

2021 North Dakota Farm Management Education Program State Averages

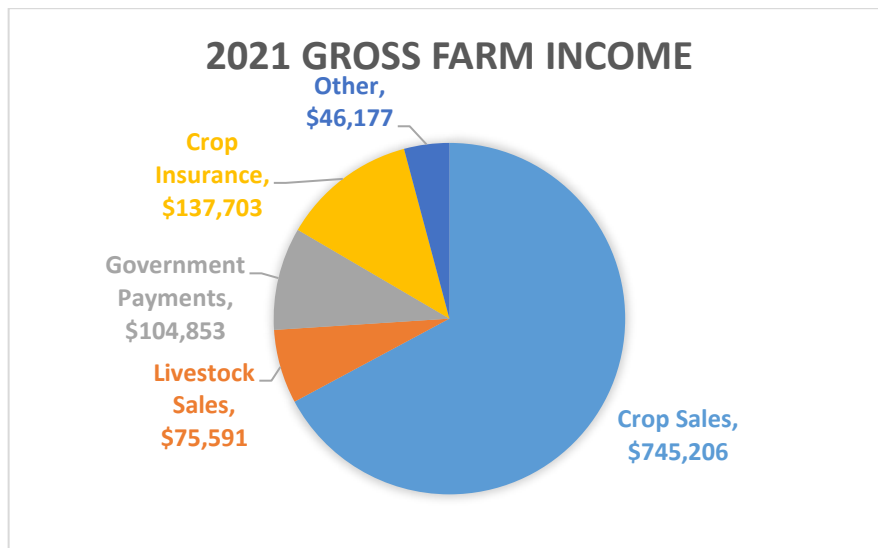
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North Dakota producers had a tremendous year regarding financial strength. The average net farm income for 2021 was \$408,835, which was an increase from \$176,038 in 2020. This was largely due to higher commodity prices, crop insurance, and government payments that were available to producers.

In 2021, the average farm enrolled in the North Dakota Farm Management Education Program farmed 2,228 crop acres and grazed 427 pasture acres. The average operator age was 48 years old and had 23 years of farming experience.

2021's gross cash farm income was \$1,109,531, of which 67% was from crop sales, 12% from insurance indemnities, 9% from government payments, and 7% from livestock sales as shown in Table 1 below. Crop sales increased about \$130,000 and livestock sales decreased about \$3900 in comparison to 2020. Government payments decreased about \$50,000 and insurance payments increased about \$38,500 from 2020.

Table 1



The average total cash farm expense was \$796,100, increasing \$48,526 from the average total cash expense in 2020. Due to the increase in expenses, there was also an increase in the amount of borrowed money and therefore, more debt being paid down in 2021. For that reason, the average debt to asset ratio dropped from 31% in 2020 to 29% in 2021.

North Dakota producers saw an increase in profitability measures in 2021. The rate of return on assets increased to 13.1% from 5.9% in 2020 and the rate of return on equity increased to 18.8% from 7.1% in 2020 indicating that borrowed money is making returns to operations. In addition, the 2021 average term debt coverage ratio was 4.54 meaning farmers and ranchers produced enough income to cover intermediate and long-term debt payments four and half times.

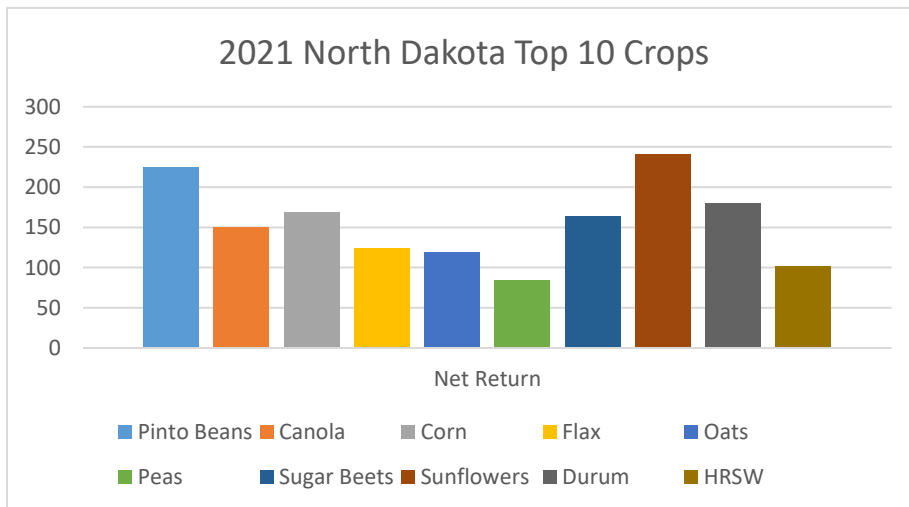
In 2021, the average operating expense ratio was 57.8% and the average interest expense ratio was 3.1%. This means that every dollar a producer earned in 2021, \$0.58 was spent on operating expenses and \$0.03 on interest. Of that dollar, \$0.07 was also allocated to depreciation. This leaves approximately \$0.32 of that dollar as profit.

Crop yields decreased from 2020 yields statewide primarily due to the widespread drought. Sugar beets on cash rented land was the only crop that saw an increase in crop yield. 2021’s five most profitable crops grown on cash rented land in North Dakota are as follows:

1. Sunflowers with a net return of \$240.35 and yield of 16.92 cwt per acre.
2. Pinto Beans with a net return of \$223.78 and yield of 5.61 cwt per acre.
3. Durum with a net return of \$179.55 and yield of 26.83 bushels per acre.
4. Corn with a net return of \$168.93 and yield of 118.20 bushels per acre.
5. Sugar Beets with a net return of \$163.70 and yield of 29.31 tons per acre.

The top ten crops produced in North Dakota during 2021 are outlined in Table 2 below showing the average net return for each crop.

Table 2



In 2021, North Dakota cattle producers saw an increase in beef cow-calf profits. Although feed costs were up, beef producers had an increased gross margin due to government payments (Livestock Forage Payment and CFAP3), an increase in culls sales, and increased calf prices. The average net return in 2021 was \$102.12 per cow which is an increase of \$70.67 per cow from 2020. The average weaning weight was 496 pounds and the average weight of calves sold was 403 pounds with an average sale price of \$208.22 per hundredweight.

The 2021 beef backgrounding enterprise showed an average net return of \$90.94 per head which was greater than the 2020 average net return of \$20.06 per head. On average, backgrounders sold weighing 717 pounds at \$139.55 per hundred weight which equates to an average of \$1000.57 per head.

Overall, producers enrolled in the 2021 North Dakota Farm Management Education Program did very well despite statewide drought conditions. Crop producers experienced lower yields but higher commodity prices while beef producers experienced higher feed costs as well as higher cattle prices which helped to offset costs.

The data within this article was gathered by 11 North Dakota Farm Management Education programs. Instructors were able to gather information from 304 producers in different regions throughout the state. If you'd like to see your region's annual report or the full state average report, please contact your local North Dakota Farm Management Education instructor or visit our website at www.ndfarmmanagement.com.

To learn more about farm succession planning and other financial questions about farms and ranches, visit with an instructor near you. 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.