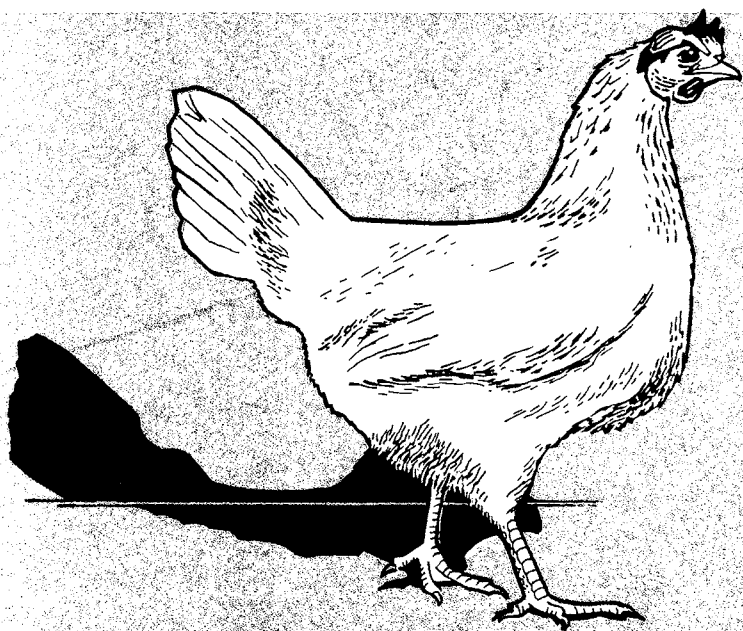


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COSTS and RETURNS



**Commercial
Egg-
Producing
Farms**

New Jersey

1962

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, 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 covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1962
- Costs and Returns, Commercial Corn Belt Farms, 1962
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1962
- Costs and Returns, Commercial Broiler Farms, Delmarva and Maine, 1962
- Costs and Returns, Commercial Cotton Farms, 1962
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1962
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1962
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1962
- Costs and Returns, Western Livestock Ranches, 1962

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1963. In this annual report, information is given for 1962 with comparison with 1961 and 1960, and the period 1957-59.

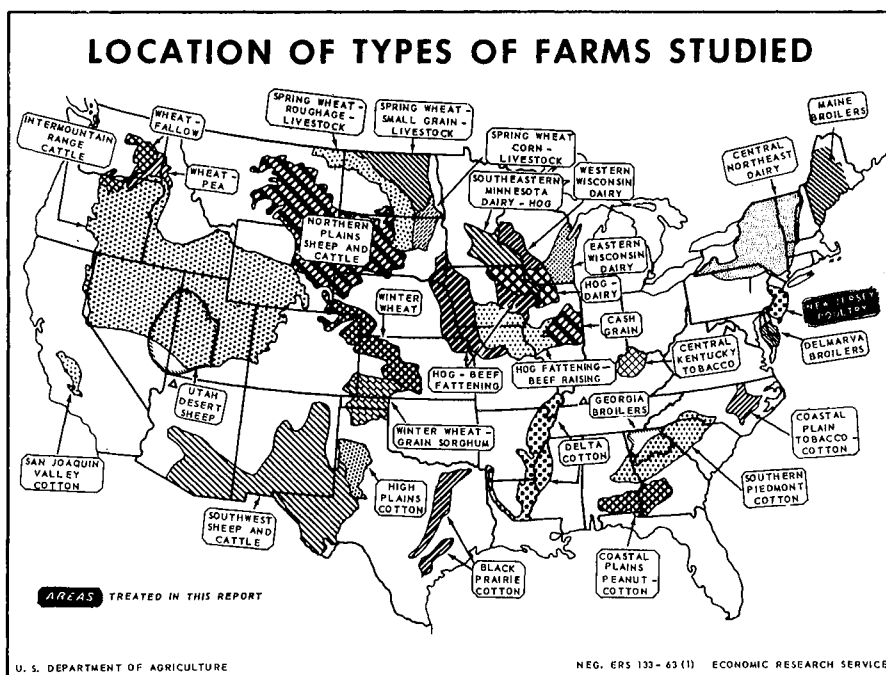


Figure 1

COSTS AND RETURNS, COMMERCIAL EGG-PRODUCING FARMS, NEW JERSEY, 1962

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Net farm income in 1962 on representative commercial egg-producing farms in New Jersey averaged \$3,017 per farm. (See table 1, figure 1.) This was \$1,942 below the average for 1961, but considerably higher than the 1957-59 average of \$1,742. The major factors reducing income on these farms in 1962 were a 3 percent decrease in prices received for eggs coupled with a 1-percent decline in rate of lay from the previous year. In addition, total cash expenditures were up in 1962 due to an increase of about 3 percent in both size of flock and prices paid for poultry feed. However, some expenditure items such as building and equipment repairs and replacements were lower in 1962.

Prices received for eggs in 1962 on typical New Jersey egg-producing farms average 34.8 cents per dozen compared with 35.9 cents for a year earlier. With the exception of September and December, New Jersey egg prices in 1962 averaged below corresponding months of 1961.

Gross income from the marketing of eggs in 1962 averaged \$25,834 per farm, a decrease of \$839 from a year earlier. (See table 1, figure 2.) A larger laying flock more than offset a slight decline in the rate of lay but was not sufficient to offset the effect of lower egg prices. Gross returns from eggs were about 3 percent below a year earlier. Returns from cull layers, the only other source of farm income for these operators, increased slightly due to

increased marketings. However, cull layers represented less than 5 percent of gross farm income on these specialized poultry farms.

Total cash expenditures averaged \$24,778 per farm in 1962, \$764 more than in 1961. (See table 1, figure 2.) The main factors contributing to increased expenditures in 1962 were higher prices paid for poultry feed consumed by a larger laying flock. Because the aggregate feed bill on these farms made up about three-quarters of total cash expenditures, a slight change in feed prices greatly influenced net returns. Most of the increase in other cash expenditures in 1962 can be attributed to larger quantities of inputs purchased on a slight increase in prices paid compared with the previous year.

Expenditures for hired labor increased slightly on these farms in the past few years, despite more off-farm candling, grading, and handling of eggs. More and more operators and/or members of the family were seeking off-farm employment to supplement farm incomes. Slightly more labor was hired to perform work previously done by the operator and family. Loaning agencies recommended operators or members of their family take off-farm employment. Under good management the added income more than offsets the increase in expenditures for hired labor and the slight decrease in farm production efficiency. Off-farm employment substantially increased total net income during

Table 1.- Commercial egg-producing farms, New Jersey: Organization, production, costs and returns, 1957-59, 1961 and 1962

Item	1957-59	1961 ^{1/}	1962 ^{2/}
	Number	Number	Number
Laying hens on hand, Jan. 1.....	4,687	5,010	5,050
Chickens raised.....	3,042	2,323	2,423
Average number of layers on hand, during year.....	4,080	4,514	4,646
Eggs per layer on hand, during year.....	195	194	192
Total labor used.....	5,200	5,250	5,010
Operator and family.....	4,280	4,350	4,110
Hired.....	920	900	900
	Dollars	Dollars	Dollars
Total farm capital, Jan. 1.....	42,090	44,970	44,720
Land and buildings.....	32,850	34,730	34,870
Machinery and equipment.....	1,890	2,220	2,270
Livestock.....	7,350	8,020	7,580
Total cash receipts.....	25,410	27,353	26,538
Eggs.....	24,658	26,673	25,834
Cull layers.....	752	680	704
Total cash expenditures.....	25,487	24,014	24,778
Feed purchased.....	19,286	18,018	18,931
Baby chicks.....	1,419	1,032	1,077
Brooder fuel.....	183	155	162
Other poultry expense.....	490	542	557
Machinery.....	926	973	993
Farm buildings.....	1,530	1,497	1,181
Labor hired.....	840	844	892
Taxes.....	434	539	556
Telephone.....	33	43	45
Electricity.....	230	240	245
Insurance.....	34	41	46
Miscellaneous expense.....	82	90	93
Net cash farm income.....	-77	3,339	1,760
Value of perquisites.....	922	961	967
Change in inventory:			
Livestock.....	182	60	---
Machinery and buildings.....	715	599	290
Gross farm income.....	26,514	28,374	27,505
Operating expenses.....	24,772	23,415	24,488
Net farm income.....	1,742	4,959	3,017

^{1/} Revised. ^{2/} Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

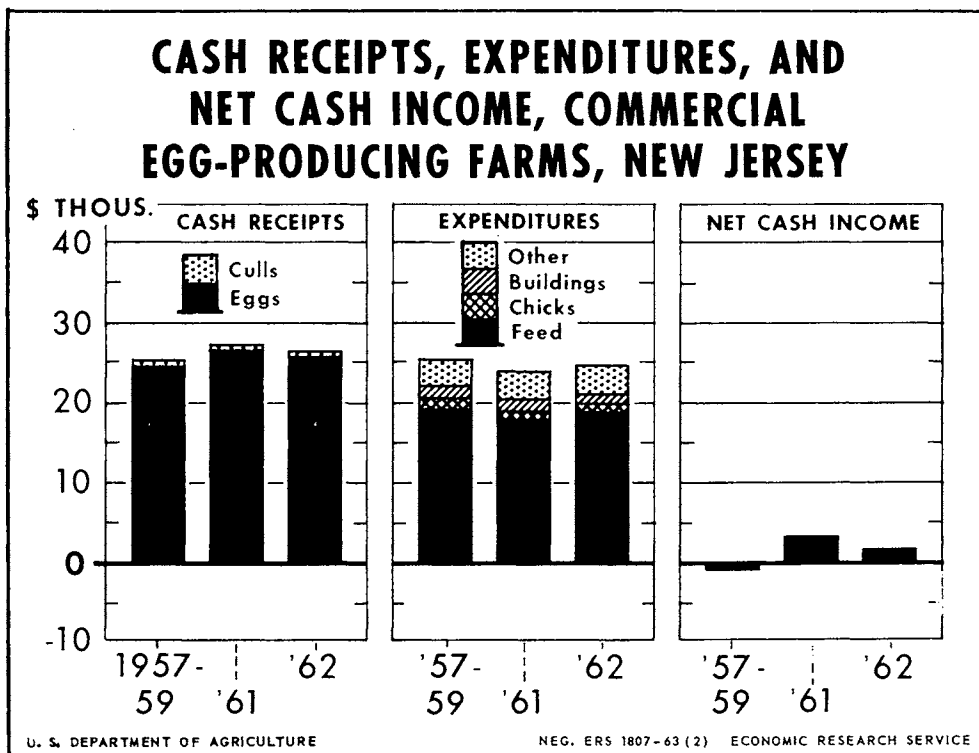


Figure 2

some of the recent unfavorable years for these farmers.

The cost of removing poultry litter also became an additional expense. In past years many vegetable producers and dairy farmers in the surrounding areas were willing to clean out the poultry houses for the manure. Since the mid-1950's, high labor costs involved in removing litter have more than offset the value of the litter as fertilizer. Increased urbanization has required farmers to haul the litter greater distances for disposal.

Farm real estate taxes have increased steadily in the last few years even with the decreased values of these poultry farms. Unfavorable price-cost relationships in the poultry industry and relatively low incomes tended to reduce the value of poultry farms despite some increase in land values due to urbanization.

In 1960, a law was passed by the New Jersey State Legislature to aid farmers in areas where the prospective values of the land due to subdivision were more than the agricultural value. However, this law was invalidated as unconstitutional in June 1962. The New Jersey Legislature since passed a new law to give similar tax relief to farmers in such areas.

These poultry farmers have been holding building and equipment replacement and repairs to a minimum because of depressed incomes since 1959. With many poultry operators going out of business, ample opportunities existed for farmers who continued to operate to replace worn out equipment at very reasonable prices. Also, egg marketing companies and cooperatives were doing more off-farm grading and candling of eggs, thus decreasing the need of this equipment on the farm.

Expenditures for baby chick feed and supplies for the replacement flock slightly decreased in recent years even though the size of flock increased. Typical poultry farmers found it difficult to finance normal replacements and thus retained more of the previous year's pullets for a second year of production. Since 1959, over 40 percent of the previous year's pullets have been retained for production a second year compared with 33 percent in the early mid-1950's. Although net income for second-year layers was less than that for pullets, many farmers were unable to finance normal replacements. The total cost of raising a pullet to 6 months of age or 50 percent production averaged about \$2.00 a bird in recent years. These operators maintained flocks without the large capital outlay needed for normal replacement by deferring income for another year from the sale of cull layers (50 cents

per bird) and feeding these layers through the molting season (60 cents per bird).

Since 1950 there has been a steady decline in seasonal variation of the monthly average number of layers on New Jersey farms. (See figure 3.) There are several factors influencing this trend, especially in the last few years.

Since 1959, operators maintained a larger ratio of hens (layers in a second year of production) to pullets. By keeping more layers over for a second year of production, operators maintained a larger average flock size during June and July, the normal period for replacing the flock. In recent years, layers have better genetic ability for persistency of production (ability to produce longer before molting). Thus, these operators have most of the previous year's flock on hand when the pullets start

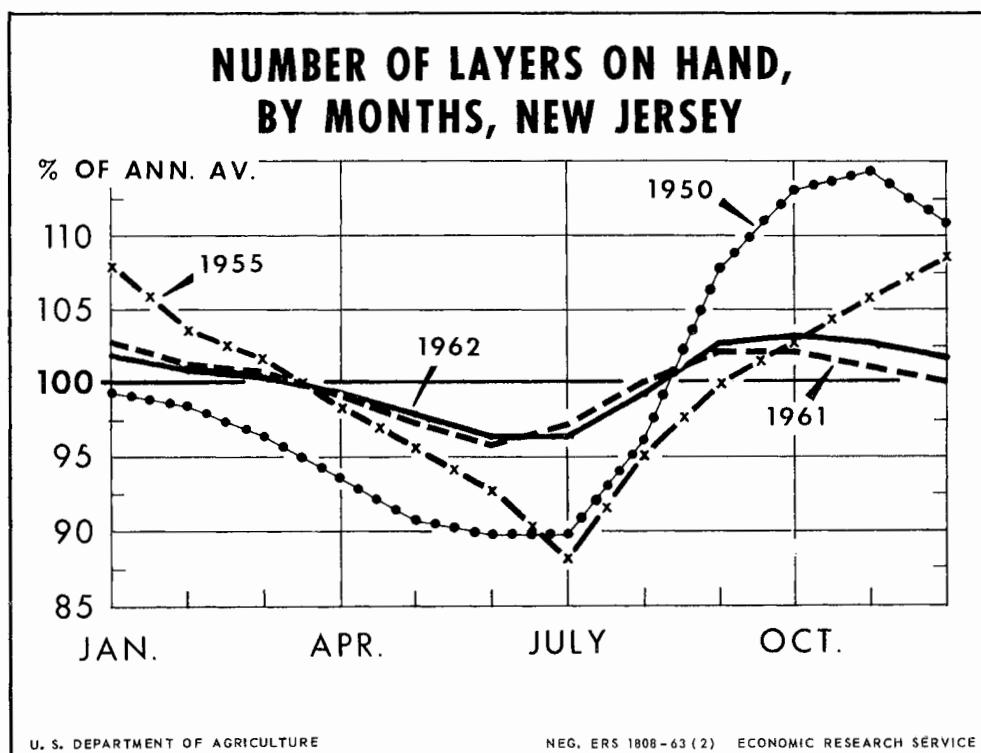


Figure 3

production. Better flock management, increased liveability, and improved nutrition also have combined to decrease culling, early molting, and mortality.

The Country As A Whole¹

U.S. gross income in 1962 from eggs and farm chickens approximated \$1,866 million, a 4 percent decrease from 1961. Eggs accounted for about \$1,742 million of this total compared with \$1,823 million for 1961, a 4-percent decrease. Gross income from farm chickens showed no appreciable change between the 2 years.

Prices received for eggs in 1962 in the United States averaged about 33.3 cents per dozen compared with 35.4 cents for a year earlier, a decline of 6 percent. However, prices received in 1962 averaged about 6 percent higher than the record low price received in 1959. Prices received for farm chickens showed no appreciable change between 1961 and 1962.

Total U.S. egg production amounted to 5,231 million dozen in 1962 compared with 5,152 for the previous year, an increase of 1.5 percent. The greater egg production was due both to an increased rate of lay and more layers in 1962. Production per layer in 1962 averaged 212 eggs compared with 211 for the previous year. The average number of layers per month averaged 296,017,000 compared with 293,783,000 hens and pullets in 1961.

¹ Estimates for 1962 are preliminary. Official estimates of the Statistical Reporting Service will be published in April in the 1963 issue of "Chickens And Eggs, Including Commercial Broilers, Farm Production, Disposition, Cash Receipts, And Gross Income 1961-62."

For the United States as a whole, total operating expenses for laying flocks averaged higher in 1962 than for the previous year. A slightly larger flock size coupled with increases in prices paid for feed, other farm production items, interest, taxes, and wage rates in 1962 were responsible for higher operating expenses. Prices paid by farmers in the United States for poultry mash (prices paid for commercial feed and prices received for grain) averaged about \$3.42 per hundredweight compared with \$3.36 for 1961. The only expenditure item showing a slight decrease between 1961 and 1962 was in the price paid for chicks. In 1962 farmers paid \$37.10 per 100 chicks (primarily for layer replacement flocks) compared with \$37.70 a year earlier.

Change in Commercial Poultry Farms, New Jersey, 1954-49

The number of commercial egg-producing farms in New Jersey declined by nearly one-half between 1954 and 1959. The relatively large decreases came in flocks with less than 3,200 birds. (See table 2.) New Jersey egg producers were faced with a relatively unfavorable price-cost relationship. Because these farms were specialized egg-producing operations, low egg prices drastically affected farm incomes.

For the United States as a whole, the total number of commercial egg-producing farms declined by nearly two-fifths between 1954 and 1959. However, there were large decreases in flocks with less than 1,600 layers. These flocks comprised about 86 percent of commercial poultry farms in 1954 and 62 percent in 1959.

Despite a reduction of 47 percent in commercial egg-producing farms

in New Jersey between 1954 and 1959, eggs sold decreased only 13 percent. (See table 3.) The total number of layers on these commercial poultry farms decreased 23 percent while the rate of lay per bird increased slightly more than 4 per-

cent. In 1954, commercial egg-producing farms in New Jersey provided nearly 15 percent of eggs produced by all commercial poultry farms in the United States. In 1959 they provided about 8 percent of the total.

TABLE 2.--Commercial poultry farms with chickens 4 months old and over, classified by size of flock, New Jersey, 1954 and 1959¹

Size of flock	1954		1959		Percentage change, 1954 - 1959
	No. of farms	Percent	No. of farms	Percent	
Under 400.....	645	10.3	120	3.7	-81
400-799.....	665	10.7	175	5.3	-74
800-1,599.....	1,195	19.2	545	16.6	-54
1,600-3,199.....	1,810	29.0	921	28.0	-49
3,200 and over.....	1,917	30.8	1,523	46.4	-21
Total.....	6,232	100.0	3,284	100.0	-47

¹ Data from 1954 and 1959 U.S. Census of Agriculture, Vol. II, Ch. VI.

TABLE 3.--Dozens of eggs sold on commercial poultry farms with chickens 4 months old and over, classified by size of flock, New Jersey, 1954 and 1959¹

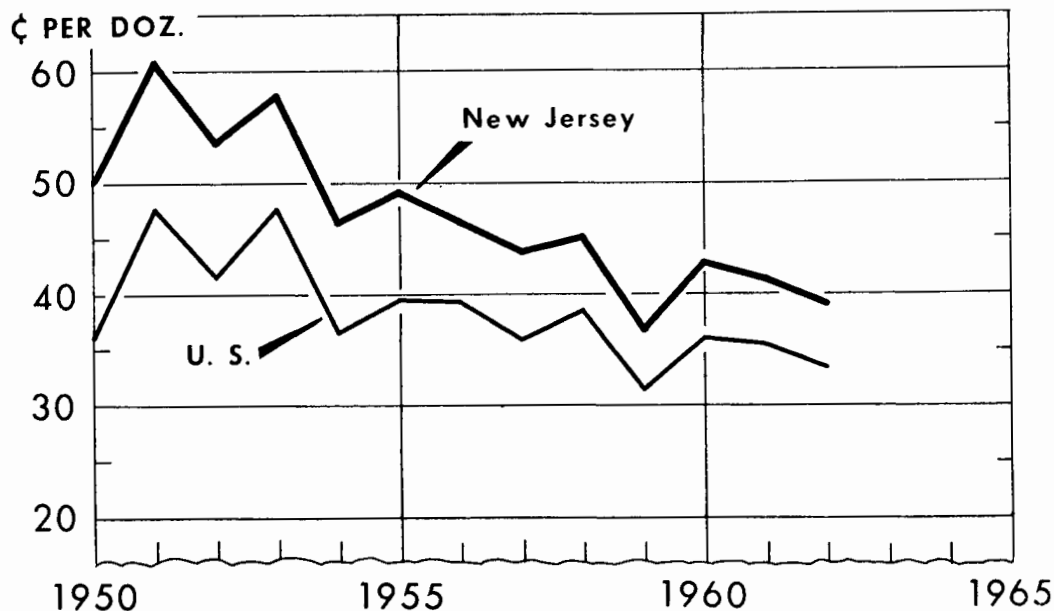
Size of flock	1954		1959		Percentage change, 1954-1959
	No. of dozens	Percent	No. of dozens	Percent	
Under 400.....	1,944,975	1.1	948,380	0.6	-51
400-799.....	3,813,660	2.1	1,256,255	.8	-67
800-1,599.....	14,957,060	8.3	8,079,425	5.2	-46
1,600-3,199.....	49,042,740	27.3	29,626,260	18.9	-40
3,200 and over.....	108,954,790	60.6	115,899,815	73.8	6
No. chickens on hand ²	1,027,525	.6	1,053,500	.7	---
Total.....	179,740,750	100.0	156,863,635	100.0	-13

¹ Data from 1954 and 1959 U.S. Census of Agriculture, Vol. II, Ch. VI.

² Eggs sold on farms that reported no chickens on hand as of the date of enumeration.

U. S. and New Jersey

PRICES RECEIVED BY FARMERS FOR EGGS

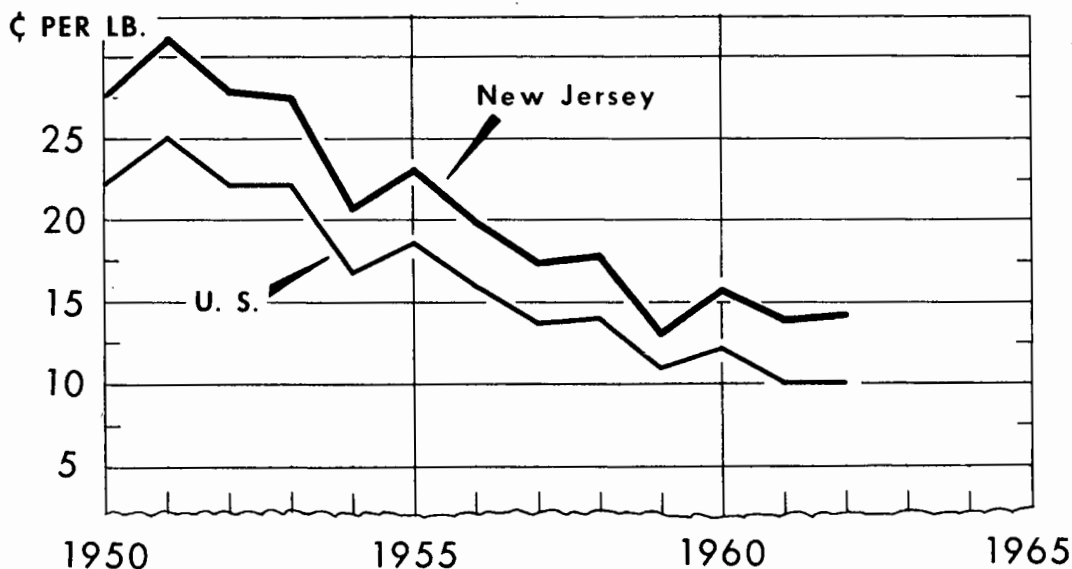


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PRICES RECEIVED BY FARMERS FOR FARM CHICKENS

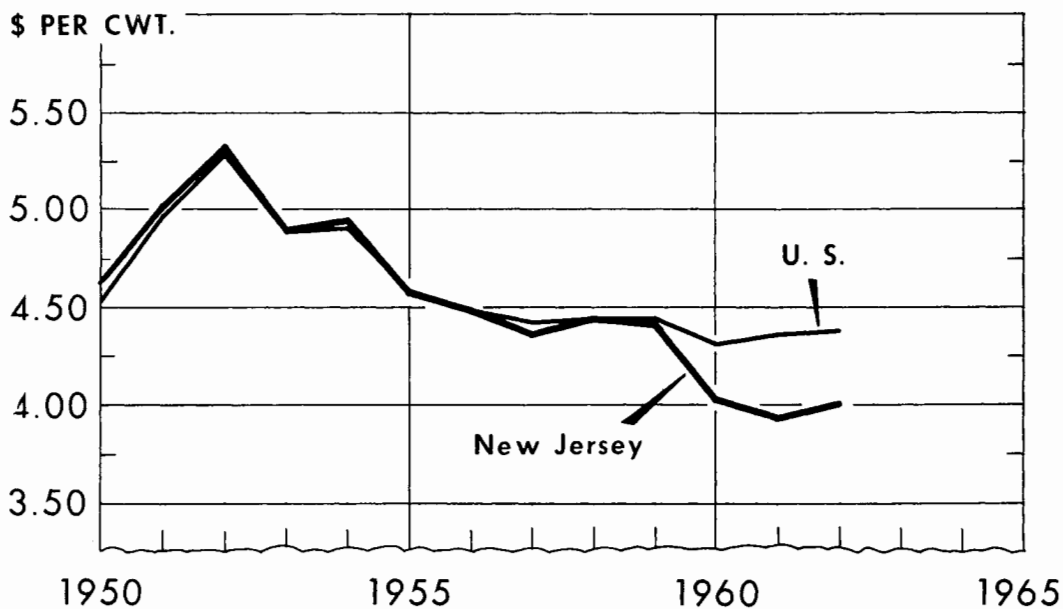


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PRICES PAID BY FARMERS FOR LAYING MASH

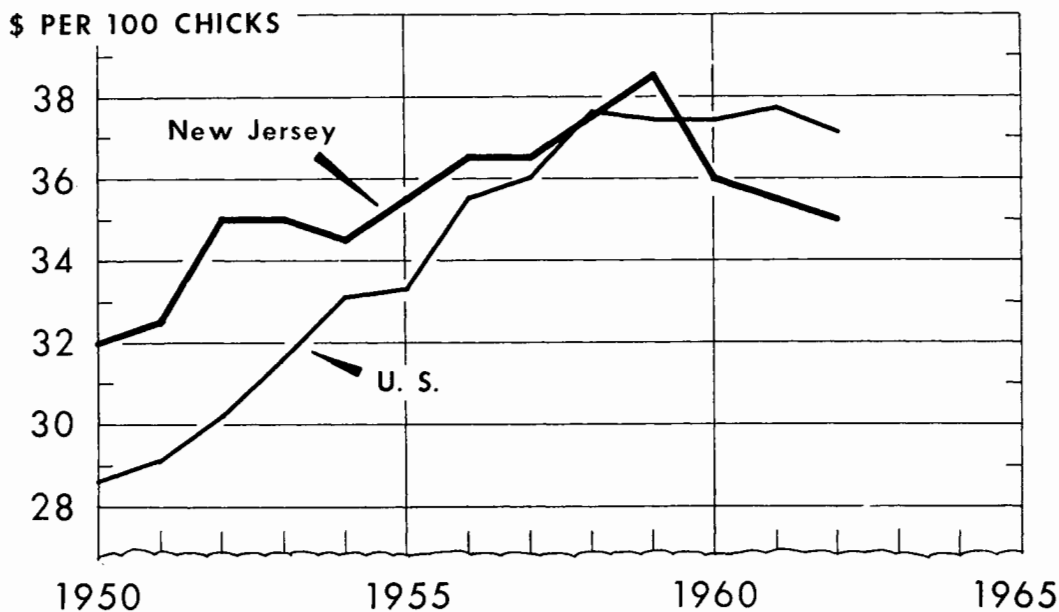


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PRICES PAID BY FARMERS FOR SEXED PULLETS

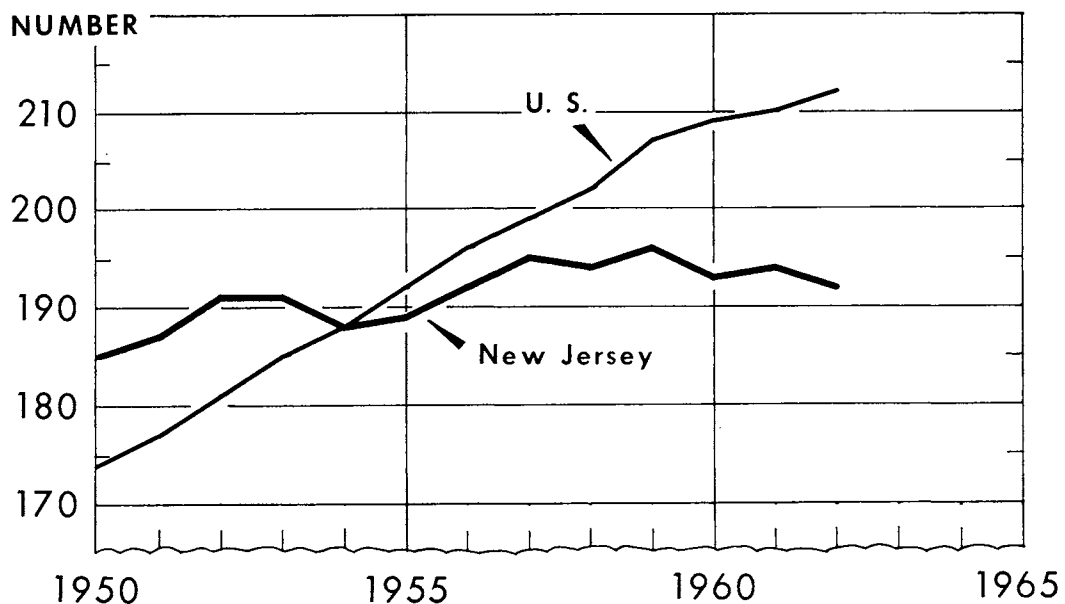


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EGG PRODUCTION PER LAYER

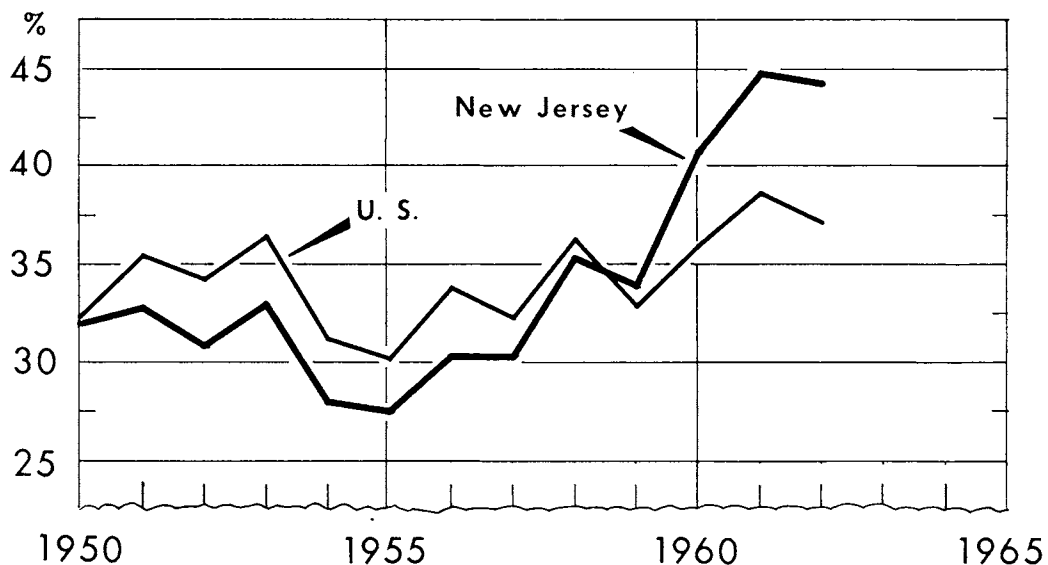


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HENS AS A PERCENTAGE OF HENS AND PULLETS ON HAND, JAN. 1



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