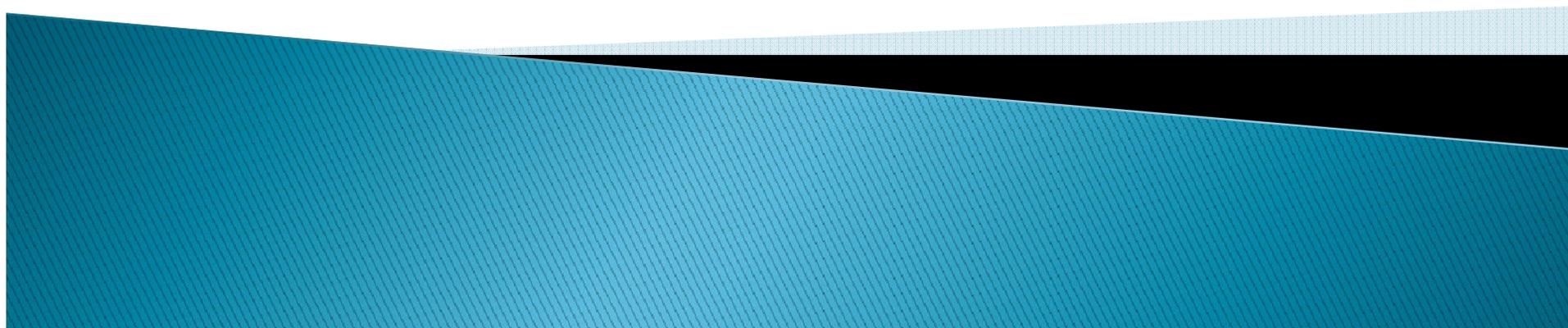


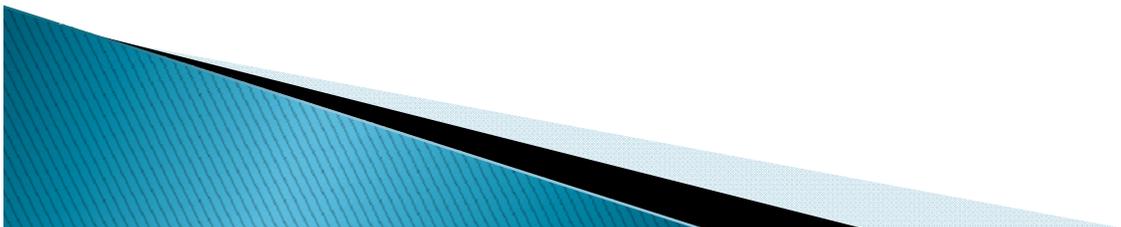
Characteristics and Finances of Farm Households

Mary Ahearn
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2011 USDA Outlook Forum
Presented February 24, 2011



Outline

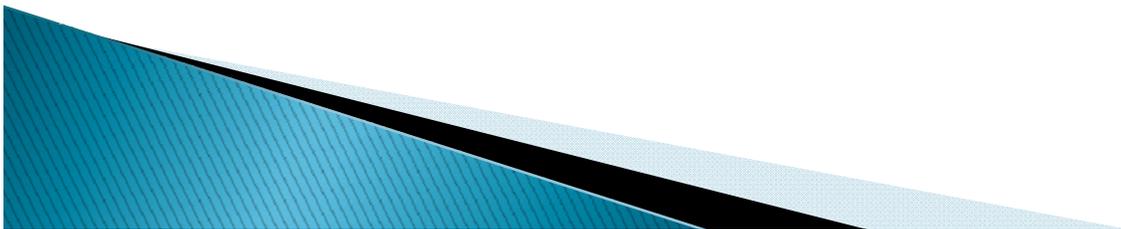
- ▶ Indicators of well-being of farm households
 - Latest forecasts of household income, 2010–2011
 - Commodity specialization
 - Major occupation and Farm size
 - Estimates from latest survey data, 2009
 - Family provision of management, labor, and land
 - Sources of income
 - Off-farm employment
 - Net worth
 - Subpopulations of interest



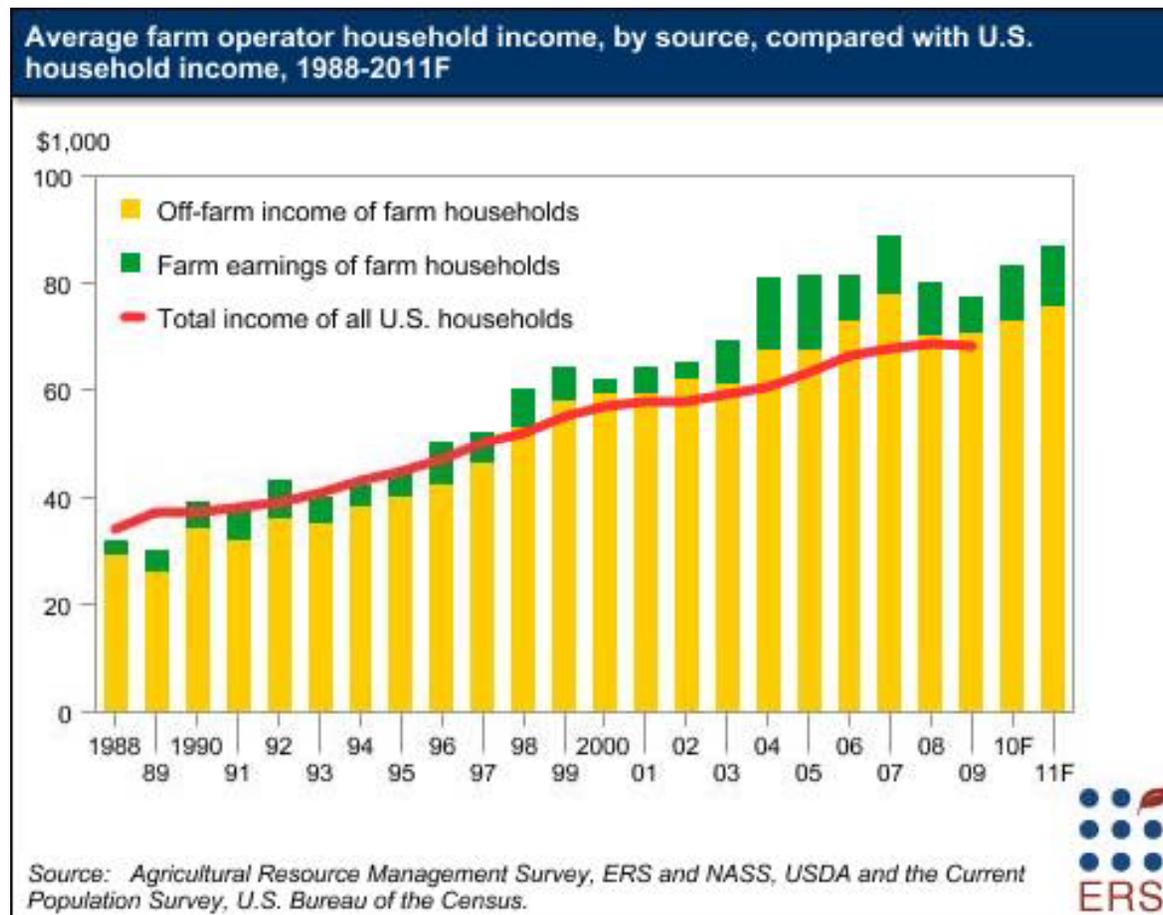
Family farms

- ▶ Defined based on majority ownership of farm assets
- ▶ Account for 97% of farms
- ▶ Account for 86% of the value of production

- ▶ The households of focus are defined as the households of the principal operators of family farms



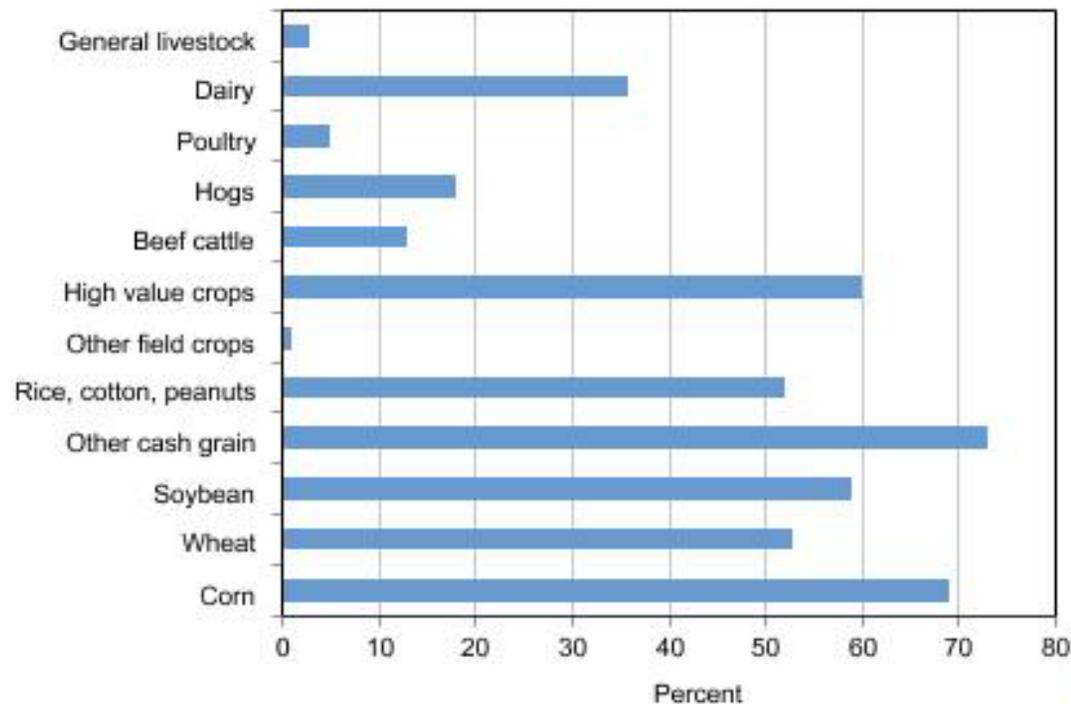
In 2011, the average income of farm operator households is projected to be \$86,532—with 13 percent from farm sources



Depreciation expenses are up for many specialties

Percent increase in average farm depreciation expense, by specialization, 2005-2009

Family farm commodity specialization

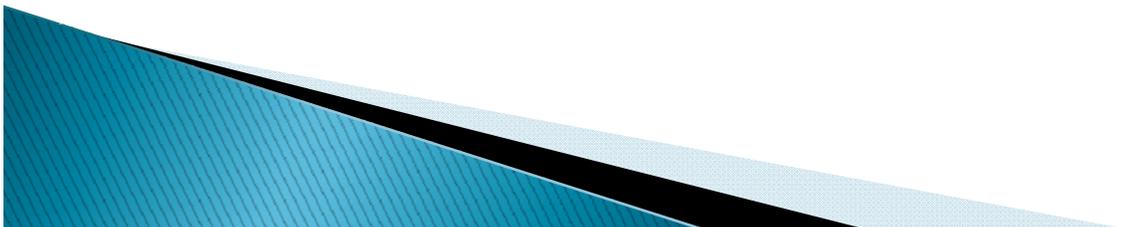


Source: USDA, 2005 and 2009 Agricultural Resource Management Survey

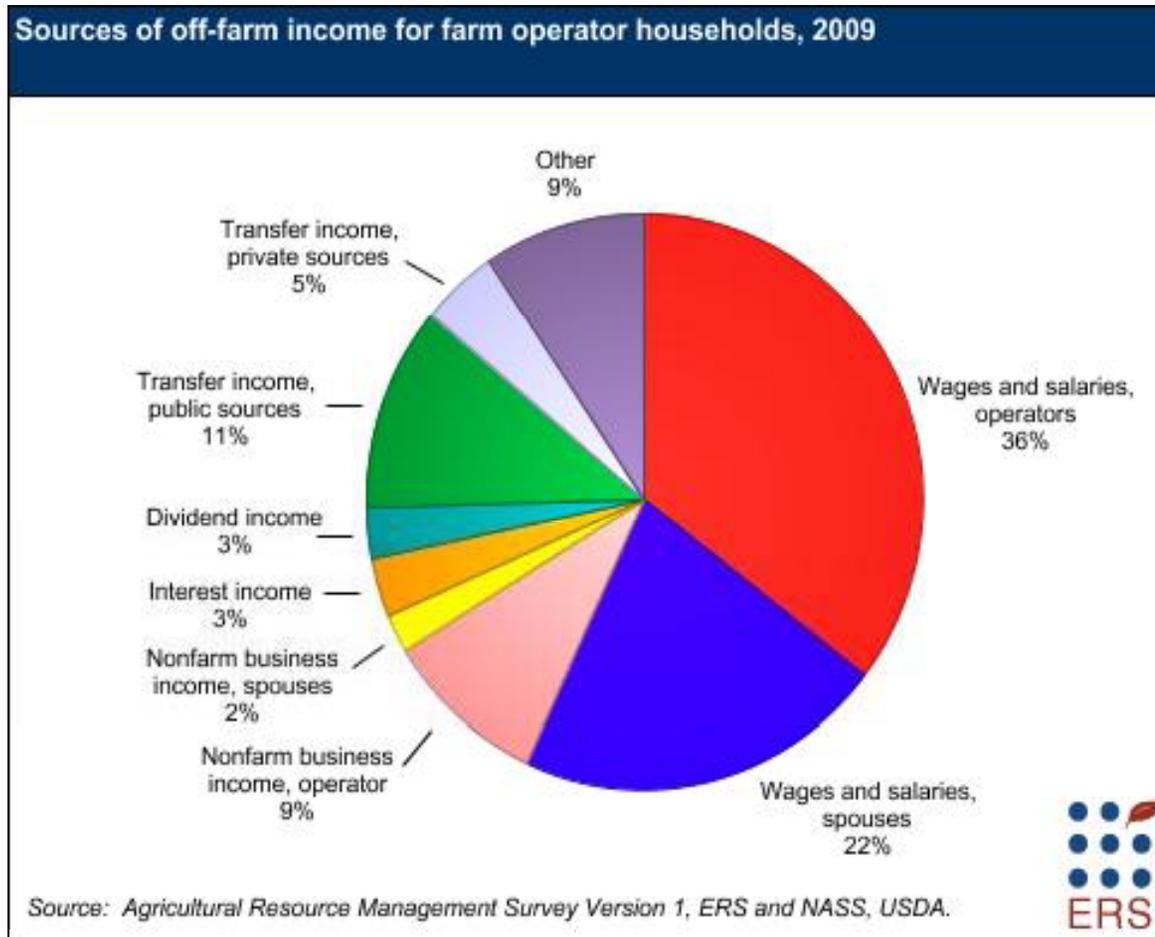


Off-farm employment: Multiple jobholding

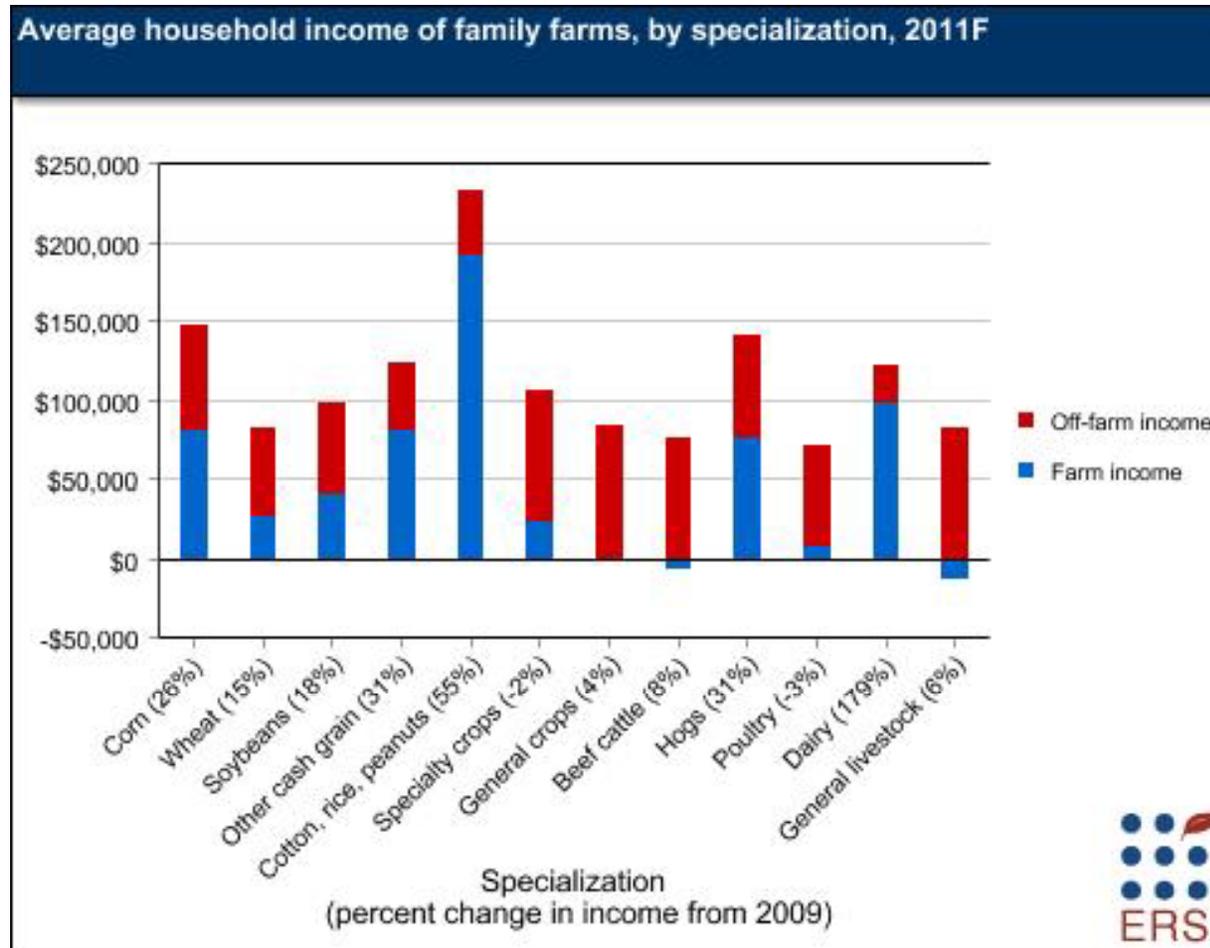
- ▶ 5% of the US employed pop has more than 1 job (in 2009)
- ▶ 51% of principal operators and 44% of their spouses are multiple jobholders
- ▶ Off-farm income can bring:
 - More stability
 - Health insurance



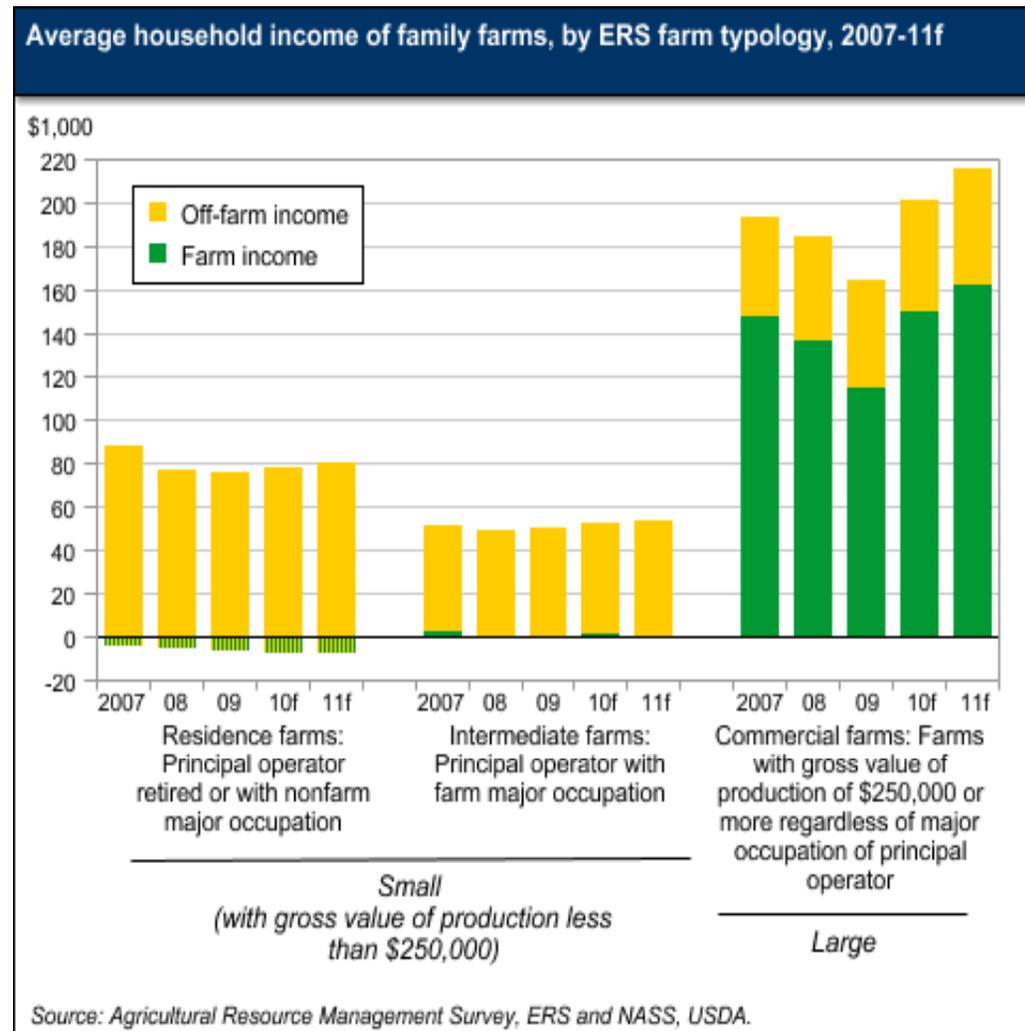
Most off-farm income is from the operator's wage and salary job



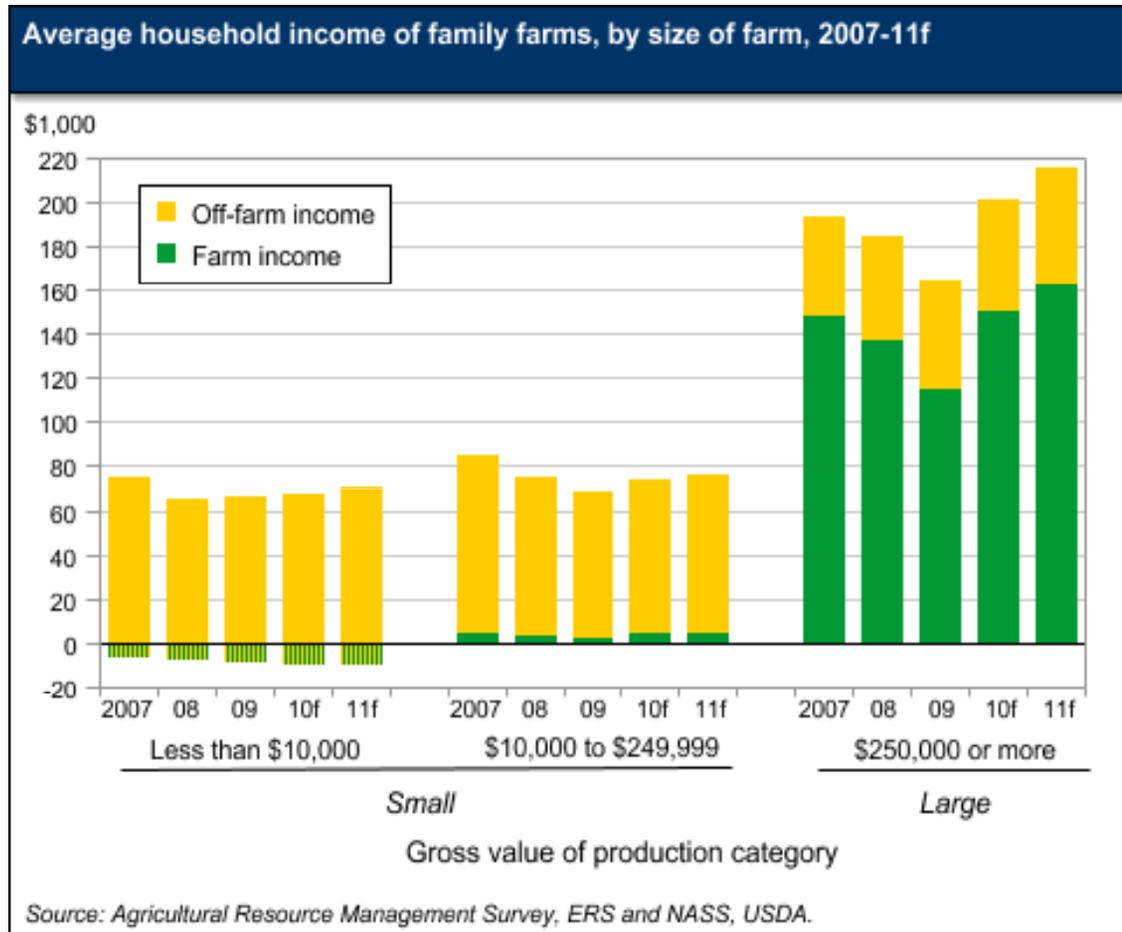
Household incomes forecast to be up in 2010 and 2011 for most specialities



Small farms rely on off-farm income sources, even those whose major occupation is farming



Midsized farms average off-farm incomes comparable to the smallest farms, but without the farm losses



Family Farms: Management, Labor, and Land Ownership

- ▶ Management— *82% have a spouse*
 - 50%—one operator, male
 - 34% —male principal operator and a spouse operator
 - 10%—female principal operator (most without a spouse-operator)
 - 6% multiple operators
- ▶ Labor
 - When there is a spouse, 50% provide farm labor
 - 18% hire labor
 - 11% use unpaid labor
- ▶ Land
 - Average acres operated is 395, with 60% owned
 - 65% own all the acres operated

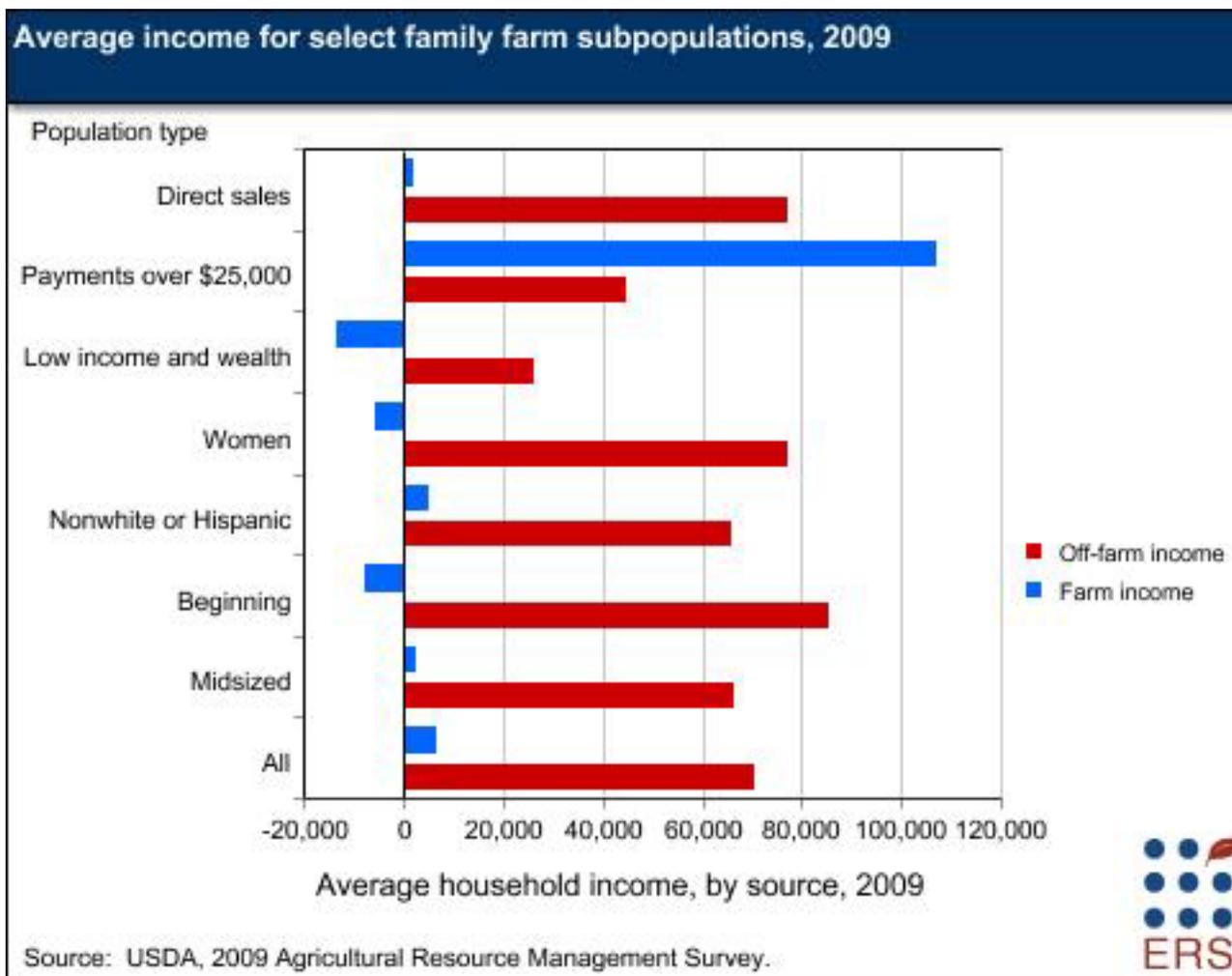


Occupation of operator and spouse

- ▶ Principal operator's, major occupation:
 - 46% farming
 - 42% other occupation
 - 12% not in workforce
- ▶ Principal operator's spouse, major occupation:
 - 19% farming
 - 50% other occupation
 - 31% not in workforce
- *Both working off the farm: 31%*



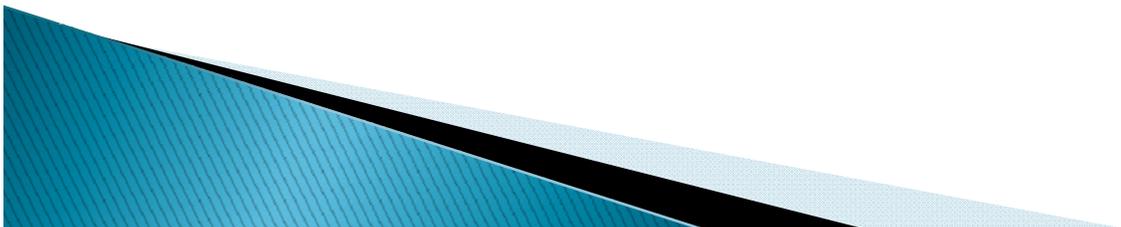
Income sources vary across policy-relevant family farm groups



In conclusion, Why do so many family farms lose money farming?

- ▶ Farm income is after depreciation
- ▶ Other returns from farming:
 - Asset appreciation
 - Farm residence (farm dwelling expenses are included with farm expenses)
 - Tax advantages
 - Quality of life amenities to some
 - For program participants, income subsidy

Plus, more than 80 percent of operators live on their farming operation and so as they age, they prefer to stay on the farm and are not considered retired



Family farms have considerable wealth in farm assets

