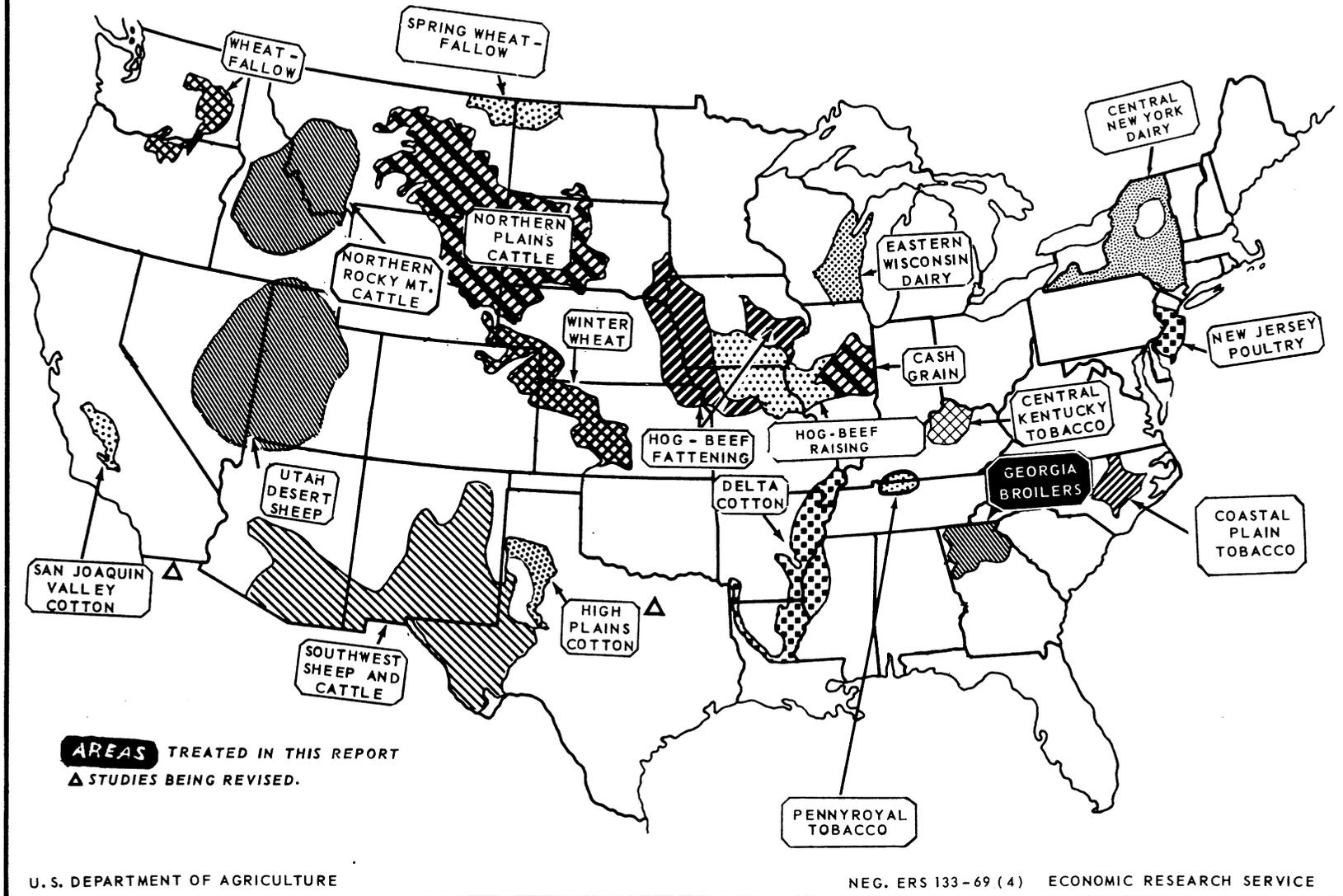


Figure 1

Table 1.--Organization, production, costs and returns, commercial broiler farms, Georgia, 1967 and 1968

Item	Unit	1967	1968 ^{1/}
Land in farm.....	Acre	65	65
Broilers started, per lot.....	Number	9,471	9,989
Broilers produced:			
Number.....	do.	40,130	42,939
Pounds.....	Pound	140,856	150,286
Total labor used.....	Hour	1,770	1,850
Operator and family.....	do.	1,630	1,700
Hired.....	do.	140	150
Total farm capital, Jan. 1.....	Dollar	24,100	25,910
Land and buildings.....	do.	18,500	20,180
Machinery and equipment.....	do.	4,590	4,740
Crops and livestock.....	do.	1,010	990
Total cash receipts.....	do.	3,338	3,474
Broilers.....	do.	2,729	2,920
Other.....	do.	609	554
Value of perquisites.....	do.	685	743
Change in inventory.....	do.	17	-2
Gross farm income.....	do.	4,040	4,215
Total cash expenditures ^{2/}	do.	2,416	2,756
Feed purchased and livestock expense.....	do.	538	568
Crop expense.....	do.	36	37
Machinery.....	do.	1,023	1,096
Farm buildings and fences.....	do.	479	663
Hired labor.....	do.	143	164
Taxes.....	do.	113	141
Other.....	do.	84	87
Inventory adjustment, machinery and buildings.....	do.	-100	-310
Total operating expenses.....	do.	2,316	2,446
Return to operator labor and management, and capital ^{3/}	do.	1,724	1,769
INDEX NUMBERS (1957-59 = 100)			
Net farm production.....	-----	155	161
Prices received for products sold.....	-----	95	96
Prices paid, including wages to hired labor.....	-----	120	124

^{1/} Preliminary. ^{2/} Feed, chicks, medicine, and miscellaneous items are supplied by the broiler contracting firms. ^{3/} The information presented here assumes farms are debt-free and producers are full owners, primarily for comparability between types of farms.

birds were about the same as in 1967.

The contracts under which Georgia growers operated last year were about the same as in 1967. Some contracts which provided payments based on efficiency in feed conversion in 1967 were changed to a cost production basis in 1968. Most contracts in Georgia provide incentives for efficiency in the use of inputs furnished by the contractor. Although Georgia growers have typically furnished fuel for heating broiler houses, some contractors, in recent years, have provided a fuel assistance payment during the colder months. This payment, though only a fraction of total fuel costs, is an inducement for growers to produce during the winter months.

Contractual broiler income accounted for about 84 percent of the total farm cash receipts of these growers in 1968. Other farm sources of cash returns included sales of small quantities of corn and livestock.

Total operating expenses averaged \$2,450 per farm in 1968. About 60 percent of this was direct expense of the broiler enterprise. In addition, some of the other expense items, such as farm machinery, real estate taxes, hired labor, and utilities, are related to the broiler enterprise. Operating expenses were a little higher than in 1967 chiefly because more inputs were required for the larger out-turn and because prices paid for most inputs averaged higher in 1968.

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