

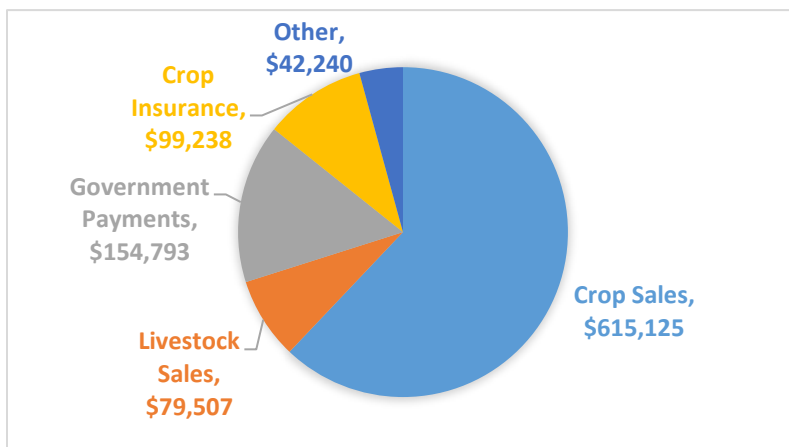
2020 North Dakota Farm Management Education Program State Averages

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North Dakota producers had a good year in terms of financial strength. The average net farm income for 2020 was \$176,038 which was an increase from \$74,100 in 2019. This was largely due to the generous amount of government payments such as CFAP 1 and 2 and WHIP+ for 2018 and 2019 crops that were available to producers. The PLC (price loss coverage) payments also paid out very well because of the lower commodity prices in 2019. Towards the end of 2020 some producers were able to capture the higher soybean, spring wheat and canola prices which added more income.

In 2020, the average size of farms enrolled in the North Dakota Farm Management Education Program was 2,246 crop acres and 421 pasture acres. The average age of the operator was 47.1 years and the average number of years farming was 22.5.

The gross cash farm income was \$990,903, of which 62% was from crop sales, 16% from government payments, 10% from insurance indemnities, and 8% from livestock sales. Crop sales were relatively the same as 2019 but livestock sales were down from the previous year. Government payments were up almost \$65,000 from 2019 and insurance payments were also up about \$51,000 from 2019.



The average total cash farm expense was \$747,574 which was up \$44,969 from 2019. With the increase in expense we saw an increase in the amount of money borrowed but with the increase in income we also saw more debt being paid down in 2020. Because of this the average debt to asset ratio dropped from 44% in 2019 to 31% in 2020.

North Dakota producers also saw an increase in their profitability measures. The rate of return on assets increased to 5.9% and the rate of return on equity increased from 0.6% in 2019 to 7.1% in 2020 which indicates that borrowed money is making returns back to operations. In addition, the 2020 average term debt coverage ratio was 2.49 which means farmers and

ranchers produced enough income to cover intermediate and long-term debt payments almost two and half times.

In 2020, the average operating expense ratio was 69.4% and the average interest expense ratio was 4.3%. This means that for every dollar the producer earned they spent \$0.69 on operating expenses and \$0.04 on interest. Of that dollar they also spent about \$0.08 in depreciation and were left over with about \$0.18 of that dollar in profit.

Crop yields were up and down from 2019 across the state but some crops like Canola, Oats, Sugar Beets, Sunflowers and Hard Red Spring Wheat had an increase in yields while the rest were relatively the same or lower. The five most profitable crops grown on cash rented ground in North Dakota in 2020 were Sunflowers at a net return per acre of \$139.74 with a yield of 20.95 cwt per acre, Flax at \$83.76 with yield at 25.28 bu, Pinto Beans at a return of \$81.31 per acre and yield of 16.45 cwt, Durum at \$74.07 with yield at 53.08 bu and Canola with a net return per acre of \$61.88 and a yield at 21.46 cwt per acre.

North Dakota cattle producers took a hit in 2020 with the lower markets and higher feed costs even though they did receive some government payments through CFAP 1 and 2. The average net return in 2020 was \$31.45 per cow which is down \$18.23 per cow from 2019. The average weaning weight was up this year to 564 pounds and the average weight of calves sold was up 27 pounds to 585 pounds but we saw a decrease in the average price sold which came in at \$144.49 per hundred weight. In 2019, the average price per hundred weight sold was \$151.18. However, this calculated to be an increase of \$1.69 return per calf sold. The average feed cost per cow in 2020 was \$412.03 which was up \$39.85 from 2019.

The 2020 beef backgrounding enterprise showed that we had an average net return of \$20.06 per head which was down from the 2019 average net return of \$57.28 per head. This decrease again was due to the lower market values and higher feed costs. On average, backgrounders sold at 748 pounds at \$134.78 per hundred weight which comes to \$1008.15 per head. In 2019, backgrounders sold on average for \$1026.33 per head.

On a positive note, we saw an increase on the net return of beef replacement heifers. The 2020 average net return per head was \$277.27. This was due to an increase in the value of the heifers along with the extra income from the government CFAP payment.

Overall, producers that were enrolled in the 2020 North Dakota Farm Management Education Program had their ups and downs in different areas. Some crop producers saw lower yields and decent to lower prices while others saw an increase in yields and captured the higher commodity prices but in the end most had a better year than planned due to the extra help in government payments and crop insurance. Beef producers had some aid in government payments but not enough to offset the drop in the market and higher feed costs.

The information provided in this article was gathered by the 12 North Dakota Farm Management Education programs. Instructors were able to gather information from 327

producers in different regions of the state. If you'd like to look at your regional report or the full state average report you can contact local North Dakota Farm Management instructors or visit our website at www.ndfarmmanagement.com.

The North Dakota Farm Management Education Program provides lifelong learning opportunities in economic and financial management for persons involved in the farming and ranching business. Visit ndfarmmanagement.com, Facebook @NDFarmManagementEducation, or contact Craig Kleven, State Supervisor for Agricultural Education, at crkleven@nd.gov or 701-328-3162 for more information. The ND Farm Management Education Program is sponsored by the North Dakota Department of Career and Technical Education.