U. S. DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • FCR-74 JUNE 1970

COSTS and RETURNS

Commercial Broiler Farms, Georgia

1969

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 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 1969 costs and returns studies cover the following commercial farms and ranches by type and size:

Dairy Farms, Southeastern Wisconsin and Central New York
Cash Grain Farms, Corn Belt
Hog-Beef Feeding Farms, Corn Belt
Egg-Producing Farms, New Jersey
Broiler Farms, Georgia
Cotton Farms, Mississippi Delta
Cotton Farms, Southern High Plains, Texas
Tobacco Farms, Coastal Plain, North Carolina
Tobacco-Livestock Farms, Bluegrass Area, Kentucky
Northwest Cattle Ranches
Migratory Sheep Ranches, Utah-Nevada
Southwest Cattle 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 Some series were discontinued because they no longer represent a major sector of commodity production or because the farm enterprise could be better represented by another series.

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, 1969

Wylie D. Goodsell, Owen K. Shugars, and Daphene E. Tippett[1]

Abstract: Returns in 1969 were record high on commercial broiler farms in Georgia, the Nation's top broiler State. Their operators grew around 4.7 lots and produced around 46,400 birds per farm. Broilers were marketed at slightly heavier weights. Also, there were more birds sold per operator and higher contract payments per pound sold.

Key Words: Broilers, contract payments and returns.

Georgia is the Nation's top broiler-producing State. In 1969 nearly 80 percent of U.S. broiler production came from 8 States, with Georgia producing 16 percent of the total. The other important States were Arkansas (15 percent of the total and moving up rapidly), Alabama (13 percent), North Carolina (10), Mississippi (8), Texas and Maryland (each 6), and Delaware (5). The foregoing definitely places the southeast region as the major broiler-producing area. Its importance probably will continue to increase as its feedgrain supplies improve.

There are many small operations which produce broilers. On some of these, receipts from broilers are the major source of income, but on many others broiler production is a sideline. Approximately 48 percent of Georgia's broiler farms annually produce fewer than 30,000 birds per farm. These farms produce less than a fifth of the State's output. About 45 percent of the producers have annual flocks between 30,000 and 100,000 birds. Their output makes up three-fifths of the State's total production.

In 1969, operators grossed around $4,780 per farm. The net return to operator and family labor and management, and to total capital averaged $2,180 per farm. Both were record high. Increased output per farm and higher contract payments boosted net returns nearly a fourth above the 1968 level and almost 3 time more than the 1960-64 average (table 1).

Receipts from broilers in 1969 were up nearly 16 percent—coincidentally the same percentage gain as returns from other sources. But the broiler enterprise contributed about 85 percent of total receipts.

Growers averaged 46,400 birds per farm, about 3,400 more than a year earlier. The average number of lots per farm rose slightly to about 4.7, and flock size per lot was greater than in 1968.

Contractual broiler income in 1969 approximated $3,380 per farm, almost a sixth higher

[1] Agricultural Economists and Statistical Assistant, Farm Prod. Econ. Div., Econ. Res. Serv., U.S. Dept. Agr.

Table 1.–Organization, production, costs and returns, commercial broiler farms, Georgia, 1968 and 1969

Item	Unit	Average 1960-64	1968	1969[1]
Land in farm	Acre	65	65	65
Broilers started, per lot	Number	7,027	9,990	10,290
Broilers produced:				
Number	do.	26,045	42,940	46,375
Pounds	Pound	86,514	150,286	162,312
Total labor used	Hour	1,590	1,850	1,870
Operator and family	do.	1,460	1,700	1,720
Hired	do.	130	150	150
Total farm capital, Jan. 1	Dollar	15,650	26,080	29,130
Land and buildings	do.	10,710	20,340	22,950
Machinery and equipment	do.	4,060	4,740	5,130
Crops and livestock	do.	880	1,000	1,050
Total cash receipts	do.	2,145	3,476	4,025
Broilers	do.	1,701	2,920	3,378
Other	do.	444	556	647
Value of perquisites	do.	451	743	756
Change in inventory	do.	-8	-2	0
Gross farm income	do.	2,588	4,217	4,781
Total cash expenditures[2]	do.	1,814	2,756	2,762
Feed purchased and livestock expense	do.	384	568	606
Crop expense	do.	38	37	36
Machinery	do.	900	1,096	1,128
Farm buildings and fences	do.	285	663	549
Hired labor	do.	90	164	180
Taxes	do.	57	141	168
Other	do.	60	87	95
Inventory adjustment, machinery and buildings	do.	31	-310	-156
Total operating expenses	do.	1,845	2,446	2,606
Return to operator labor and management, and capital[3]	do.	745	1,771	2,175
INDEX NUMBERS 1957-59 = 100)				
Net farm production	----	109	161	169
Prices received for products sold	----	92	96	103
Prices paid, including wages to hired labor	----	106	124	126

[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.

than a year earlier and about double the 1960-64 average. Contract payments averaged about 2.10 cents per pound sold, up 0.13 cent from 1968. Also, the average live weight per bird for all lots sold was a little greater in 1969, and payments per 1,000 birds were up about 7 percent.

In general, broiler contracts in Georgia prescribe that the contracting firms provide feed, chicks, sanitation supplies, medical supplies and responsibility for marketing the broilers. Producers provide housing, equipment, fuel, litter, and electricity, and are responsible for the day-to-day tasks involved in production.

Beyond these provisions, contracts exhibit variability. For example, payment rates sometimes are arrayed by broiler growers ranking according to production costs. Alternatively, the payment rate may depend on efficiency in feed conversion. In addition, payments may vary for birds of different weights, that is, heavier birds earn a lower poundage payment than lighter birds. There are several variations and combinations of payment provisions, most of which are designed to promote efficiency. Contracts in 1969 were basically unchanged except for increases in payment rates.

Total operating expenses moved up a little in 1969 but were about 50 percent greater than in 1960-64. Inputs used were up nearly 4 percent, and net production rose about 5 percent. Prices paid in 1969 averaged nearly 2 percent above 1968 levels.

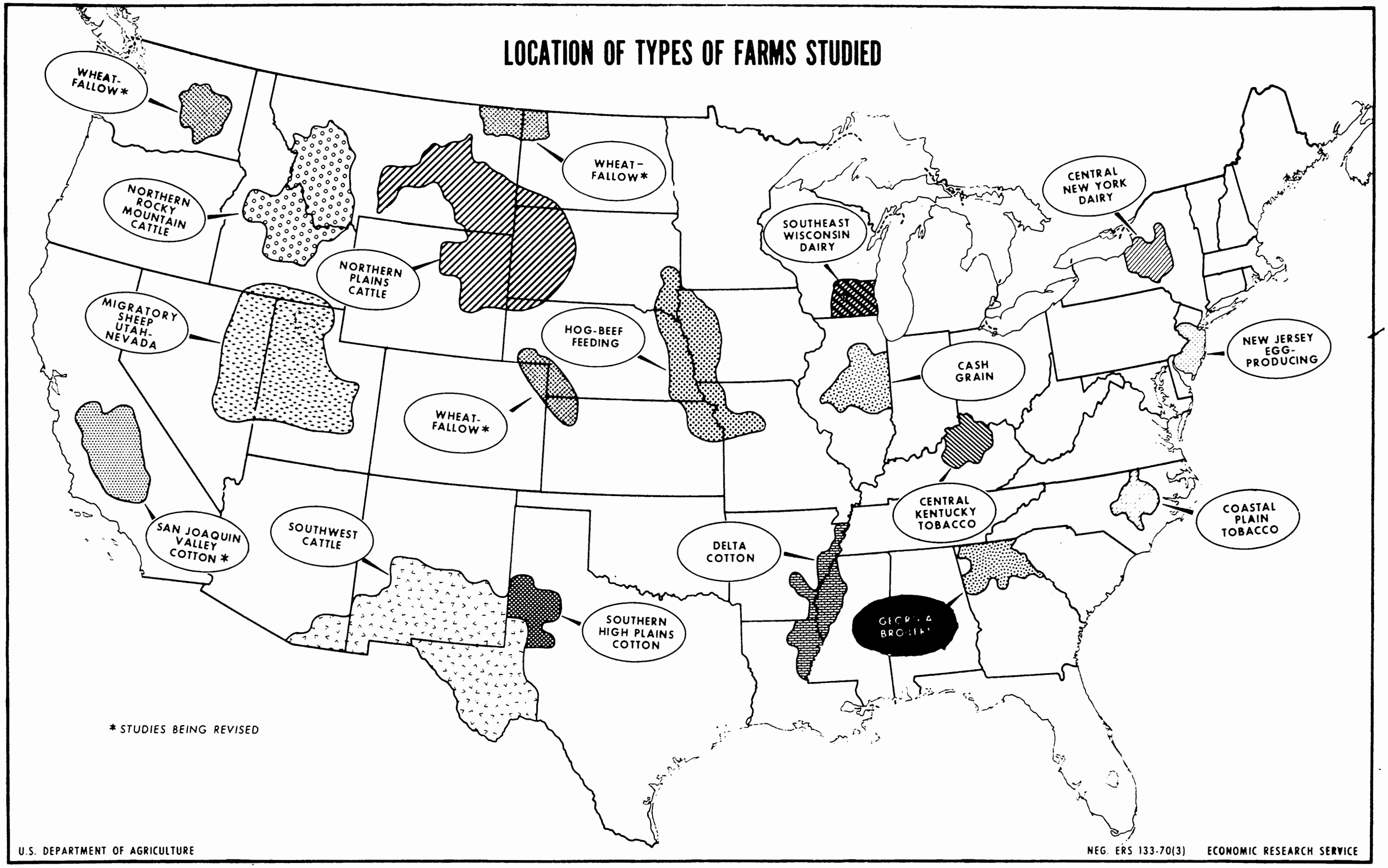
LOCATION OF TYPES OF FARMS STUDIED
WHEAT-FALLOW*
NORTHERN ROCKY MOUNTAIN CATTLE
MIGRATORY SHEEP UTAH-NEVADA
SAN JOAQUIN VALLEY COTTON *
SOUTHWEST CATTLE
NORTHERN PLAINS CATTLE
WHEAT-FALLOW*
HOG-BEEF FEEDING
WHEAT-FALLOW*
SOUTHERN HIGH PLAINS COTTON
DELTA COTTON
SOUTHEAST WISCONSIN DAIRY
CASH GRAIN
CENTRAL KENTUCKY TOBACCO
CENTRAL NEW YORK DAIRY
NEW JERSEY EGG-PRODUCING
COASTAL PLAIN TOBACCO
* STUDIES BEING REVISED
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Figure 1

LOCATION OF BROILER FARMS STUDIED

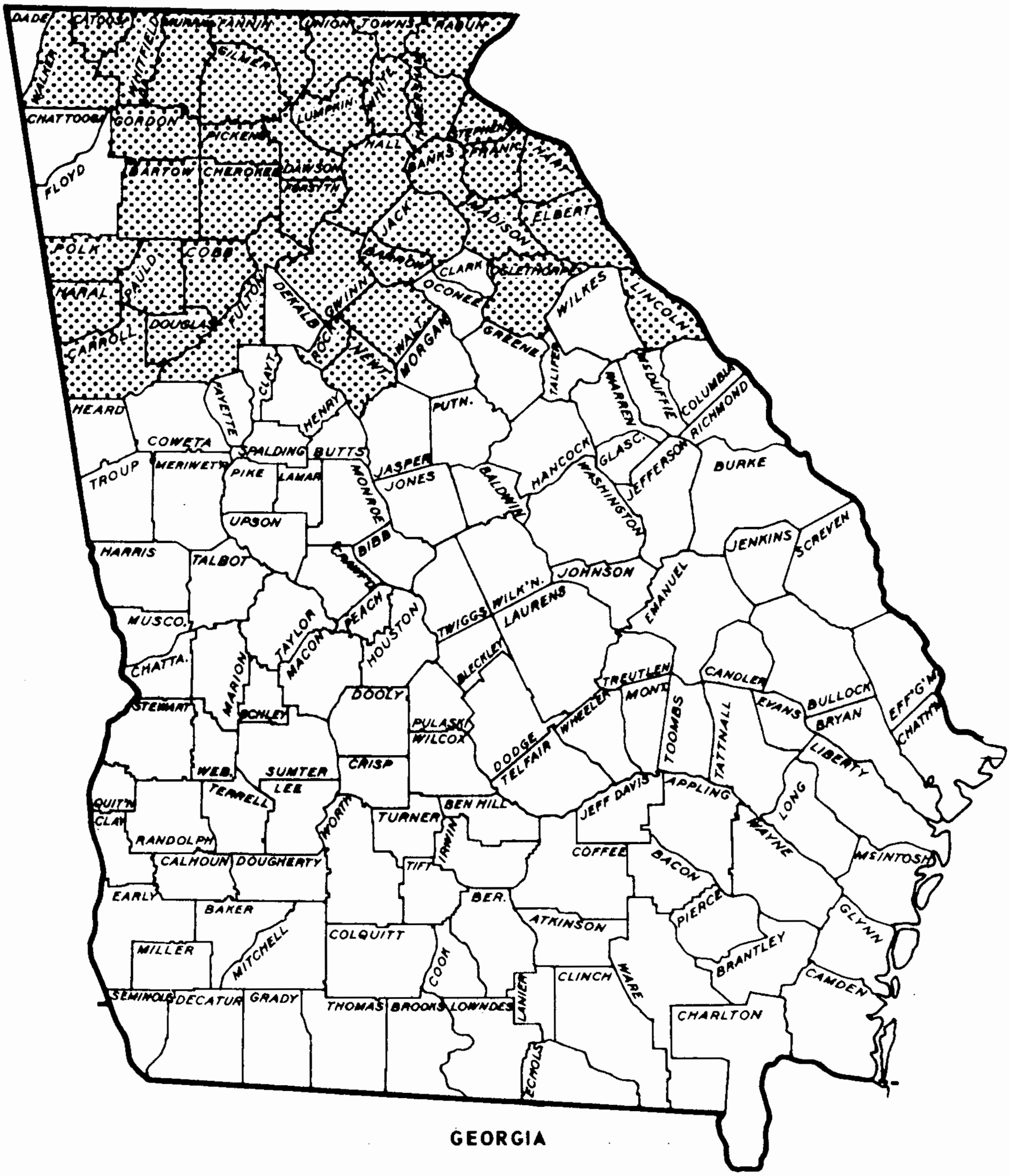

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Figure 2

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