Executive Summary

EXECUTIVE SUMMARY: During the summer of 2017, the peanut representative farms were updated. The information collected was into a useful data base for analysis and comparison to prior updates to determine any key changes over time.

The key facts from the 2017 representative farms update are:

1. Total acreage ranged from 1,000-4,000 acres per representative farm
2. 57% of the acreage was irrigated and 43% of the acreage was non-irrigated
3. The irrigated acreage ranged from 600-3,275 acres per representative farm
4. The non-irrigated acreage ranged from 160-2,000 acres per representative farm
5. 46.6% of the crop land was planted to cotton
6. 28.2% of the crop land was planted to peanuts
7. 11.8% of the crop land was planted to corn
8. 13.4% of the crop land was planted to soybeans, wheat and other crops

The key information in regard to the peanut enterprise of the representative farms are:

1. Peanut acreage ranged from 180-1,100 acres
2. 64% of the peanut acreage was irrigated and 36% of the acreage was non-irrigated
3. The irrigated acreage ranged from 180-1,025 acres
4. The non-irrigated acreage ranged from 75-600 acres
5. The average yield across all representative farms was 2.25 tons/acre
6. The average irrigated yield was 2.43 tons/acre
7. The average non-irrigated yield was 1.93 tons/acre

The equipment list for each farm was updated in detail to determine the 2017 market value and the appropriate crop enterprise utilizing the respective pieces of equipment. The value of the equipment was allocated based on the enterprise that used the equipment and not spread over all acreage on the representative farm. Averaging across all representative
farms, the peanut farming sector, on average, had approximately $2 million plus in farming equipment.

A cash flow budgeting approach was utilized to determine the true cash cost of producing peanuts and competing crops. Preliminary analysis indicated that the U.S. peanut cash flow budget is approximately $552.43 per ton which is approximately 12.4% higher than what USDA reports in their peanut budget. The cash flow analysis includes the normal variable cost of production. During the updating of the representative farms, farmers also have besides the normal operating loan loans for equipment and land that must be paid each year. The equipment loans were allocated based on the enterprise that uses the equipment and not spread over all crop acreages. Furthermore, it was discovered that farmers are having difficulty in paying off their operating loan and their equipment loan. Those payments are then rolled into a land loan if the farmer has enough equity in the land they own. Given these findings, a preliminary analysis was done on the financial state of these representative farms comparing the 2013 update information to the 2017 update information. The net cash flow income from all the crop enterprises was calculated and then all government payments plus other farm income from livestock, fruits and vegetables was included. While the 2013 update indicated a positive $362,954 net farm income, the 2017 update indicated a negative $149,200 net farm income.
FINAL REPORT: Continue to update the peanut data bases maintained by the Peanut Center. The updated peanut data base regarding the 2016 and 2017 certified peanut acreage by state by county by type is continually being used to address peanut planted acreage changes by location. State level GIS maps are continuing to be developed and disseminated to the respective state peanut executives to aid them in seeing how acreages are changing in their respective states. Continue responding to questions by peanut farmers and peanut industry leaders in regard to the implementation of the 2014 Farm Bill and potential features of the 2018 farm bill.

The new research professional II hire assimilated the data information on the 22 peanut representative farms from the 2009 rep farm update and the 2013 rep farm update. This information was used to formulate the information needed to collect for the update on the representative farms during the summer of 2017. The research assistant took the information collected from the 2017 update and assimilated the data into a useful data base for analysis and comparison to prior updates.

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5. 46.6% of the crop land was planted to cotton
6. 28.2% of the crop land was planted to peanuts
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6. The average irrigated yield was 2.43 tons/acre
7. The average non-irrigated yield was 1.93 tons/acre

Extra time was taken during the updating of the representative farms to ensure that the equipment list for each farm was accurate and to determine the 2017 market value. The value of the equipment was allocated based on the enterprise that used the equipment and not spread over all acreage on the representative farm. Averaging across all representative farms, the peanut farming sector, on average, had approximately $2 million plus in farming equipment.

A cash flow budgeting approach was utilized to determine the true cash cost of producing peanuts and competing crops. Preliminary analysis indicated that the U.S. peanut cash flow budget is approximately $552.43 per ton which is approximately 12.4% higher than what USDA reports in their peanut budget. The cash flow analysis includes the normal variable cost of production. During the updating of the representative farms, farmers also have besides the normal operating loan loans for equipment and land that must be paid each year. The equipment loans were allocated based on the enterprise that uses the equipment and not spread over all crop acreages. Furthermore, it was discovered that farmers are having difficulty in paying off their operating loan and their equipment loan. Those payments are then rolled into a land loan if the farmer has enough equity in the land they own. Given these findings, a preliminary analysis was done on the financial state of these representative farms comparing the 2013 update information to the 2017 update information. The net cash flow income from all the crop enterprises was calculated and then all government payments plus other farm income from livestock, fruits and vegetables was included. While the 2013 update indicated a positive $362,954 net farm income, the 2017 update indicated a negative $149,200 net farm income.