

Trends in Farm Household Economic Well-Being

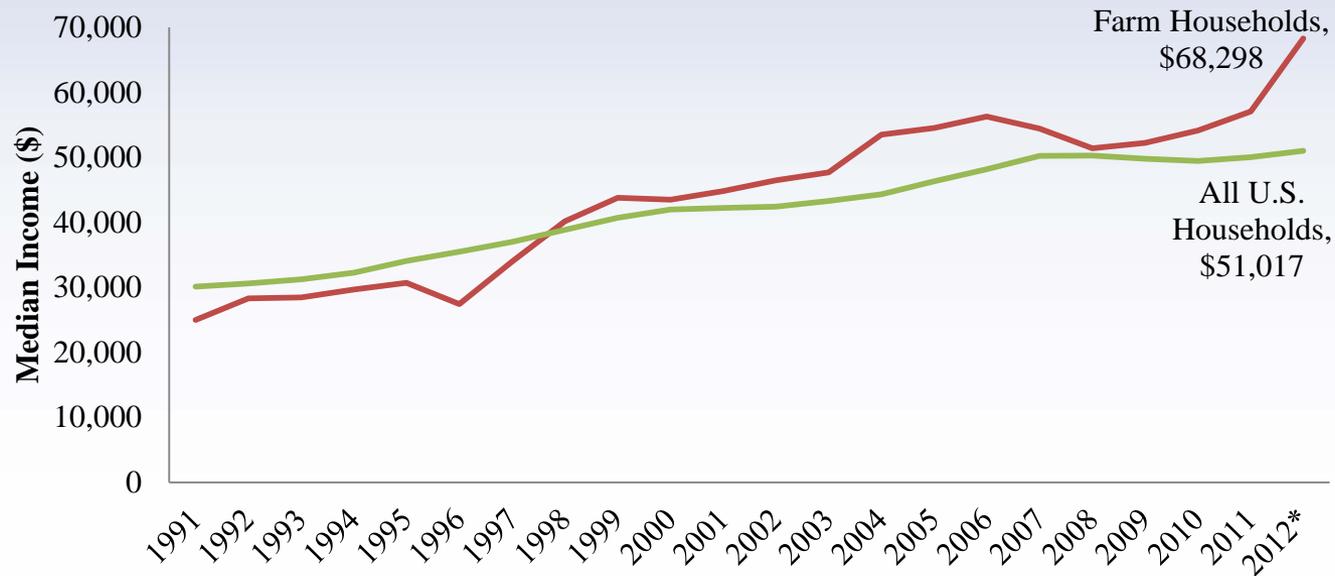
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United States Department of Agriculture, Economic Research Service

Median Farm and U.S. Household Income, 1991-2012*



Average annual percent increase since 1997:

- 5.0% for farm households,
- 2.2 % for all U.S. households

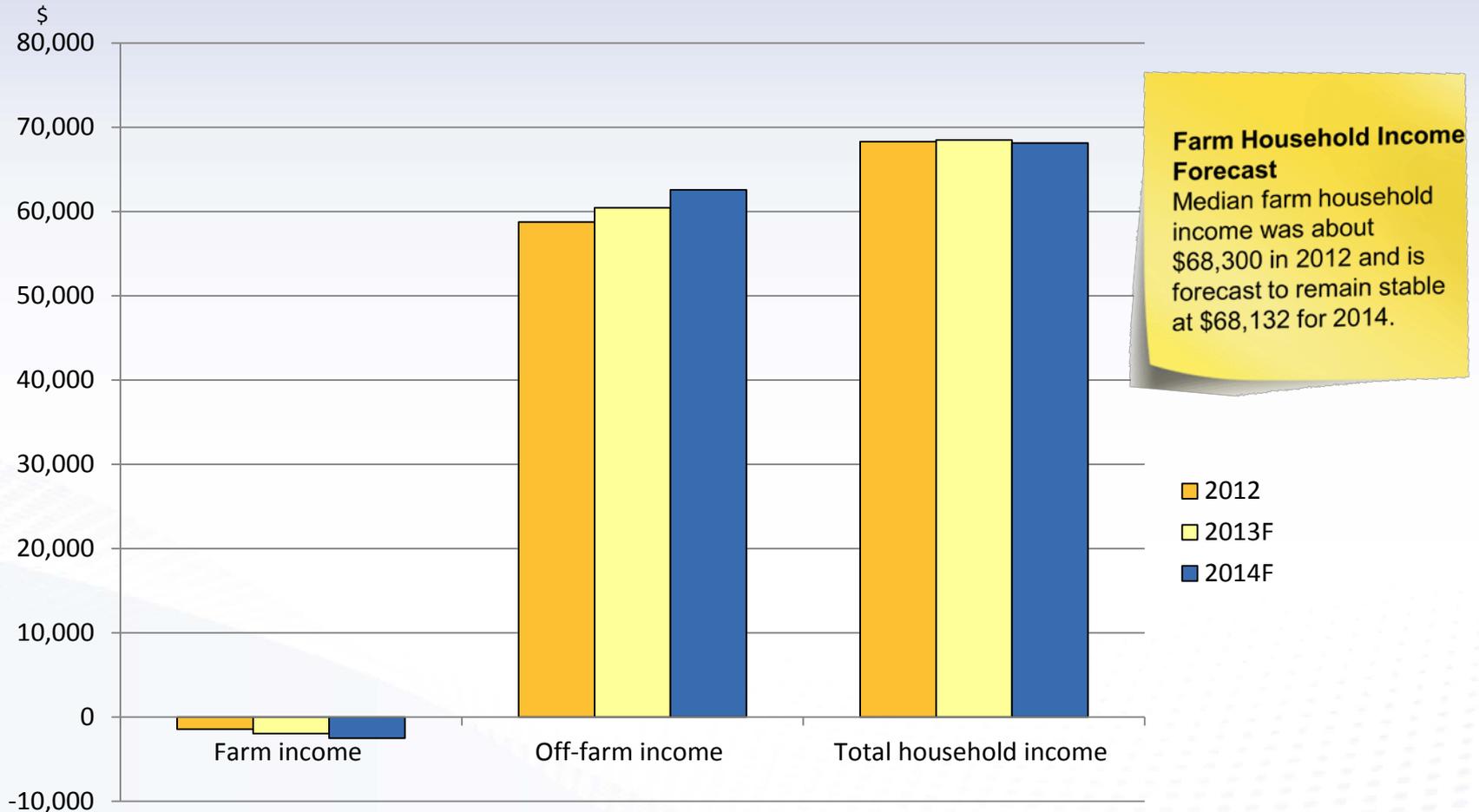
Source: Agricultural Resource Management Survey (1996-2012) and Farm Cost and Returns Survey (1991-1995). Dollar values are in nominal terms.

*Differences between 2012 estimates and estimates from prior years reflect improved sample coverage (particularly among very small farms) and changes in survey methodology and implementation associated with the 2012 Agricultural Resource Management Survey in addition to changes in the economic situation of farm households



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Median Farm Household Income, 2012-2014F



Farm Household Income Forecast
Median farm household income was about \$68,300 in 2012 and is forecast to remain stable at \$68,132 for 2014.

- 2012
- 2013F
- 2014F

F=forecast.



Source: USDA Agricultural Resource Management Survey.

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Take Away Points from the Sector Forecast

- Declining crop income, particularly for grains
- Steady or higher livestock income
- Continued strong debt to asset ratios
 - But how will farm asset values evolve?

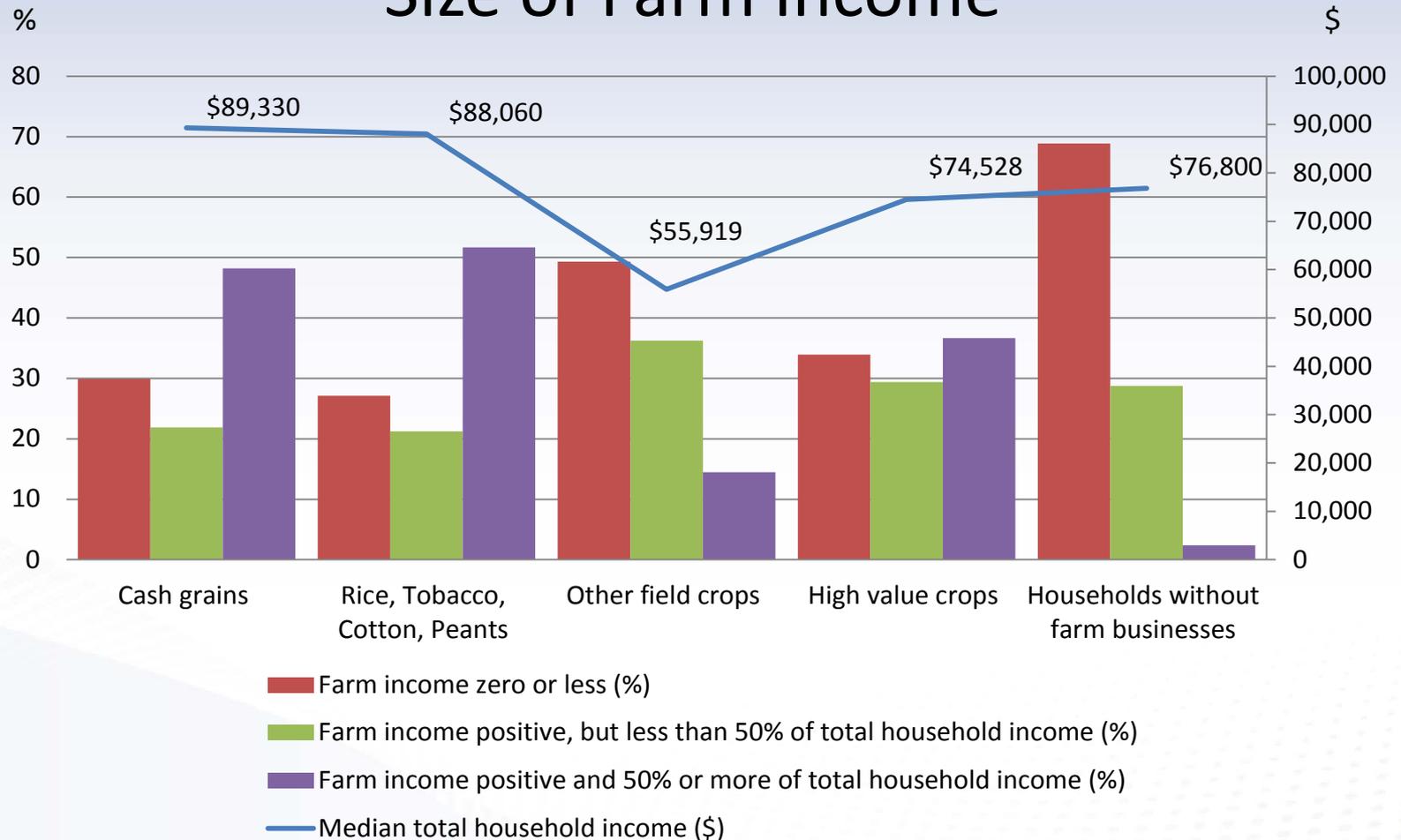


A Disaggregated Look at Farm Household Finances

- Use most recent survey data (2012 calendar year)
- Focus on households with farm businesses, by commodity specialization
 - Specialization based on value of production
- Farm businesses account for more than 90 percent of production
 - Definition: farms where the principal operator identifies farming as primary occupation or the farm has gross cash farm income greater than \$350,000



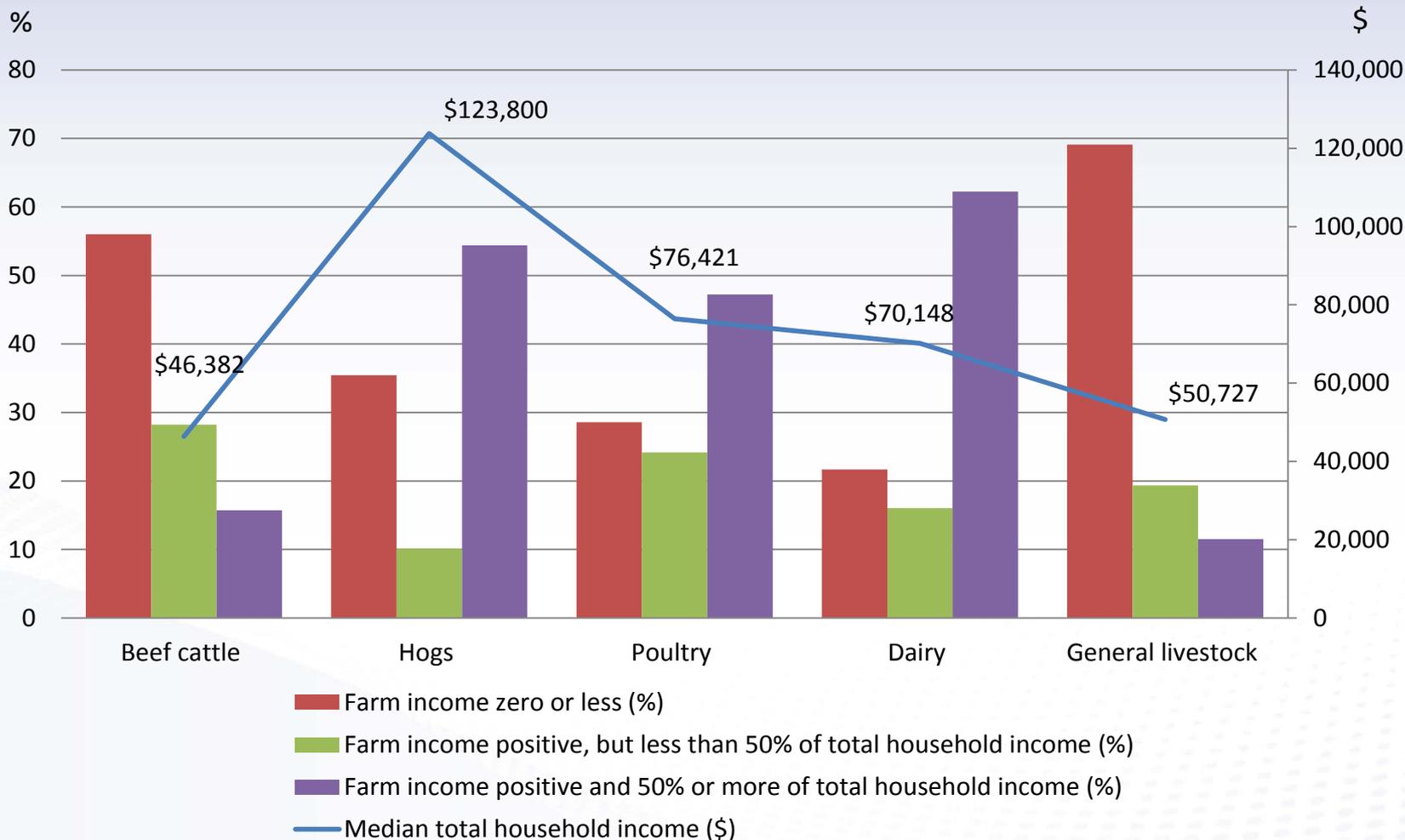
Crops: Median Household Income and Relative Size of Farm Income



Notes: The group "Households without farm businesses" includes all households without farm businesses, regardless of their commodity specialization. Cash grains include all the major grains and oilseeds. High field crops include fruit, vegetable, and horticulture crops. Source: 2012 USDA Agricultural Resource Management Survey, preliminary.



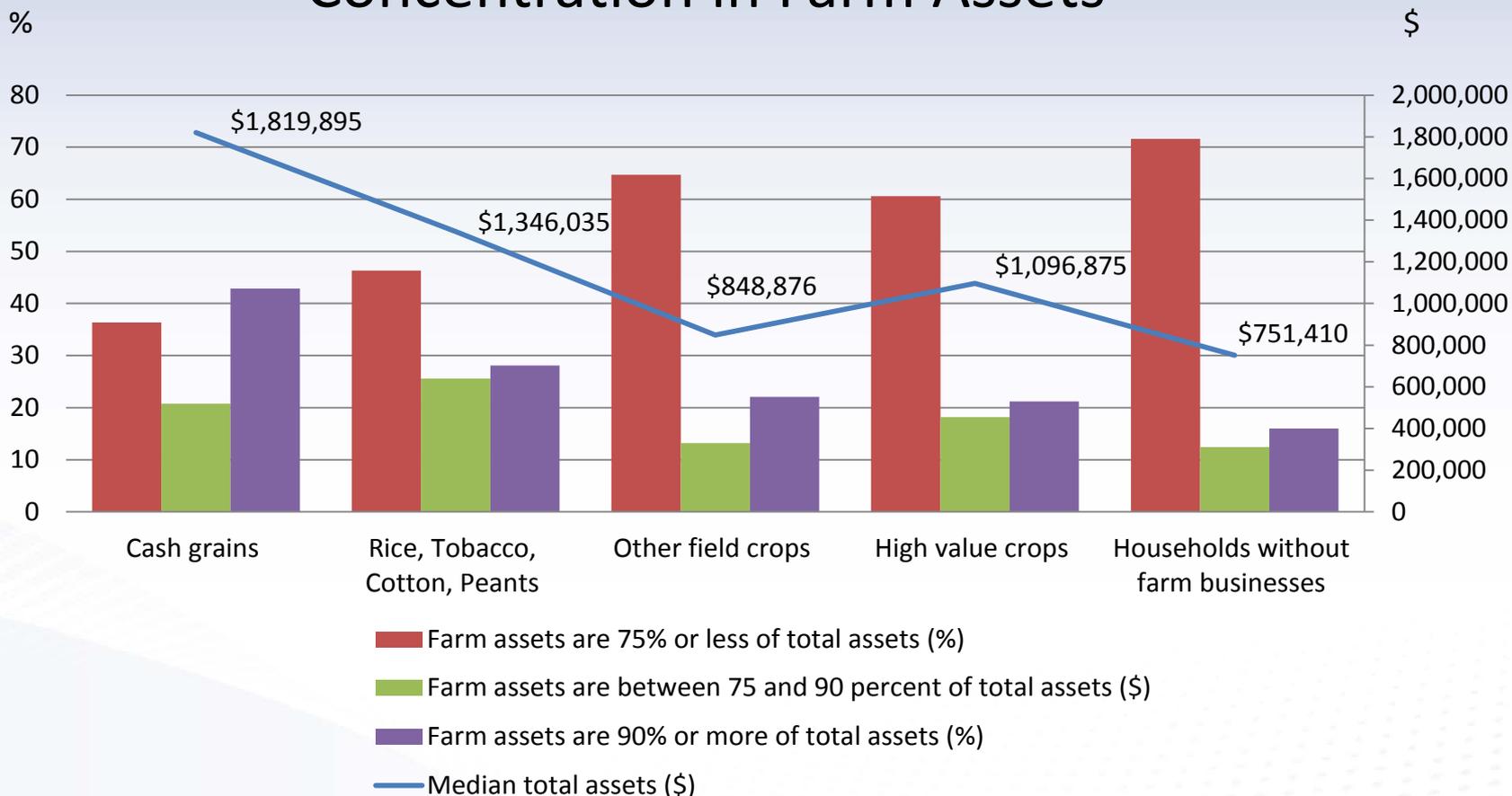
Livestock: Median Household Income and Relative Size of Farm Income



Source: 2012 USDA Agricultural Resource Management Survey, preliminary.

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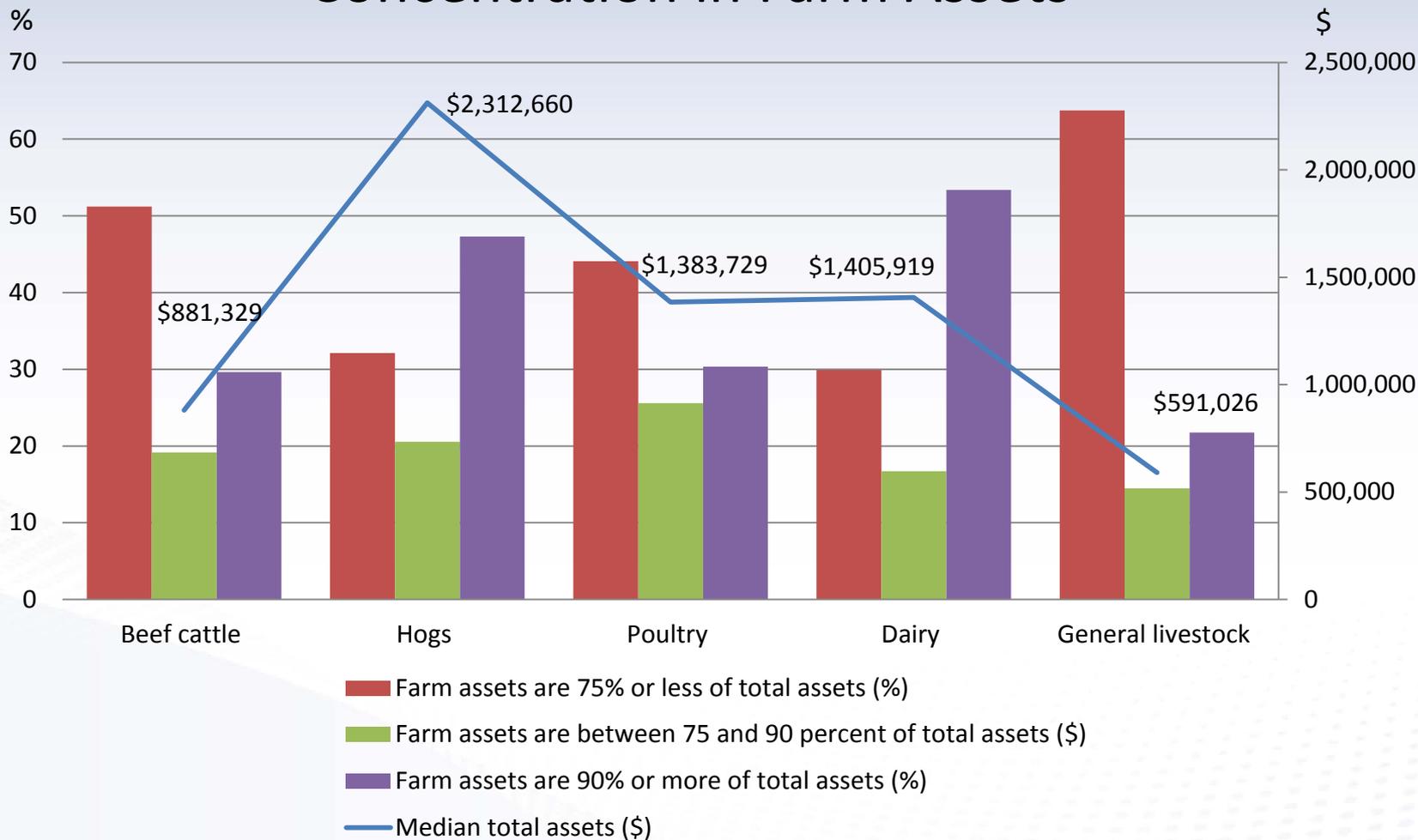
Crops: Median Household Asset Holdings and Concentration in Farm Assets



Notes: The group "Households without farm businesses" includes all households without farm businesses, regardless of their commodity specialization. Cash grains include all the major grains and oilseeds. High field crops include fruit, vegetable, and horticulture crops. Source: 2012 USDA Agricultural Resource Management Survey, preliminary.



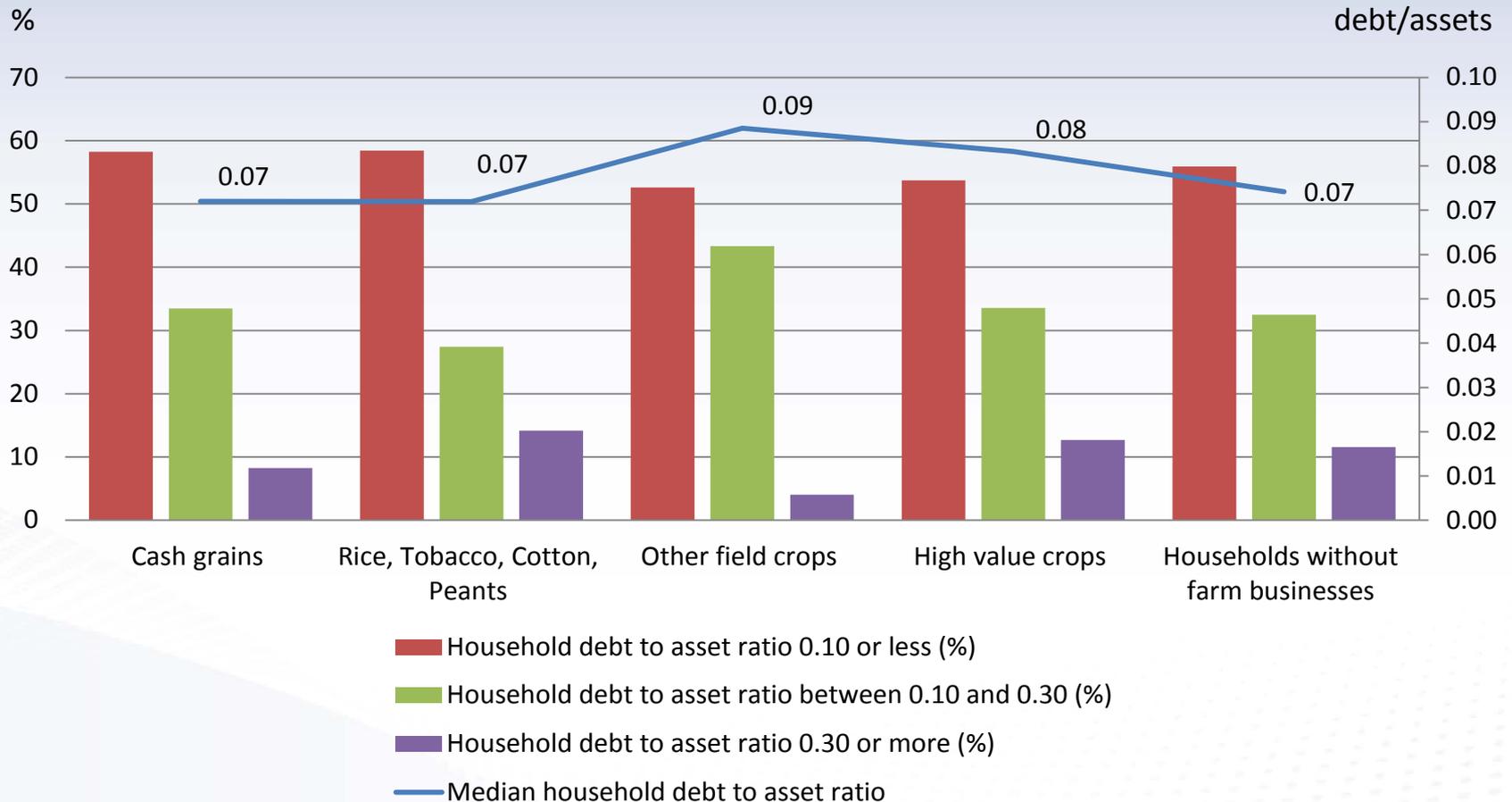
Livestock: Median Household Asset Holdings and Concentration in Farm Assets



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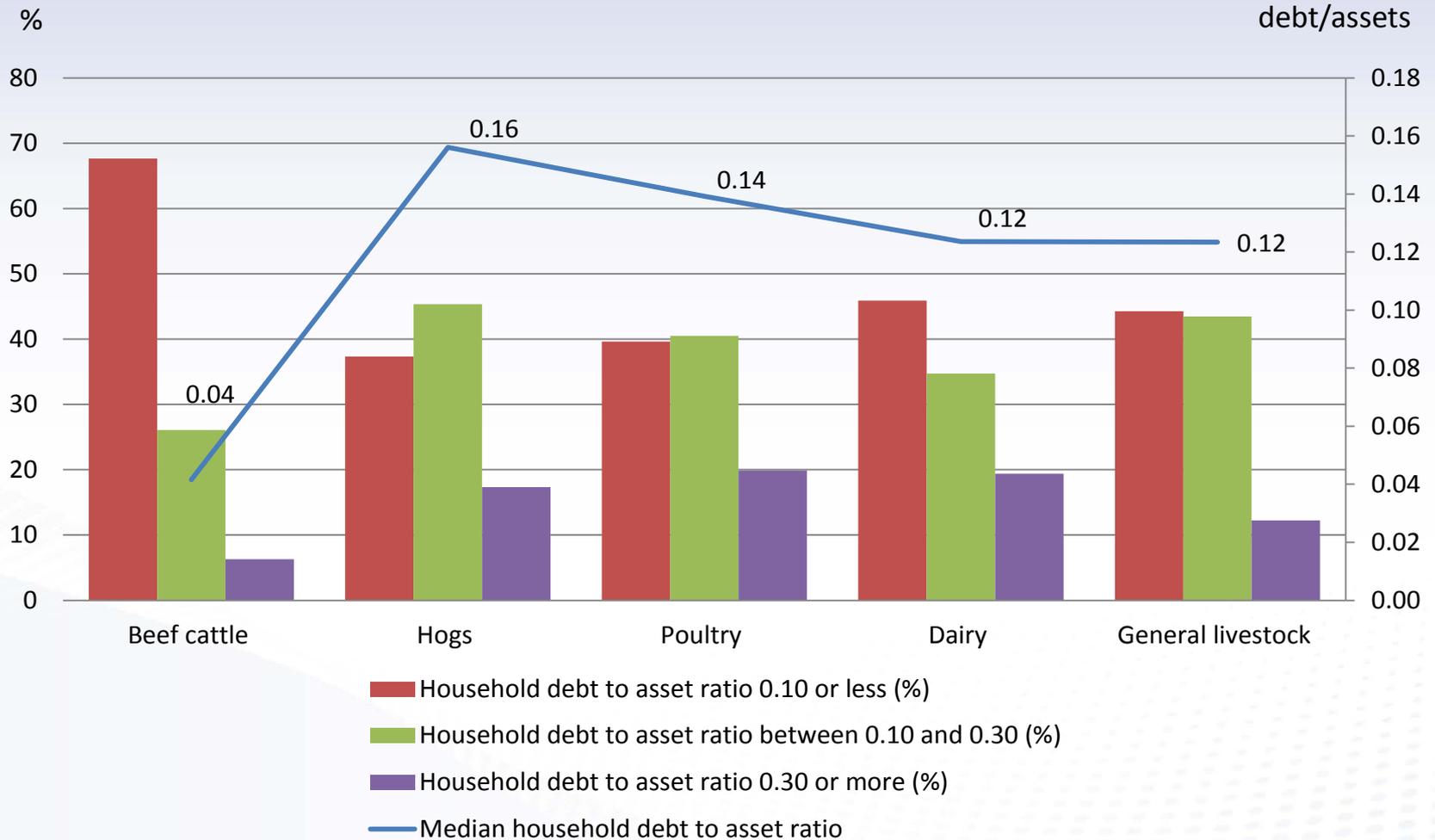
Crops: Household Debt to Asset Ratios



Notes: The group "Households without farm businesses" includes all households without farm businesses, regardless of their commodity specialization. Cash grains include all the major grains and oilseeds. High field crops include fruit, vegetable, and horticulture crops. Source: 2012 USDA Agricultural Resource Management Survey, preliminary.



Livestock: Household Debt to Asset Ratios



Source: 2012 USDA Agricultural Resource Management Survey, preliminary.
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Take Away Points

- Households without farm businesses
 - Depend little on farm income and have more wealth in nonfarm assets
- Households with farm businesses
 - In some specialties about half of households received at least half of their income from farming in 2012: cash grains; tobacco, cotton, rice peanuts; hogs, poultry, dairy
 - In these specialties, more than half of households have more than 75% of their assets in the farm sector
 - Household debt to asset ratios are low
 - Less than 10% of households specializing in cash grains have a debt to asset ratio of 0.3 or more
 - Highest debt ratios are in hogs and poultry (where contracting provides stability for lenders)



More Information

- Farm household topic page:
 - <http://www.ers.usda.gov/topics/farm-economy/farm-household-well-being.aspx>
- Farm household data tables:
 - <http://www.ers.usda.gov/data-products/farm-household-income-and-characteristics.aspx>
- ARMS data query tool:
 - <http://www.ers.usda.gov/data-products/arms-farm-financial-and-crop-production-practices/tailed-reports.aspx>
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