

FARM INCOME

Data on fourth-quarter 1977 personal income for Nebraska recently released by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, indicate that the farm income component experienced a substantial increase over the third quarter. The fourth-quarter estimate of farm income was \$1,070 million (expressed in seasonally adjusted annual terms). This represents an increase of \$416 million over the third-quarter estimate of farm income, and is the highest quarterly estimate of farm income since the second quarter of 1976 (see Table 1). One factor leading to this increase was the general improvement in prices received by farmers. Crop prices began to increase in the fourth quarter, after bottoming out in the third quarter, 1977, with wheat prices leading the increase. Prices for livestock and livestock products continued their increase which began earlier in the year.

Although there appeared to be considerable improvement in the fourth quarter, the data indicate that 1977 was a poor year for farm income in Nebraska. During 1977, the farm sector directly accounted for an estimated \$789 million, which was 9.8 percent of total industry participation income in Nebraska (see Table 1).¹ Since 1975, farm income has recorded decreases in

actual dollar value and as a percent of participation income. In fact, the 1977 farm income estimates represent the lowest income level since 1971, and one of the lowest—if not the lowest—participation rates since the estimates began in 1929.

In 1977, farm income for Nebraska was 3.5 percent below the level of 1976 and was 49.3 percent below the record level of 1973. The decrease from 1975 represents the second consecutive year in which farm income dropped. This "poor" performance on the part of the farm sector has been attributed primarily to low grain prices and rapidly increasing production costs during this period.

Farm income in Nebraska has generally been characterized by considerable year-to-year fluctuations. This has been especially true during the 1970s. Because of this volatility and because farm income is very difficult to measure reliably and is often subject to substantial revisions, a great deal of caution should be exercised in interpreting annual estimates (Continued on page 2)

¹The BEA estimates civilian income by industrial source. Participation income includes wage and salary disbursements, other labor income, and proprietors' income. During the 1970s, participation income ranged between 75 and 80 percent of personal income.

Table 1
ANNUAL ESTIMATES OF FARM AND NONFARM COMPONENTS
OF NEBRASKA PERSONAL INCOME, 1970-1977

By Year	Personal Income (\$ million)	Percent Change	Participation Income (\$ million)	Percent Change	Farm Income (\$ million)	Percent Change	Nonfarm Income (\$ million)	Percent Change	Farm Income as a percent of Participation Income
1970	5,638	---	4,350	---	618	---	3,731	---	14.2
1971	5,993	6.3	4,633	6.5	662	7.1	3,971	6.4	14.3
1972	6,785	13.2	5,287	14.1	962	45.3	4,325	8.9	18.2
1973	8,050	18.6	6,379	20.7	1,557	61.9	4,822	11.5	24.4
1974	8,270	2.7	6,359	-0.3	975	-37.4	5,384	11.7	15.3
1975	9,413	13.8	7,238	13.8	1,421	45.9	5,817	8.0	19.6
1976	9,691	3.0	7,345	1.5	817	-42.5	6,528	11.6	11.1
1977	10,612	9.5	8,033	9.4	789	-3.5	7,244	11.0	9.8
By Quarter									
1976.1	9,373	---	7,081	---	786	---	6,295	---	11.1
1976.2	9,828	4.9	7,521	6.2	1,076	36.9	6,445	2.4	14.3
1976.3	9,673	-1.6	7,307	-2.8	723	-32.8	6,584	2.2	9.9
1976.4	9,889	2.2	7,471	2.2	684	-5.4	6,787	3.1	9.2
1977.1	10,185	3.0	7,721	3.3	690	0.9	7,031	3.6	8.9
1977.2	10,431	2.4	7,907	2.4	743	7.7	7,164	1.9	9.4
1977.3	10,578	1.4	1,968	0.8	654	-12.0	7,314	2.1	8.2
1977.4	11,256	6.4	8,536	7.1	1,070	63.6	7,466	2.1	12.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Local Area Personal Income*, vol. 5, *Plains Region*, and unpublished data. Calculations by Bureau of Business Research.

(Continued from page 1) of farm and personal income for Nebraska (especially year-to-year changes).

The data in Table 1 show the year-to-year fluctuations and summarize BEA estimates of Nebraska personal income, total participation income, and farm and nonfarm income for the period 1970 through 1977. The data indicate a fairly steady growth in nonfarm income during the 1970s, and indicate year-to-year fluctuations in farm income with four years experiencing increases and three years experiencing decreases. Consequently, the growth in personal income for the state is closely linked to trends in farm income, with differences in the annual rates of personal income growth largely associated with fluctuations in farm income levels. Years with considerable growth in farm income also experienced relatively high growth rates in personal income, and years with a considerable decline in farm income also experienced relatively low growth rates.²

This previous statement is well illustrated by looking at the differences in 1973 and 1974 rates of growth for personal income. Between 1972 and 1973, nonfarm income increased 11.5 percent and farm income increased 61.9 percent, leading to an 18.6 percent increase in personal income. On the other hand, between 1973 and 1974, nonfarm income increased at a comparable rate of 11.7 percent, but farm income fell 37.4 percent, leading to an increase in personal income of only 2.7 percent.

Historically, Nebraska's personal income has had a relatively large farm component. The data in Table 1 show that from 1970 through 1977 the farm sector accounted directly for 9.8 to 24.4 percent of industry participation income. In only three of those years (1972, 1973, and 1975) was the income directly generated in the farm sector (relative participation) greater than that of any other major sector. In fact, in 1976 and 1977 the farm sector slipped to fifth highest in level of participation, exceeded by wholesale and retail trade, government, manufacturing, and services.

This is not to imply that the farm sector will remain at this lower level of relative participation. Based on previous trends, however, it should be clear that, with steadily increasing nonfarm income and fluctuating farm income, participation will vary considerably from year to year and, for Nebraska as a whole, farm income will not, consistently, be the leading producer of income.

The preceding section sets forth in some detail the trend in the farm income component of the BEA's estimate of personal income for Nebraska, as well as implications based upon recent values of this farm income component. Following is an explanation of how these measures of farm income were developed.

BEA farm income data are based directly on estimates of farm income published by the Economics, Statistics, and Cooperatives Service (ESCS)³ of the U.S. Department of Agriculture. These estimates are composed of three major income series: realized gross farm income, realized net farm income, and total net farm income. In addition, the Bureau of Economic Analysis uses the ESCS farm income estimates to develop estimates of farm

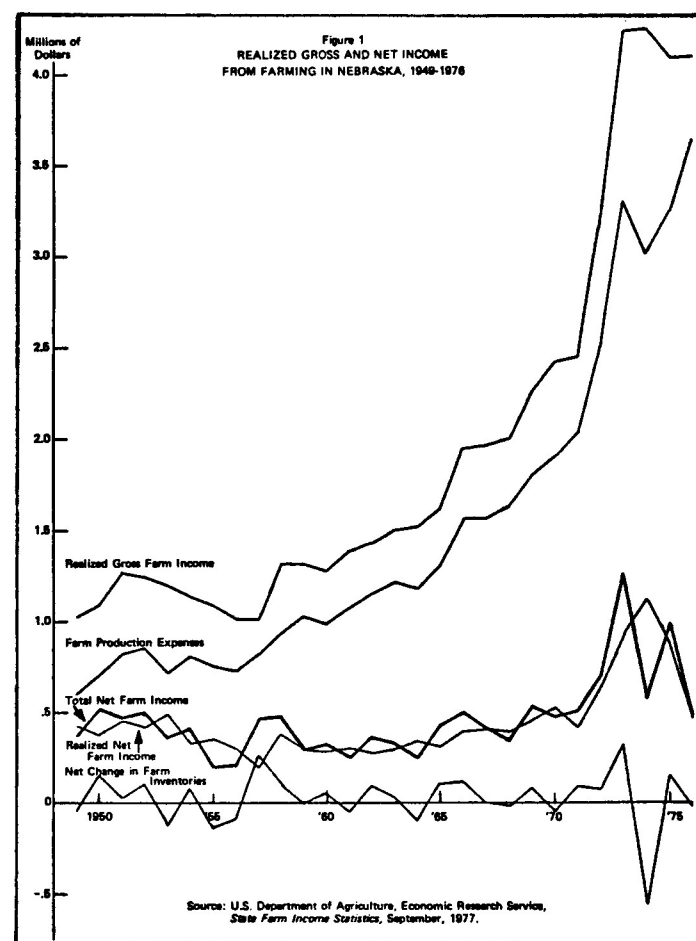
² It should be noted that many federal funds are allocated to Nebraska by the federal government on the basis of per capita personal income of a selected year. Because of the influence of the fluctuations of farm income, it is probable that any given year selected will be unrepresentative, to the detriment or benefit of the state.

³ Formerly called Economic Research Service.

proprietors' income for states and counties. ESCS's definition of realized gross farm income includes cash receipts from farm marketings, government payments, nonmoney income (includes the value of home consumption of farm products and the gross rental value of farm dwellings), and other farm income (includes payments for such items as recreational services and custom work or other agricultural services). Realized net farm income is realized gross farm income less farm production expenses. Total net farm income is realized net farm income adjusted for any changes in farm inventories (valued at an annual average of the relevant prices). In other words, both gross and net realized farm income are measures of income (in money or in kind) actually received during a given year (total sales), whereas total net farm income is a measure of income earned or generated during a given year (total output). BEA farm income is based on ESCS total net farm income.

Because of the different measures of farm income for the state, different pictures of the economic well-being of the farm sector emerge, depending on the choice of the income measure. This is illustrated in Figure 1, which graphically presents the various ESCS measures of farm income from 1949 through 1976. Since 1956, realized gross farm income experienced a rather steady growth until 1971, when there was a rapid increase for two years, followed by a decline. During this same period, the overall trend in both realized net farm income and total net farm income was increasing slightly, with mostly minor year-to-year fluctuations until 1971, when the fluctuations became extreme.

Generally, comparing year-to-year changes of the various measures presents an even more complicated view of the farm picture



(see Table 2). For example, between 1973 and 1974, realized gross farm income increased 0.2 percent, realized net farm income increased 21.4 percent (because of a decrease in production expenses), and total net farm income decreased 54.8 percent (because of a decrease in inventories). (Because BEA uses total net farm income as the basis for their farm income estimates, they reported a substantial drop in farm income between 1973 and 1974). Depending upon the estimate used, it could be stated that between 1973 and 1974 there was a substantial increase in, no change in, or a substantial decrease in farm income. The data in Table 2 indicate that although 1973-1974 is an extreme case, the existence of three relatively different rates of change is not uncommon.

Referring back to Figure 1, it can also be seen that although fluctuations in farm income have been more extreme in the 1970s, they were by no means nonexistent in previous years. To better understand the trends in farm income it is necessary to smooth out these fluctuations. One relatively easy method is to present the data as averages of fixed year intervals. Table 3 presents such averages for five-year intervals since 1950.

As well as giving an indication of the underlying trend in farm income, the data in Table 3 indicate two major points: First, although gross farm income increased throughout the period, not until the early 1970s did net income top the level experienced in the first half of the 1950s. (This resulted in declines in the ratios of net to gross farm incomes during this period.) Second, total net income was greater than realized net income (a decrease in net inventories) in only one interval, 1970-1974.

In addition to the previously mentioned problems of volatility and alternative measures of farm income, there are data measurement problems. Farm income is more difficult to measure than other kinds of income which consist mainly of wages and salaries. Estimates of the individual components of the sales and expenses data, which must be collected to arrive at an estimate for farm income, are made using data from a wide variety of sources.

Most of the estimates of cash receipts from farm marketings are obtained from state data relating to production, prices, and disposition of farm output. On the other hand, data for many expense items are not regularly collected; therefore, census and survey data and indirect data are used to generate estimates of expenses subject to revision whenever additional data become available. Because of this, estimates of recent farm income data (especially quarterly data) will be subject to revisions and will be

Years	Realized Gross Farm Income (\$ million)	Realized Net Farm Income (\$ million)	Total Net Farm Income (\$ million)
1950-1954	1,189.7	409.2	455.6
1955-1959	1,149.6	301.3	330.1
1960-1964	1,418.4	295.6	302.5
1965-1969	1,959.2	390.6	443.5
1970-1974	3,300.4	727.7	698.9
1975-1976	4,100.6	662.1	733.2

Source: U.S. Department of Agriculture, Economic Research Service, *State Farm Income Statistics*, September, 1977.

less reliable than estimates of the same period, a couple of years later, after a few revisions.

The following discussion presents the major components of farm income as the averages of the 1975 and 1976 relative values. Although only the major components are listed, there is an indication of both the complexity of farm income estimates and the relative importance of these components. The values listed can be found in various ESCS publications.

For 1975-1976, cash receipts accounted for more than 94 percent of realized gross farm income in Nebraska, government payments accounted for 1 percent, nonmoney income accounted for 4 percent, and other farm income accounted for the final 1 percent. Government payments have been declining substantially in importance since the 1960s, with farm marketings picking up the loss. It is doubtful, however, that this trend will continue, but government payments will probably not regain the level achieved in the 1960s when they accounted for 10 percent of realized gross income.

Livestock and livestock products traditionally account for most of the cash receipts from farm marketings in Nebraska. For 1975-1976, the share of livestock receipts amounted to 56 percent of total cash receipts. The remaining 44 percent was in the form of crop receipts. Since much of the total crop production annually is used directly for feed and seed and is not marketed, marketing receipts understate the actual value of crop production.

Of the total livestock and livestock product marketings, the most important were sales of cattle and calves (71 percent) and sales of hogs (21 percent). Most of (Continued on page 6)

Year	Realized Gross Farm Income (\$ million)	Percent Change	Farm Production Expenses (\$ million)	Percent Change	Realized Net Farm Income (\$ million)	Percent Change	Net Change in Farm Inventories (\$ million)	Total Net Farm Income (\$ million)	Percent Change
1970	2,421.6	---	1,893.7	---	527.9	---	-57.7	470.3	---
1971	2,446.5	1.0	2,039.0	7.7	407.4	-22.8	90.3	497.8	5.8
1972	3,158.0	29.1	2,520.6	23.6	637.4	56.5	79.4	716.8	44.0
1973	4,234.0	34.1	3,301.0	31.0	933.0	46.4	312.8	1,245.9	73.8
1974	4,242.0	0.2	3,109.1	-5.8	1,132.9	21.4	-569.2	563.7	-54.8
1975	4,091.8	-3.5	3,243.0	4.3	848.8	-25.1	151.2	1,000.0	77.4
1976	4,109.5	0.4	3,634.1	12.1	475.4	-44.0	-9.0	466.4	-53.4

Source: U.S. Department of Agriculture, Economic Research Service, *State Farm Income Statistics*, September, 1977.
Calculations by Bureau of Business Research.

Review and Outlook

Real output in Nebraska dropped in February, with the state physical volume index recording a level which was 39.5 percent above its 1967 base-period level (see Table 2). The index, which fell 2.7 percent in February, declined for the third consecutive month. Most of the reduction in state economic activity was centered in the agricultural sector, where output fell 13.3 percent. While nonagricultural output decreased slightly in February (-0.7 percent), two of the four nonagricultural sectors registered increases in activity. The month-to-month percentage changes in activity for the nonagricultural sectors were: construction (+4.3 percent), government (+0.5 percent), distributive (-1.1 percent), and manufacturing (-1.6 percent).

The November-to-February decline in Nebraska economic activity represents an interruption of the upward trend in the state economy which commenced early in 1975. Caution should be exercised when interpreting this movement, however, since short-term directional changes in the state physical volume index are not always accompanied by changes in the trend of state economic activity. This becomes apparent upon examination of recent movements in the index (refer to the graph below). During the current economic expansion, occasional "dips" in the index have occurred.

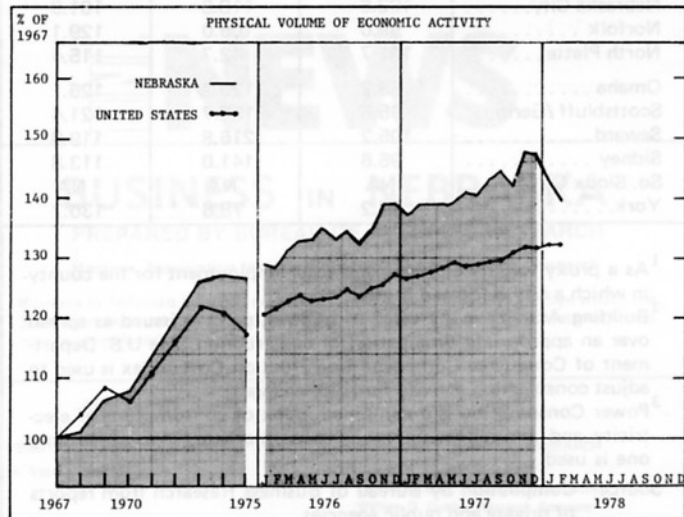
Whether the recent decline in the index represents another lull in a generally expanding economy remains problematical. March and April data should provide (Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

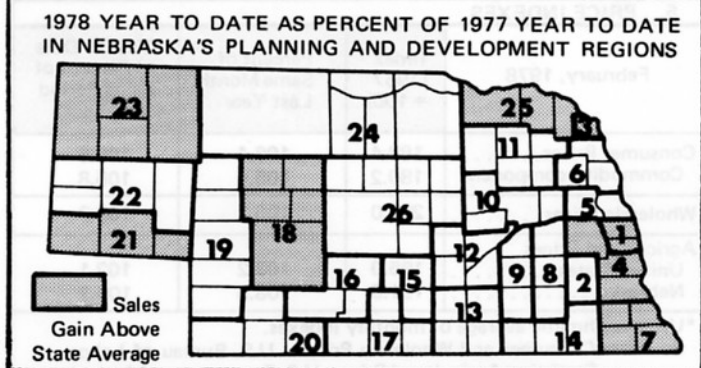
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
February, 1978	Current Month as Percent of Same Month Previous Year		1978 Year to Date as Percent of 1977 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	107.7	111.2	109.1	111.4
Agricultural	114.9	108.0	119.3	104.2
Nonagricultural	106.6	111.3	107.6	111.6
Construction	106.7	113.5	107.0	114.5
Manufacturing	108.5	116.3	108.4	116.1
Distributive	106.3	109.4	107.9	110.1
Government	105.5	107.9	105.6	107.8
Physical Volume	100.9	104.5	102.6	104.6
Agricultural	105.8	104.7	113.1	102.0
Nonagricultural	100.2	104.5	101.0	104.7
Construction	95.8	102.0	95.9	102.6
Manufacturing	101.6	109.0	101.5	108.9
Distributive	99.9	102.8	101.2	103.3
Government	101.3	103.0	101.4	102.9

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	271.3	253.3
Agricultural	250.3	234.3
Nonagricultural	274.9	254.0
Construction	324.9	222.0
Manufacturing	290.4	247.5
Distributive	262.0	261.1
Government	290.1	252.2
Physical Volume	139.5	132.4
Agricultural	131.1	119.5
Nonagricultural	140.9	132.8
Construction	143.7	98.2
Manufacturing	145.8	125.2
Distributive	139.1	138.6
Government	141.0	140.0

3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)			
Region Number ¹ and City	City Sales ²	Sales in Region ²	
	Feb. 1978 as percent of Feb. 1977	Feb. 1978 as percent of Feb. 1977	Year to date '78 as percent of Year to date '77
<i>The State</i>	88.3	88.0	95.2
1 Omaha	98.7	97.7	103.6
Bellevue	91.4		
2 Lincoln	72.8	73.6	87.4
3 So. Sioux City	94.2	98.0	99.8
4 Nebraska City	87.6	92.8	98.7
5 Fremont	85.1	86.1	94.3
Blair	91.0		
6 West Point	104.8	95.8	93.6
7 Falls City	99.2	89.1	95.5
8 Seward	79.3	84.2	88.5
9 York	77.7	77.0	84.9
10 Columbus	86.8	83.6	92.8
11 Norfolk	86.8	90.0	94.1
12 Grand Island	82.8	82.6	89.4
13 Hastings	79.2	79.5	87.9
14 Beatrice	93.3	86.8	91.5
Fairbury	99.9		
15 Kearney	88.3	83.5	87.8
16 Lexington	92.1	87.6	90.4
17 Holdrege	80.6	82.3	92.2
18 North Platte	91.5	91.0	95.9
19 Ogallala	82.7	81.2	89.8
20 McCook	81.5	81.4	91.8
21 Sidney	95.5	100.7	104.5
Kimball	99.4		
22 Scottsbluff/Gering	89.9	91.0	93.8
23 Alliance	103.4	97.7	102.8
Chadron	90.7		
24 O'Neill	79.1	79.0	81.2
25 Hartington	99.7	94.0	99.8
26 Broken Bow	84.6	80.9	90.6



¹ See region map below.
² Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals exclude motor vehicle sales.
 Compiled from data provided by Nebraska Department of Revenue.



(Continued from page 4) useful information for discerning the future trend of economic activity in the state.

The November-February decline in the index was centered in the agricultural and distributive sectors of the Nebraska economy. Agricultural output has fallen sharply in the past three months, but measures of short-term production for this sector are subject to considerable variation and agricultural output could rebound in coming months. In February, seasonally adjusted cash farm marketings in Nebraska were \$343.8 million. Prices received by farmers in the state, which have increased every month since last September, were up another 5.6 percent during the month.

Distributive sector output dropped 5.8 percent between November and February. Reduced activity levels in this sector were reflected in a lower retail sales volume in the state (see Table 3). On a year-to-date basis, price-adjusted retail sales in Nebraska were 4.8 percent below 1977 levels. Only three (Omaha, Sidney, and Alliance) of the state's twenty-six planning and development regions recorded increases in price-adjusted retail sales. Harsh winter weather early in 1978 contributed to the lower than expected retail trade volume.

An encouraging note concerning recent economic developments in the state was that reductions in activity levels were confined to two sectors of the state economy. The remaining three sectors experienced increases in productive activity. Real construction climbed 7.7 percent between November and February, while government and manufacturing output rose 1.4 percent and 0.3 percent, respectively.

Seasonally adjusted construction activity, which has been notably strong of late, rose another 4.3 percent in February. As in previous months, a significant portion of the increase was due to a rise in nonresidential construction. Sizable gains in building activity occurred in the Alliance and Broken Bow areas, where price-adjusted construction in February was between three and four times the level of the previous February. While February-to-February increases were smaller elsewhere in the state, many Nebraska cities experienced significant growth in construction activity (see Table 4).

The city business indexes reflected the slower pace of economic activity in the state. Only four of the twenty-five reporting cities showed improvement relative to February, 1977. Alliance, where activity was up 9.6 percent, posted the largest gain. This was the third consecutive month in which this Panhandle city ranked first in the indexes. Growth in retail sales, employment, and building activity attest to the underlying strength of the Alliance economy. Other Nebraska cities with February-to-February growth were: Falls City (+1.3 percent), Lexington (+0.7 percent), and Beatrice (+0.1 percent).

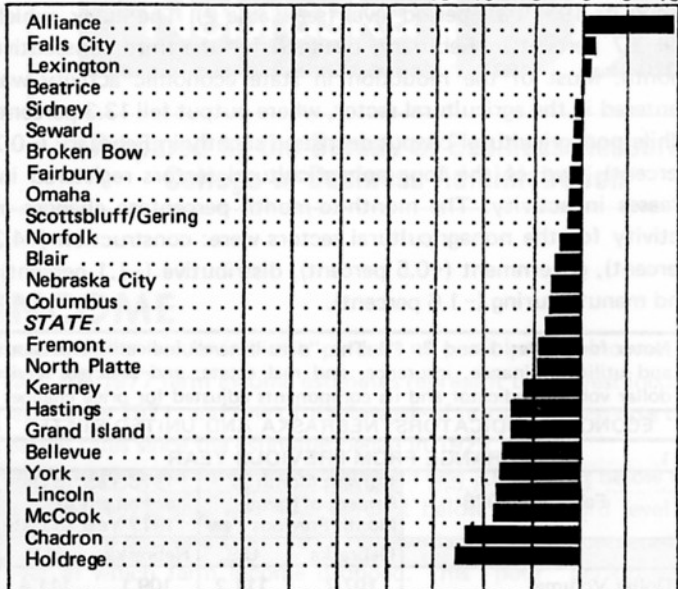
W. D. G.

5. PRICE INDEXES

February, 1978	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	188.4	106.4	106.6
Commodity component	180.2	105.4	105.8
Wholesale Prices	202.0	106.3	106.3
Agricultural Prices			
United States	196.0	103.2	102.1
Nebraska	191.0	108.5	105.7

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEXES
Percent Change February, 1977 to February, 1978
-15 -10 -5 0 5 10



Source: Table 4 below.

4. FEBRUARY CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment ¹	Building Activity ²	Power Consumption ³
<i>The State</i>	96.4	113.8	119.8
Alliance	108.4	393.0	88.9
Beatrice	96.5	184.4	115.0
Bellevue	88.2	117.4	95.5*
Blair	98.3	118.7	106.9
Broken Bow	98.9	352.3	99.5
Chadron	85.8	40.4	112.7
Columbus	101.0	78.7	128.0
Fairbury	96.1	67.8	117.1*
Falls City	94.7	138.5	123.6
Fremont	96.8	147.9	107.1*
Grand Island	98.0	90.5	109.9
Hastings	95.1	110.5	127.8
Holdrege	99.5	25.4	112.9
Kearney	94.7	83.0	117.0
Lexington	108.6	71.1	119.4
Lincoln	99.4	131.7	116.6
McCook	97.9	39.6	135.3
Nebraska City	102.6	118.8	101.3
Norfolk	99.0	106.0	129.1
North Platte	101.7	42.7	115.4
Omaha	88.2	126.2	126.1
Scottsbluff/Gering	95.6	155.7	121.4
Seward	105.2	216.8	119.8
Sidney	95.6	141.0	113.8
So. Sioux City	NA	NA	NA
York	97.2	78.6	130.7

¹As a proxy for city employment, total employment for the county in which a city is located is used.

²Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

³Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(Continued from page 3) the remainder was attributable to sales of dairy and poultry products.

For 1975-1976, the sale of corn for grain accounted for 54 percent of total crop receipts. Other important crops were wheat (16 percent), sorghum (10 percent), and soybeans (9 percent). The six leading sources of cash receipts—cattle and calves, corn, hogs, wheat, sorghum, and soybeans—accounted for approximately 90 percent of Nebraska's cash farm marketings during 1975-1976.

Between 1970 and 1977, realized net farm income ranged from 12 to 27 percent of realized gross farm income, or conversely, production costs ranged from 73 to 88 percent of realized gross farm income (see Table 2). The most important of the eleven production costs published by ESCS for 1975-1976 were feed (18 percent), livestock (16 percent), depreciation (15 percent), and miscellaneous current operating expenses (12 percent). The remaining expenses were repairs and operation of capital items (9 percent), net rent to nonfarm landlords (8 percent), fertilizer and lime (7 percent), taxes on farm property (5 percent), interest on farm mortgage debt (4 percent), hired labor (3 percent), and seed (3 percent).

Table 4 presents the ESCS farm income data series on a per farm basis. Compared to the data in Table 2, the year-to-year percentage changes are larger, because during the 1970s the number of farms decreased from year to year. Therefore, even though

total net farm income declined 0.8 percent from 1970 to 1976, total net farm income per farm increased 6.5 percent during this period.

The data indicate that since 1973 an average of more than \$60,000 gross income per farm has been required to generate a total net income ranging from slightly under \$7,000 in 1976 to slightly under \$18,000 in 1973. Comparing the 1976 data to 1970-1971 data, it appears that nearly twice as much gross income was needed in 1976 (mainly cash farm marketings) to produce approximately the same net income as 1970-1971.

An indicator of the effect of this high cost situation, with relatively low net income per farm, is an increasing trend in the number of farm families earning some nonfarm income to augment their farm income. According to the U.S. Department of Commerce *1974 Census of Agriculture*, nearly one-half of Nebraska farms with sales over \$2,500 have some nonfarm income. Of those farms with nonfarm income, 57 percent had wage and salary earnings.

Given the problems of volatility and data measurement as well as the wide discrepancies among alternative measures of farm income, there is considerable opportunity for disagreement concerning the economic well-being of the farm sector, especially compared to other sectors of the Nebraska economy. Additionally, there is room for disagreement concerning the year-to-year changes in both the level and the relative importance of farm income. It should be reasonably clear, however, that farm incomes fluctuate more than do the incomes of most other sectors and that these fluctuations affect the rate of growth of personal income. Furthermore, there is considerable uncertainty dealing with the accuracy of the estimates of the individual components of the various farm income measures.

Because of the problems indicated above, it is extremely important to exercise care in the selection and use of the available farm income measures which are used in economic analysis. Consequently, in any analysis which uses a farm income data series, one should use the most recent revisions of the data, select the data series which best fits the situation to be analyzed, and include some mention of the problems and limitations inherent in the use of farm income data. It is also important to recognize that no single year or year-to-year change is likely to be an accurate indicator of the farm income situation in Nebraska. J. A. D.

Table 4
REALIZED GROSS AND NET FARM INCOME
PER FARM IN NEBRASKA, 1970-1976

Year	Realized Gross Income per Farm	Percent Change	Realized Net Income per Farm	Percent Change	Total Net Income per Farm	Percent Change
1970	\$33,173	---	\$ 7,232	---	\$ 6,442	---
1971	33,979	2.4	5,659	-21.8	6,913	7.3
1972	44,479	30.9	8,977	58.6	10,096	46.0
1973	60,486	36.0	13,329	48.5	17,798	76.3
1974	61,478	1.6	16,419	23.2	8,169	-54.1
1975	60,174	-2.1	12,482	-24.0	14,707	80.0
1976	60,434	0.4	6,991	-44.0	6,859	-53.4

Source: U.S. Department of Agriculture, Economic Research Service, *State Farm Income Statistics*, September, 1977. Calculations by Bureau of Business Research.

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