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

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.

Source: Agricultural Resource Management Survey Version 1, ERS and NASS, USDA.
Household incomes forecast to be up in 2010 and 2011 for most specialities

![Chart showing average household income of family farms, by specialization, 2011F.](chart.png)

**Specialization (percent change in income from 2009):**
- Corn (28%)
- Wheat (18%)
- Soybeans (18%)
- Other cash grain (31%)
- Cotton, rice, peanuts (95%)
- Specialty crops (2%)
- General crops (4%)
- Beef cattle (8%)
- Hogs (9%)
- Poultry (3%)
- Dairy (17%)
- General livestock (6%)
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.

Source: Agricultural Resource Management Survey, ERS and NASS, USDA.
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

Average income for select family farm subpopulations, 2009

- Direct sales
- Payments over $25,000
- Low income and wealth
- Women
- Nonwhite or Hispanic
- Beginning
- Midsized
- All

Average household income, by source, 2009

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

Source: Agricultural Resource Management Survey, ERS and NASS, USDA.