

■ Farm Household Income

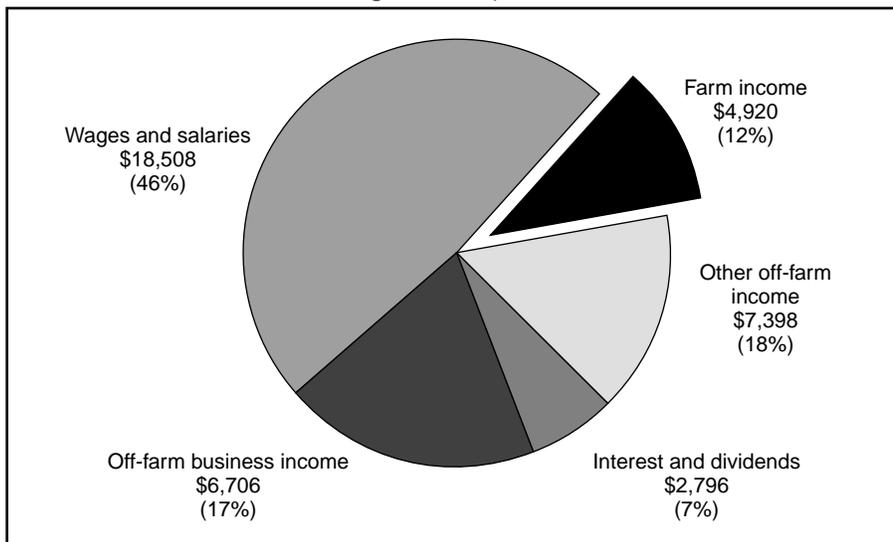
Senior farm operators have been surveyed by the annual Farm Costs and Returns Survey about the finances and production of their farms since 1985. Beginning in 1988 USDA has collected additional information about the operator's household. In 1993, the most recent year for which the survey data are currently available, over 98 percent of farms were covered in the household definition. Included are those run by individuals, legal partnerships, and family corporations. Nonfamily corporations, cooperatives, and institutional farms are not included in the household definition.

Like many other U.S. households, farm households receive income from a variety of sources, one of which is farming. The 1993 average household income for farm operator households was \$40,329, which is on a par with the average U.S. household. Farm operator households accounted for 2.1 percent of all U.S. households in 1993 and their average income was 97 percent of the national average. About 88 percent of the average farm operator's household income came from off-farm sources and many operators spent the majority of their work effort in occupations other than farming. Off-farm income includes earned income such as wages and salaries from an off-farm job; net income from an off-farm business; unearned income such as interest and dividends; and royalties, annuities, Social Security, Medicare, and other off-farm sources.

For the majority of farm operator households, off-farm income is critical. Most U.S. farms are small (less than \$50,000 in gross sales) and are run by households which depend mainly on off-farm sources of income. Similarly, persons with off-farm self-employment income are not always completely dependent on their self-employment income either. The larger the farm, the more likely the operator is to

Figure 3-3.

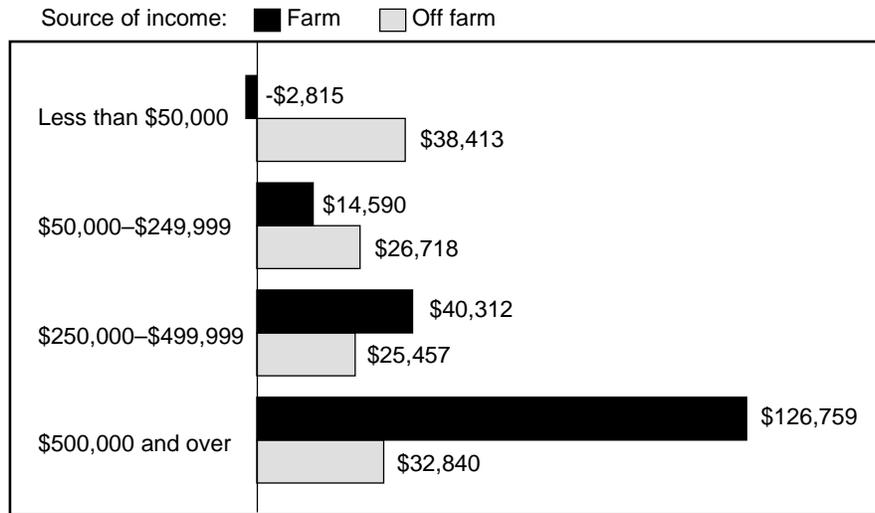
Sources of income for average farm operator household, 1993



Source: Farm Costs and Returns Survey, U.S. Department of Agriculture

Figure 3-4.

Average farm and off-farm income for farm operator households, by size of farm, 1993



¹Based on gross value of farm sales, which includes both the operation's and landlord's value of agricultural production and Government payments.

Source: Farm Costs and Returns Survey, U.S. Dept. of Agriculture.

have a major occupation of farming, and the more likely the household will more fully depend on farm income. In 1993, slightly more than a quarter of farm households operated commercial-size farms with sales over \$50,000. These farms provide most of the U.S. farm production. But even in households with the largest farms (sales over \$500,000), off-farm income accounts for approximately one-fifth of household income.

Average household income and dependence on off-farm income also vary among different types of farm households. For example, about 7 percent reported negative household income for 1993. On average, these households lost \$37,739 from farming during the year. About 25 percent had household income of \$50,000 or over, with farm income averaging \$28,879. Among occupational categories, households of operators who reported occupations other than farming or retired had the highest average household income, solely derived from off-farm sources. Data on operator's age show that, on average, households associated with the oldest and youngest operators had the lowest average household income. And data on operator's level of education show significant increases in average income with each higher level of education.

Table 3-4.

Farm operator households and household income, by selected characteristics, 1993

<i>Item</i>	<i>Number</i>	<i>Average</i>	<i>Share from</i>
	<i>of households</i>	<i>household income¹</i>	<i>off-farm sources²</i>
	<i>Number</i>	<i>Dollars</i>	<i>Percent</i>
All operator households	2,035,692	40,329	88
Household income class:			
Negative	151,720	-28,526	nc
0-\$9,999	231,650	5,749	159
\$10,000-\$24,999	533,491	17,804	105
\$25,000-\$49,999	617,718	36,225	89
\$50,000 and over	501,113	106,199	73
Operator's major occupation:			
Farm or ranch work	919,044	36,341	61
Other	769,237	51,322	107
Retired	347,410	26,535	101
Operator's age class:			
Less than 35 years	180,401	33,115	77
35-44 years	394,137	42,096	81
45-54 years	471,458	52,215	90
55-64 years	433,343	45,623	87
65 years or older	556,352	27,219	96
Operator's level of education:			
Less than high school	472,721	24,643	92
High school	840,573	36,910	86
Some college	412,779	47,949	86
College	309,618	63,398	90

¹The household income of farm operator households includes the net cash farm income that accrues to the farm operation, less depreciation, as well as wages paid to household members for work on the farm and net income from another farm business, plus all sources of off-farm income accruing to the household. In cases where the net income from the farm was shared by two or more households, the net cash income was allocated to the senior operator's household based on the share that the operator reported receiving. ²Income from off-farm sources can be more than 100 percent of total household income if farm income is negative. nc = not computed.