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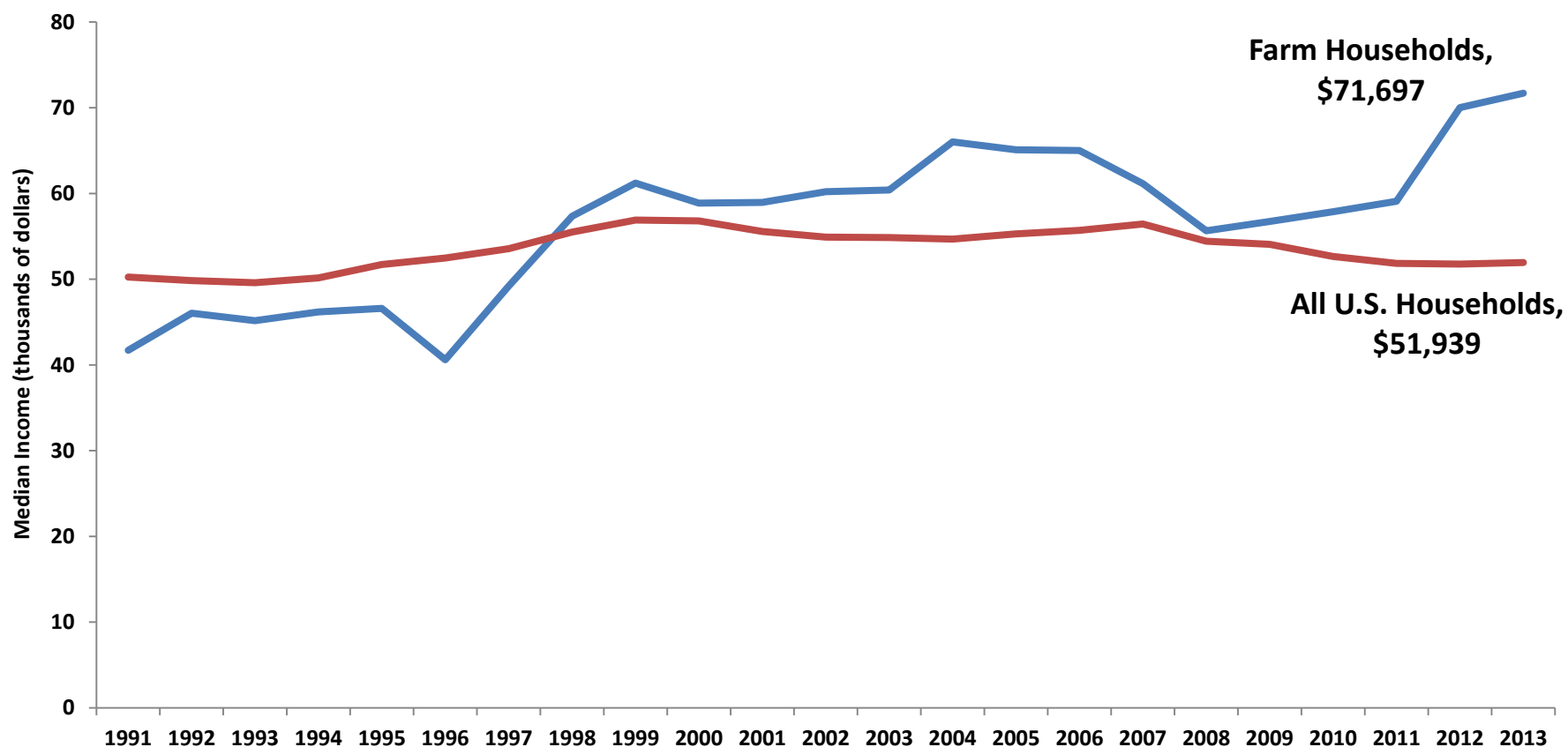
United States Department of Agriculture

# Trends in Farm Household Income and Assets

Daniel Prager  
Economic Research Service  
February 19<sup>th</sup>, 2015



# Farm Household Income Has Increased Over Time



Note: nominal dollars have been deflated using the Consumer Price Index Research Series (CPI-U-RS)

Average annual growth rate since 1991

- Farm Households: 2.3%
- U.S. Households: 0.1%

Sources: Agricultural Resource Management Survey (1996-2013); Farm Costs and Returns Survey (1991-1995); U.S. Census Bureau (1991-2013)

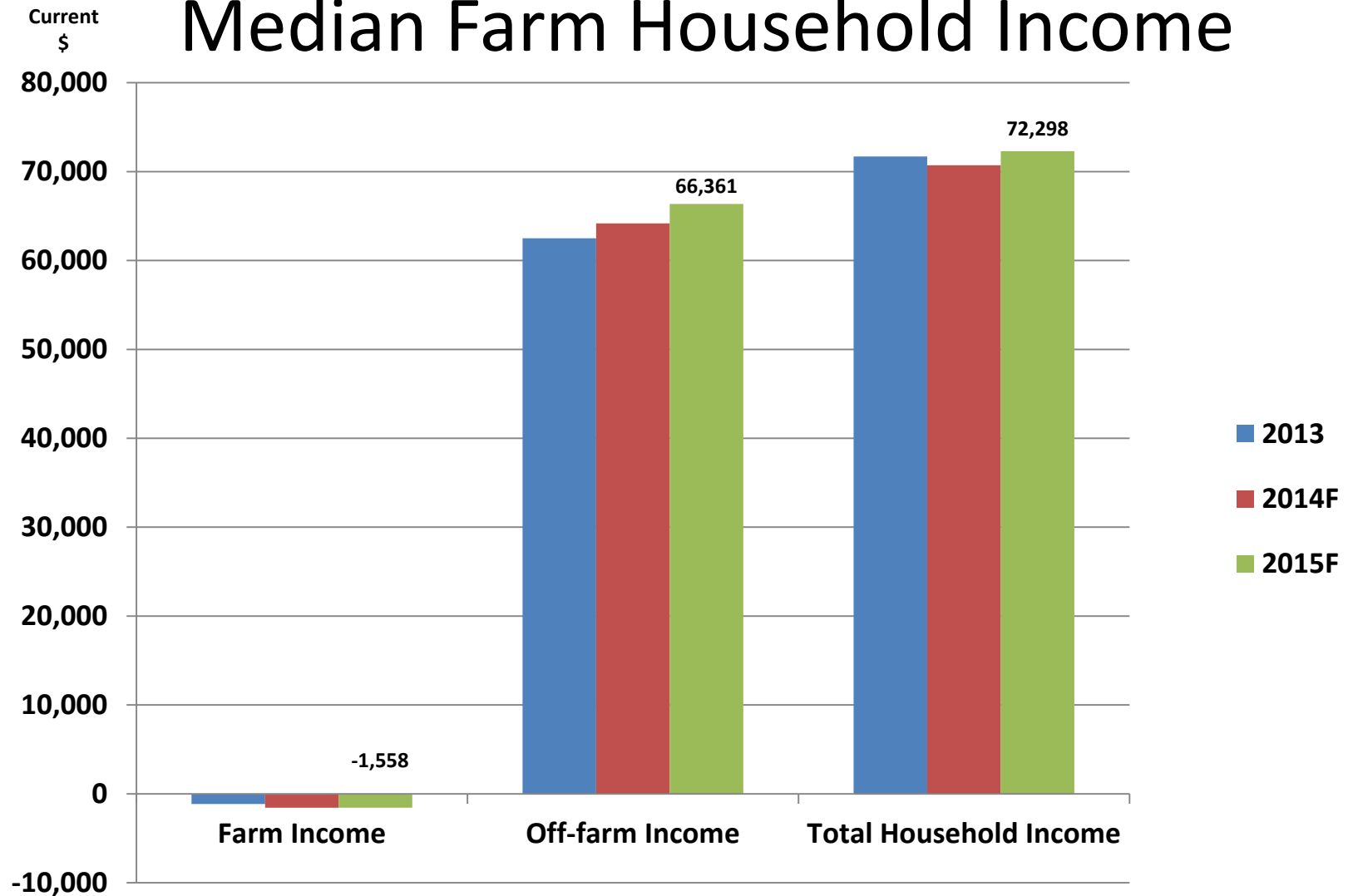


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# Slight Rise Projected in Median Farm Household Income



Sources: Agricultural Resource Management Survey 2013, ERS Forecasts



# Take-Away Points from the Sector Forecast

- U.S. net cash farm income expected to decrease in 2014 and 2015
- Crop receipts will fall for all major categories
- Total livestock receipts forecast to be down 5%
  - Cattle and calf receipts projected to increase
- Moderating asset values and rising debt levels expected to leave equity values effectively unchanged in 2015



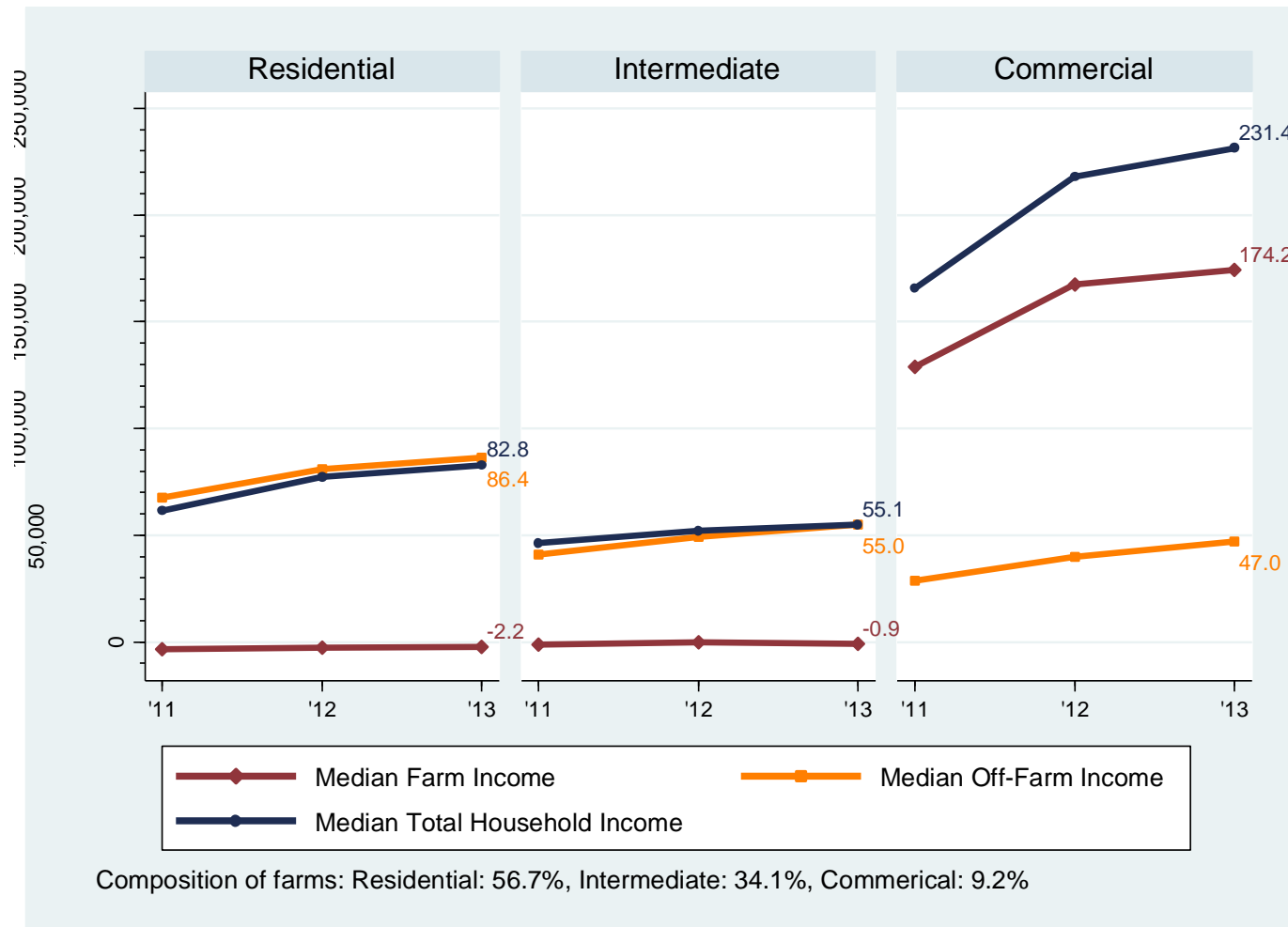
# Households exhibit varying degrees of dependence on net farm income

Two main types of farms:

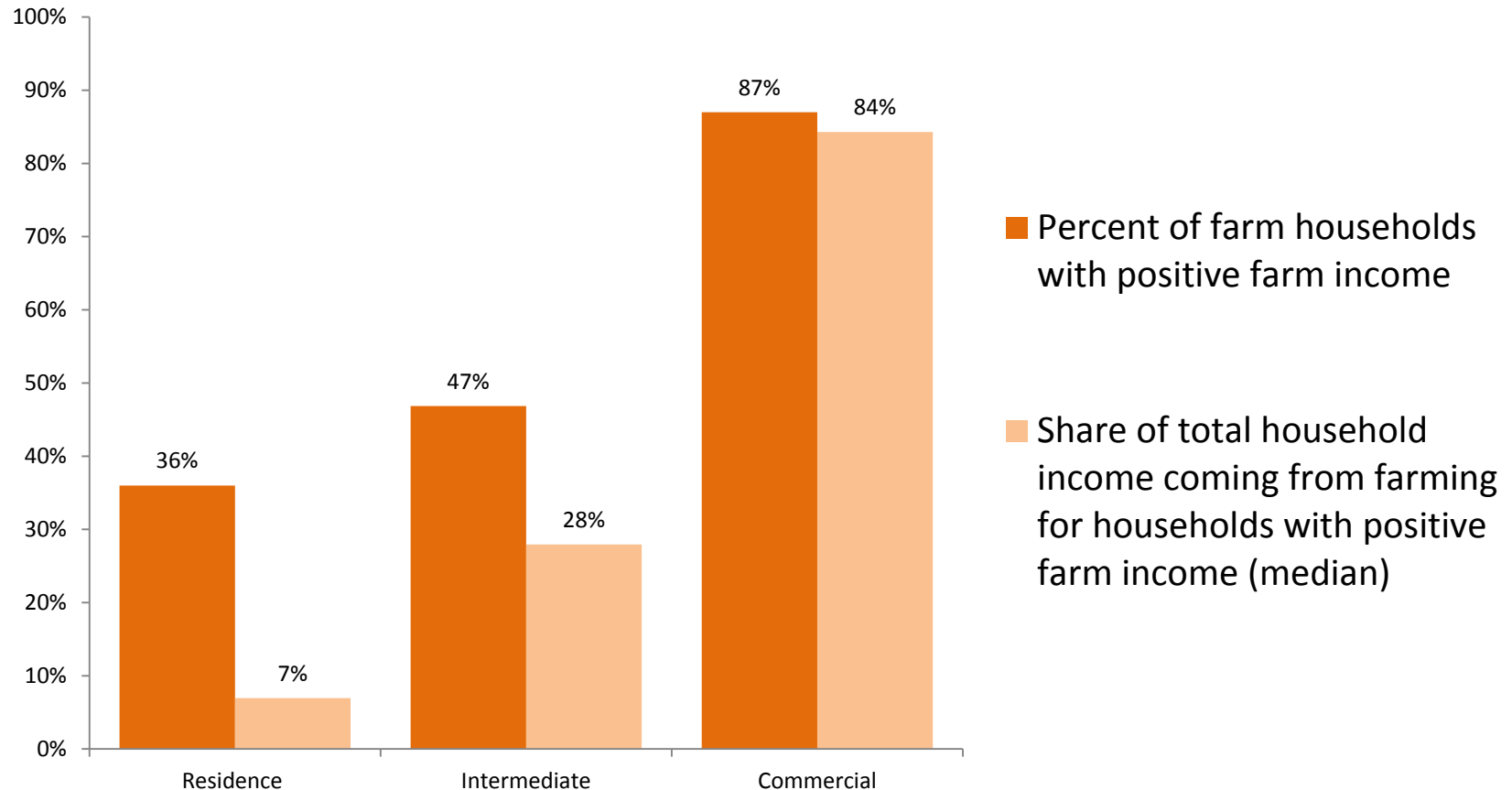
- Farming Not Primary Occupation (Residence Farms)
  - 1.16 million households
  - Typical household loses money on farm
- Farm Business (Intermediate and Commercial Farms)
  - 885,000 households: 79% Intermediate, 21% Commercial
  - Intermediate households derive <10% of income from farm business on average
  - Commercial households (>\$350,000 in gross cash income)
    - Three-fourths of income from farming



# Commercial Farms Generate the Majority of Farm Household Income



# Residence and Intermediate Farms Derive More Income from Off-farm Sources

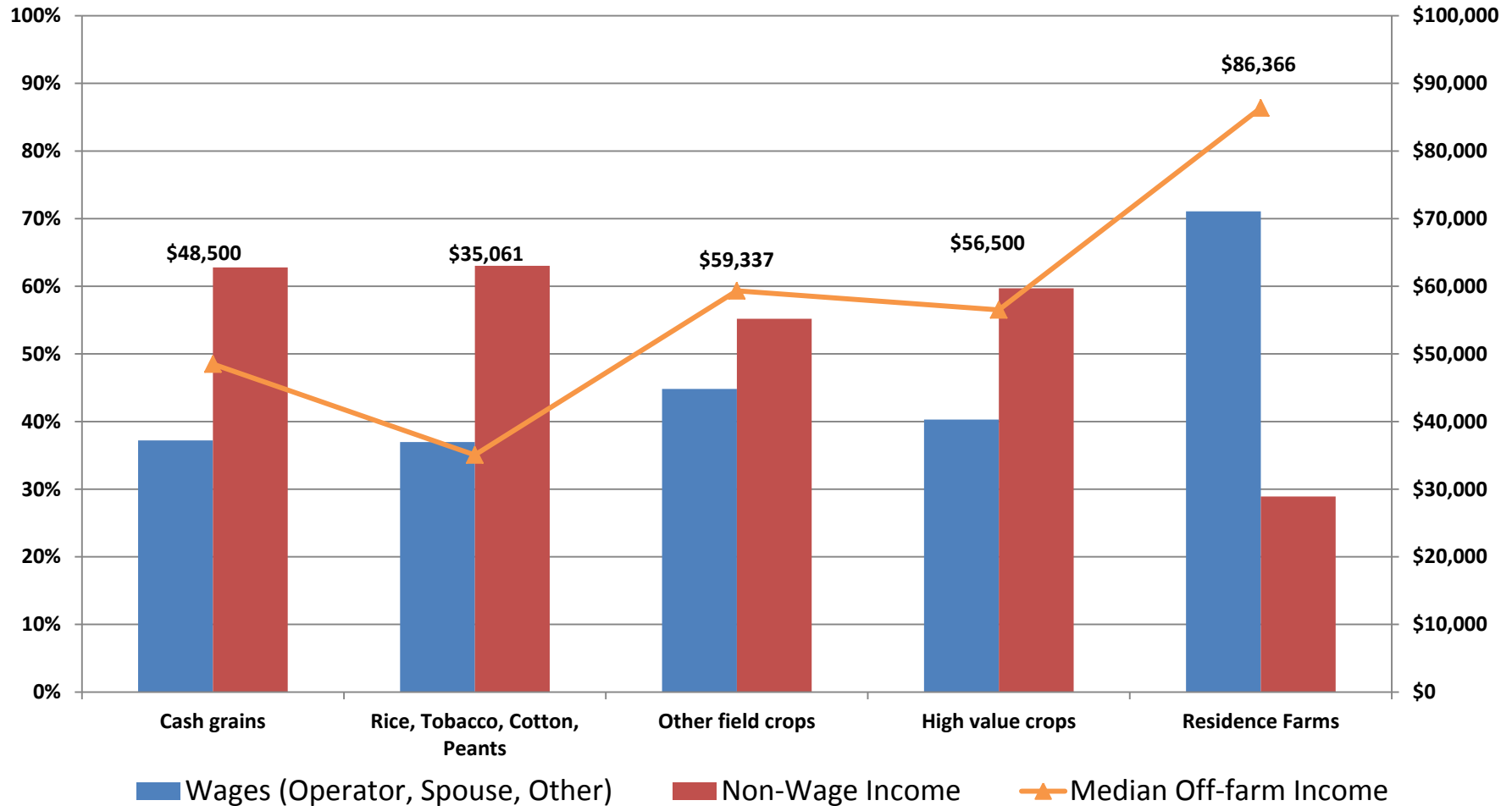


Source: Agricultural Resource Management Survey, 2013

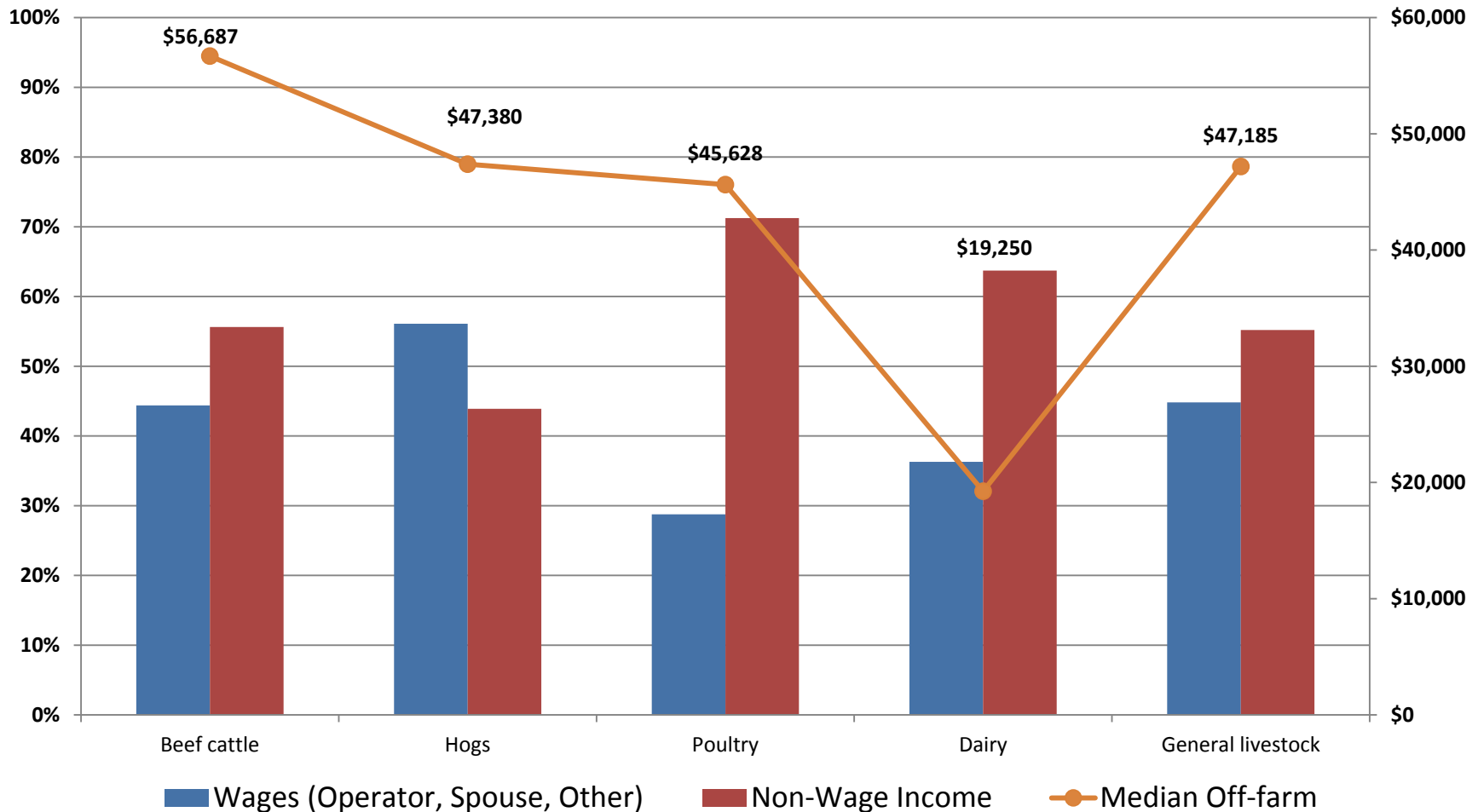




# For Crop Farms, Wages Comprise 39% of Off-farm Income



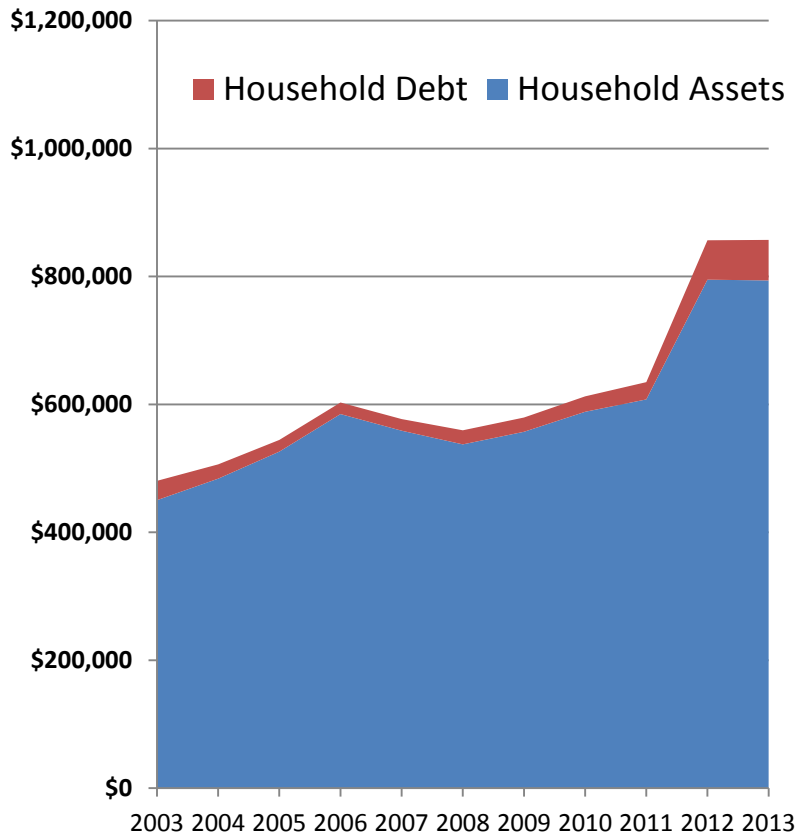
# Dairy Farms Receive Least Income from Off-farm Sources



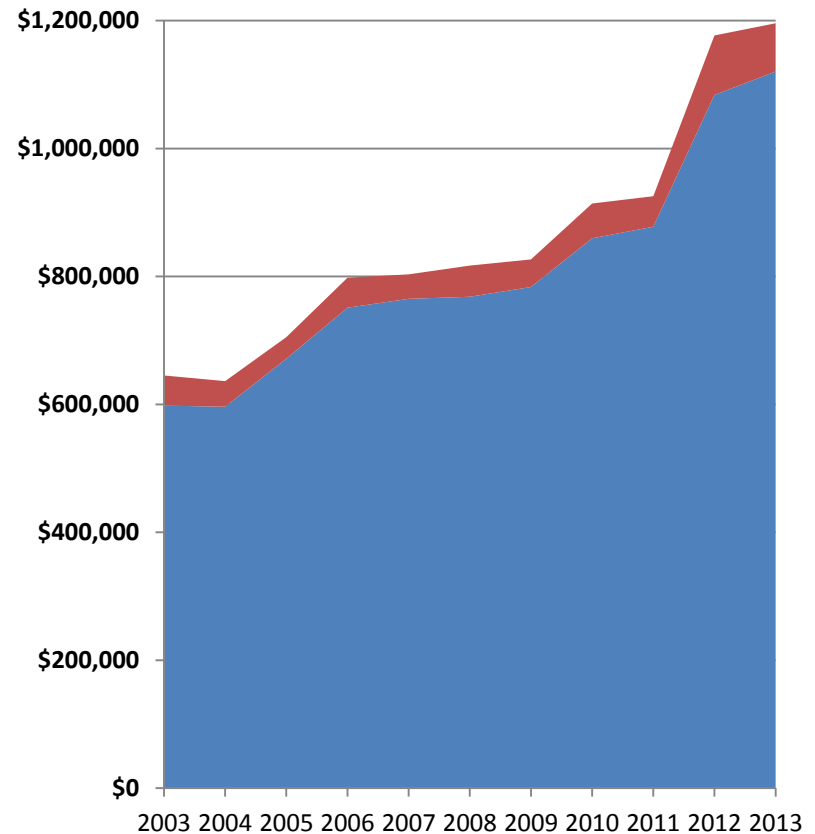
Source: Agricultural Resource Management Survey, 2013



# Median Household Assets have Grown Faster for Crop Farmers



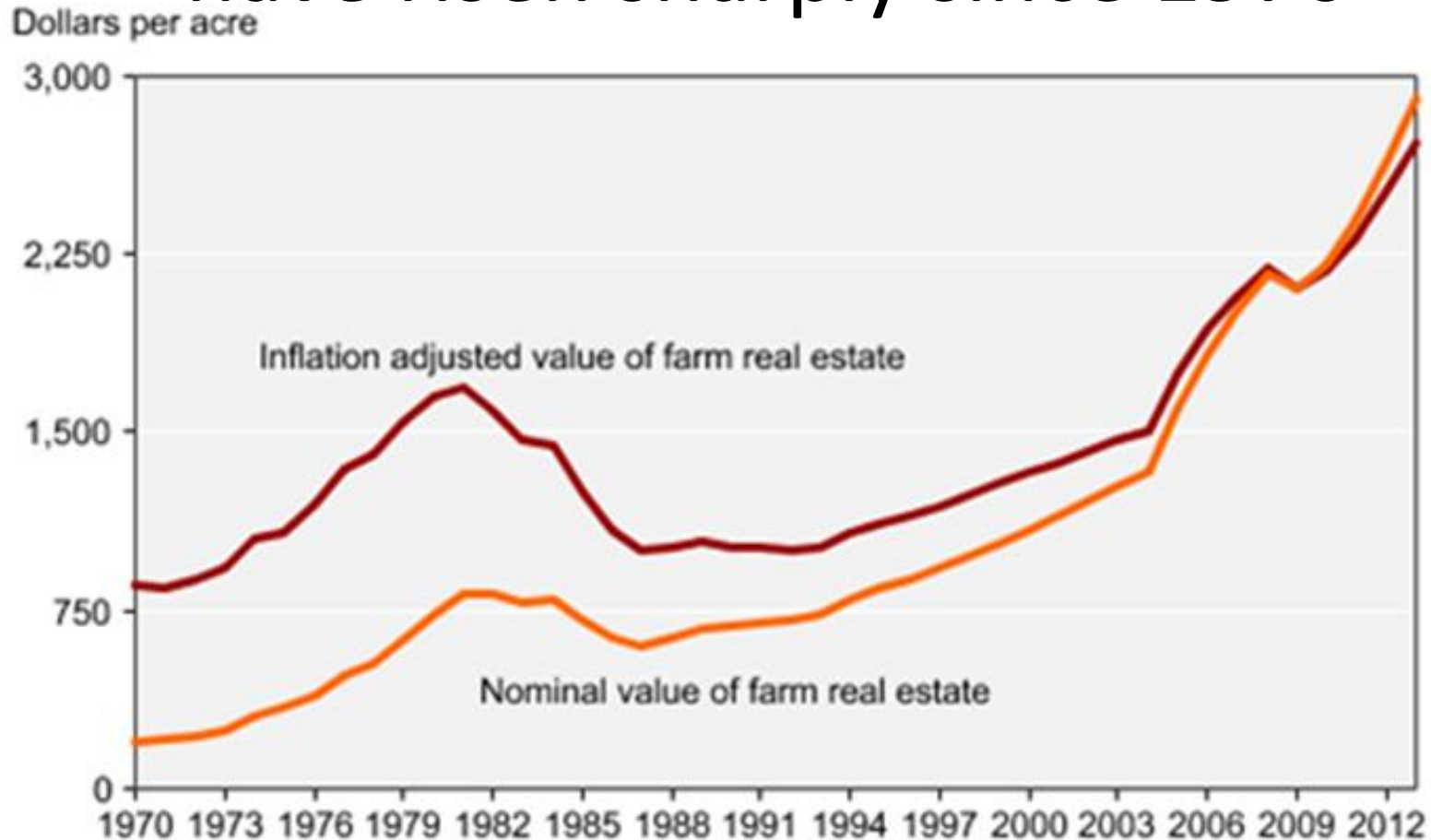
**Livestock Farms**



**Crop Farms**



# Average U.S. Farm Real Estate Values have risen sharply since 1970



Source: United States Department of Agriculture, Economic Research Service (ERS) and National Agricultural Statistical Survey (NASS)



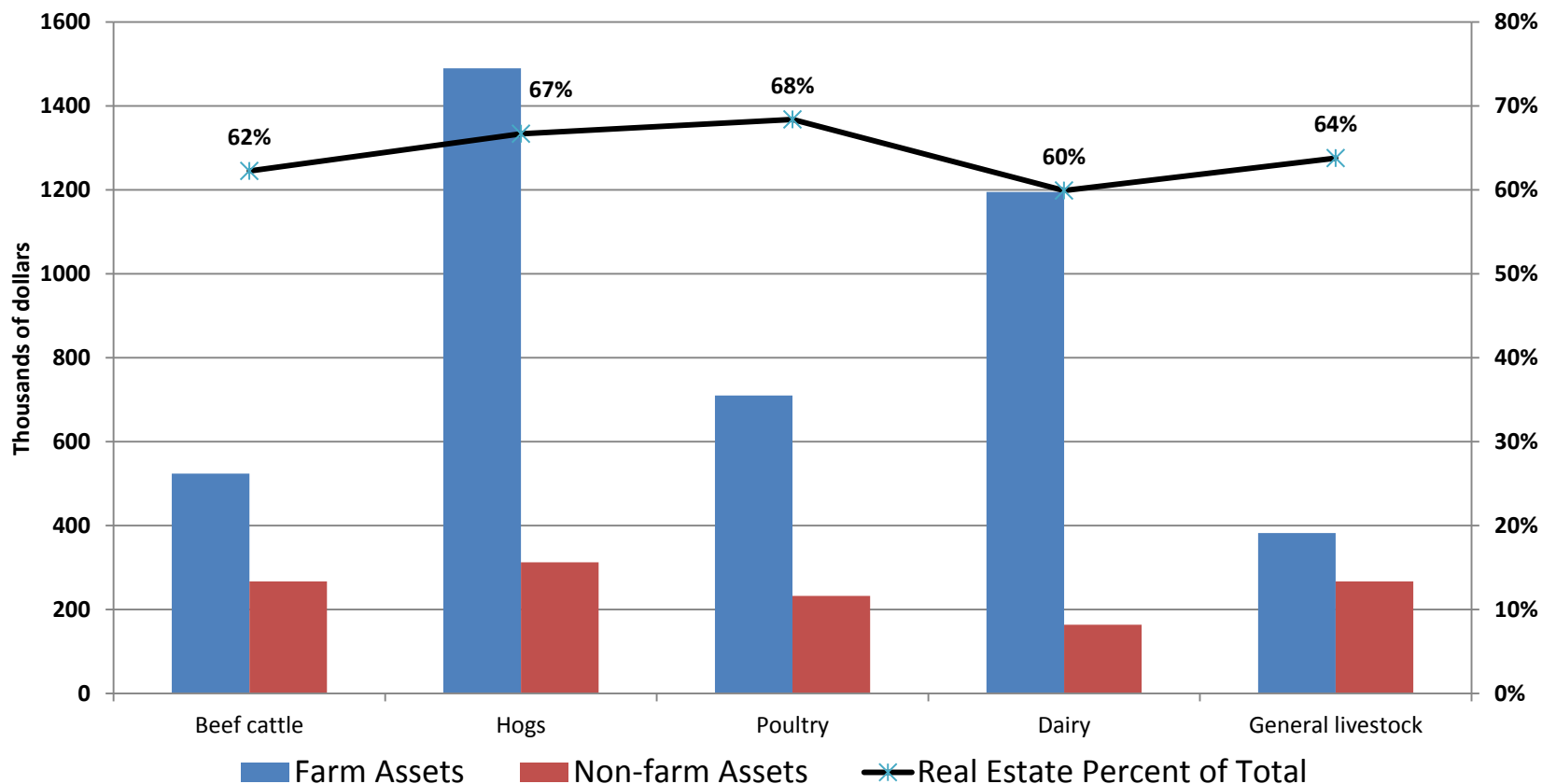
# Median Asset Holdings Highest for Cash Grain Farmers



Source: Agricultural Resource Management Survey, 2013



# Beef and General Livestock Producers have Lowest Real Estate Holdings

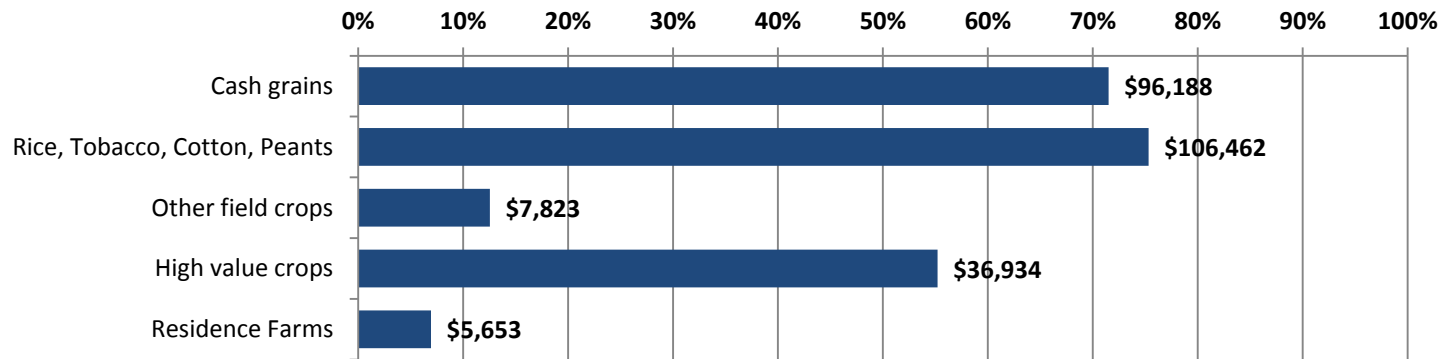


Source: Agricultural Resource Management Survey, 2013

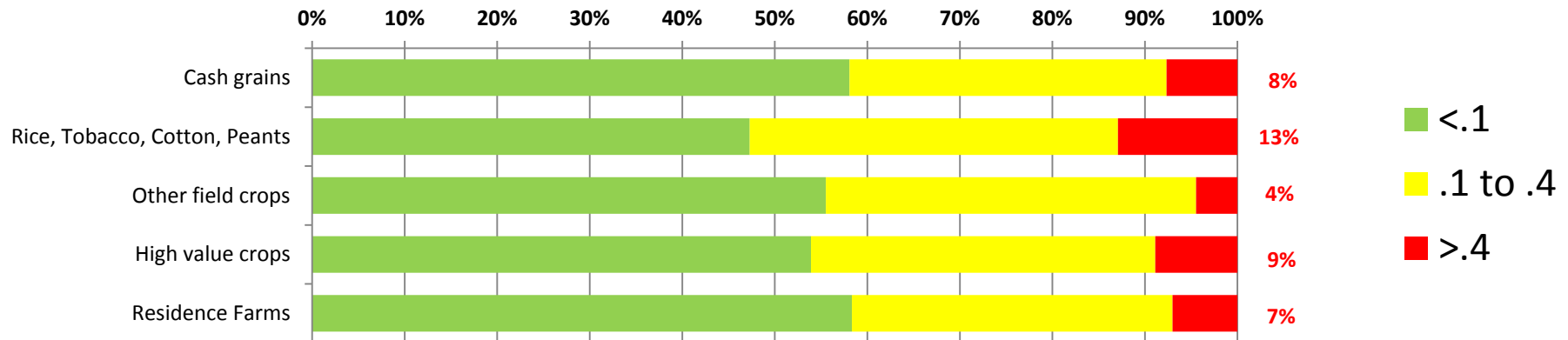


# Crop Household Debt-to-Asset Ratios Are Typically Low

Median percent of income from farming



Distribution of Crop Household Debt-to-Asset Ratios



Source: Agricultural Resource Management Survey, 2013

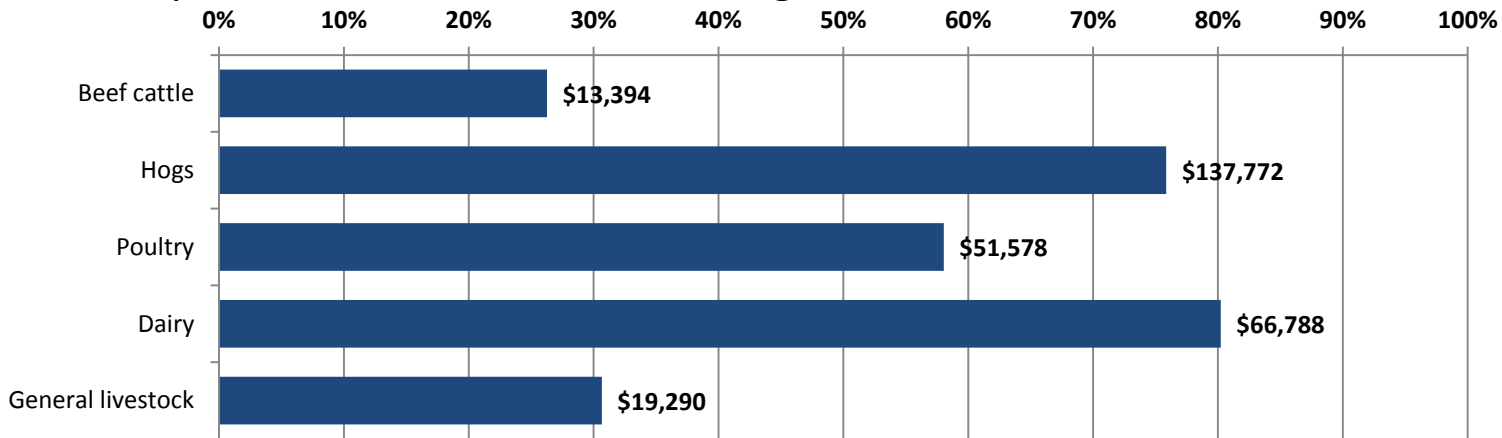


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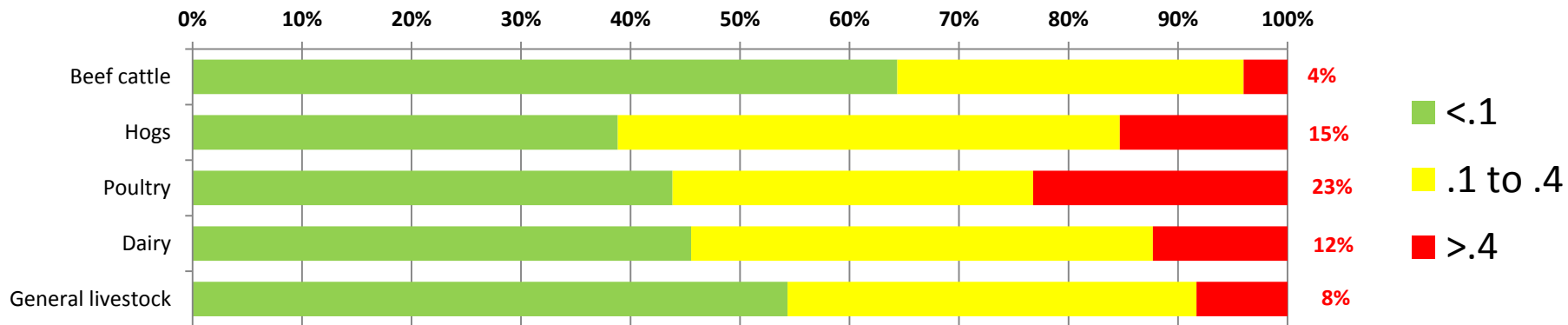


# Livestock Producers have Relatively Higher Debt-to-Asset Ratios

Median percent of income from farming



Distribution of Livestock Household Debt-to-Asset Ratios



Source: Agricultural Resource Management Survey, 2013





# Conclusions

- Many farm households are diversified in farm and non-farm income
  - Exceptions are dairies, hogs, and certain cash crops
- Farm household assets have grown over last 10 years
  - 51 to 68 percent of assets are in farm and non-farm real estate holdings
- Overall, debt-to-asset ratio levels remain low
  - Hogs, poultry and dairy producers are more leveraged

Source: Agricultural Resource Management Survey, 2013



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  - Household Well-being Topic Page:  
<http://www.ers.usda.gov/topics/farm-economy/farm-household-well-being.aspx>
  - Farm Household Income and Characteristics Data Product:  
<http://www.ers.usda.gov/data-products/farm-household-income-and-characteristics.aspx>
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