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Tracking Modest-Sized Farms

by Mary Ahearn

How many different definitions have you seen for small, mid-sized, large, or any other farm size label? The most common way to delineate farm size categories is by the 9 "value of sales" categories published by the Census of Agriculture. The variations on size definitions come from users collapsing these categories into a more manageable number.

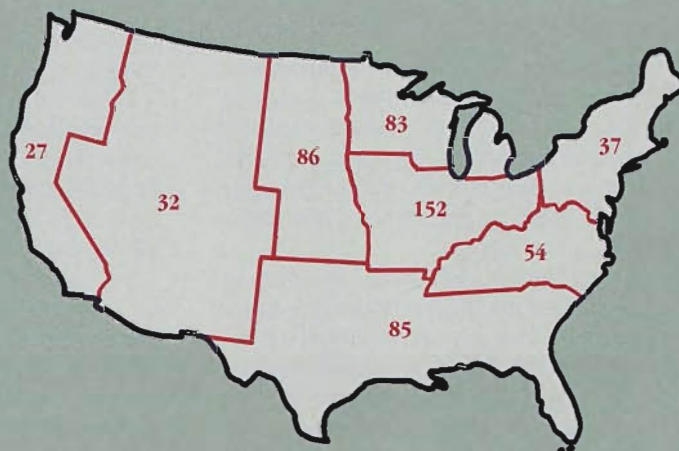
There is a consensus in these classification schemes only at the extremes. For example, all users classify a farm with sales of \$500,000 or more as large. Once the extremes are classified, this leaves those farms of greatest public interest, the mid-sized farms, with the greatest variation in definition. There are two points which users of these data should keep in mind: (1) the change in farm production and household behavior by farm size is likely continuous and (2) the only thing that we can be sure that all the farms in a sales class generally have in common is that their sales for a particular year fell within the specified range.

One classification of modest-sized farms combines two sales class categories—the \$20,000 to \$40,000 and the \$40,000 to \$100,000. Willard Cochrane in his article in this issue of CHOICES focuses on these farms. He describes them as modest-sized, part-time farms and he concludes by calling them "family producing units." In 1985, there were 553 thousand of these farms. About 80 percent are sole proprietors; they own about 40 percent of the land they farm, and their households provide almost 90 percent of the farm labor.

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GRAPHIS BY SARAJ L. SCHMITT

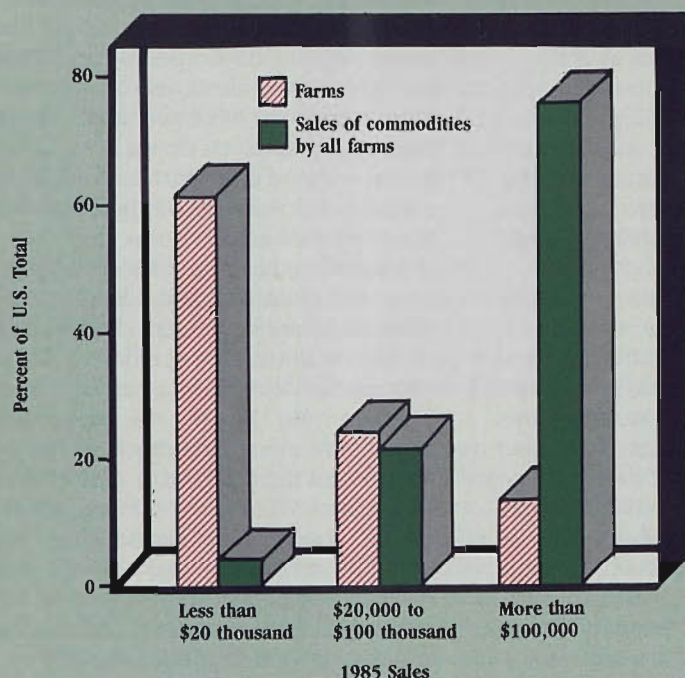
Number of Modest-Sized Farms in Thousands



Largely in the Heartland

About 60 percent of these modest-sized farms are located in the heartland—the Corn Belt, the Lake States, and the Northern Plains. Each of these regions has over a third of their farms in the \$20,000 to \$100,000 class. The Corn Belt, which has more of the nation's farms than any other region, has the highest percent of the U.S. farms in this size range. These farms make up over a quarter of the farms in the Mountain States region even though they amount to only 32 thousand. In contrast, while the Appalachian States account for a large share of the nation's farms, less than 17 percent of their farms had sales of \$20,000 to \$100,000. Most, 77 percent, have sales of less than \$20,000.

Size Distribution of U.S. Farms and Their Sales

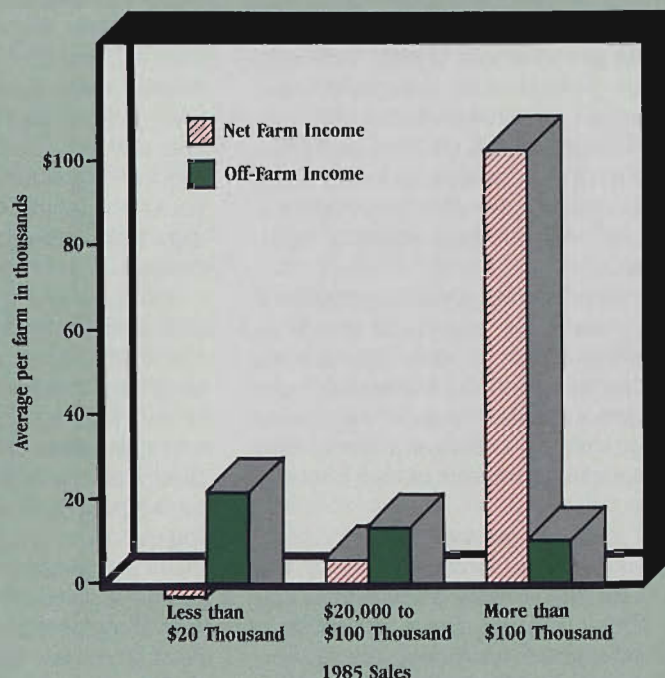


Modest-Sized Farms Account for 20 Percent of U.S. Farm Production

The farms with sales of \$20 thousand to \$100 thousand are about a quarter of the nation's farms. They make significant contributions to total production. In 1985, they accounted for about 20 percent of commodity sales or about \$52,500 per farm.

At both ends of the size continuum there are the well known opposite relationships between the proportion of farms and the proportion of sales. The 62 percent of the farms with sales less than \$20 thousand account for only 5 percent of the sales, and the 14 percent of farms with sales of \$100 thousand or more account for almost three-quarters of commodity sales.

Farm and Off-Farm Income Average per farm in thousands



Off-Farm Income Critical

On average, the net farm income of the modest-sized farms is small but positive. More than a quarter of these farms lost money on their farms in 1985. The average off farm income of \$12 thousand is more than three times as large as the average farm income. Over 50 percent of these households earn more off their farm than on it.

Despite the reliance on off-farm earnings of all family members for support, 80 percent of the *farm operators* of these modest-sized farms say that farming is the occupation in which they spend most of their work time.

Data Source: Farm Sector Financial Analysis Branch, ERS