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FARM HOUSEHOLD WELLBEING

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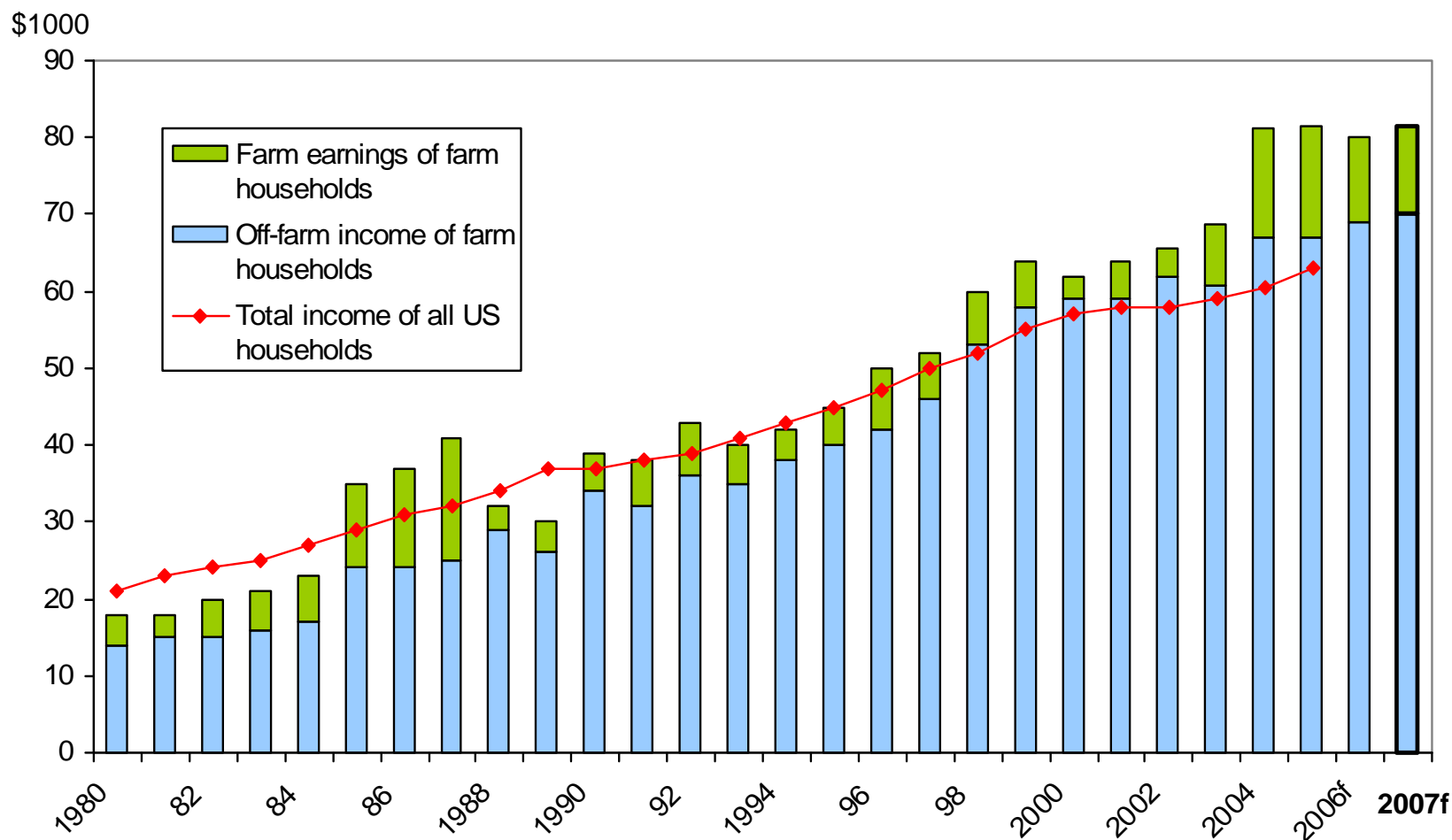


Setting the context

- Why focus on household wellbeing?
- Measures of household wellbeing:
 - Income: level, variability
 - Wealth
 - Joint income/wealth
 - Consumption
- Talk outline
 - Farm household income, including 2007 forecasts: national, by farm hh typology, by commodity type
 - A broader perspective on wellbeing

2007 household income forecast comparable to 2004, 2005

Average farm household income has exceeded all US household average income since 1996, despite greater variability of farm household income.



f = Forecast.

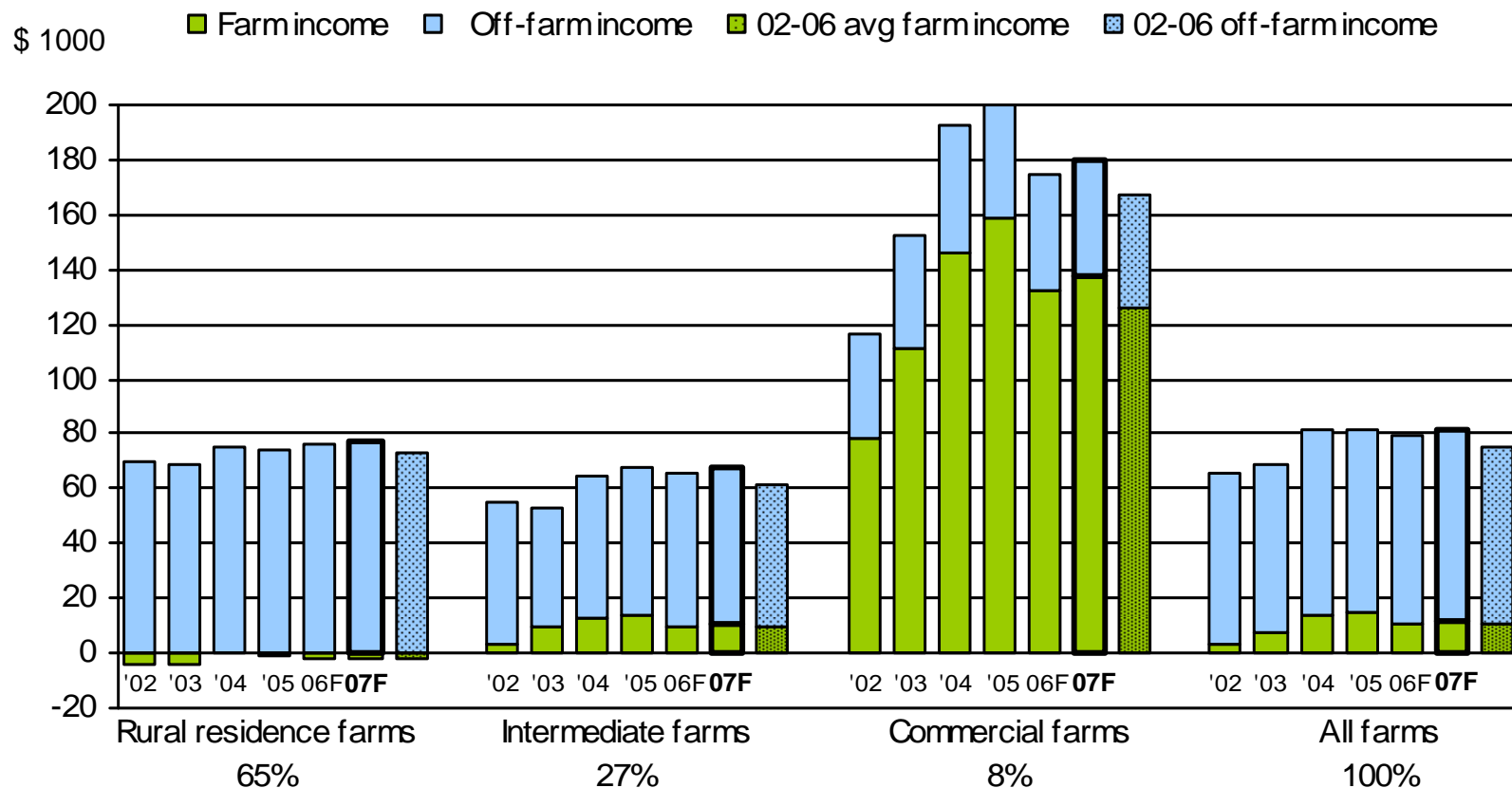
Source: USDA Agricultural Resource Management Survey
Economic Research Service, USDA

In major farm states, average farm household income exceeds state average, 2005



* Share of total US farm households is in (parentheses.) Source: USDA *Agricultural Resource Management Survey* Economic Research Service, USDA

Operators of commercial farms have highest and most variable average household income

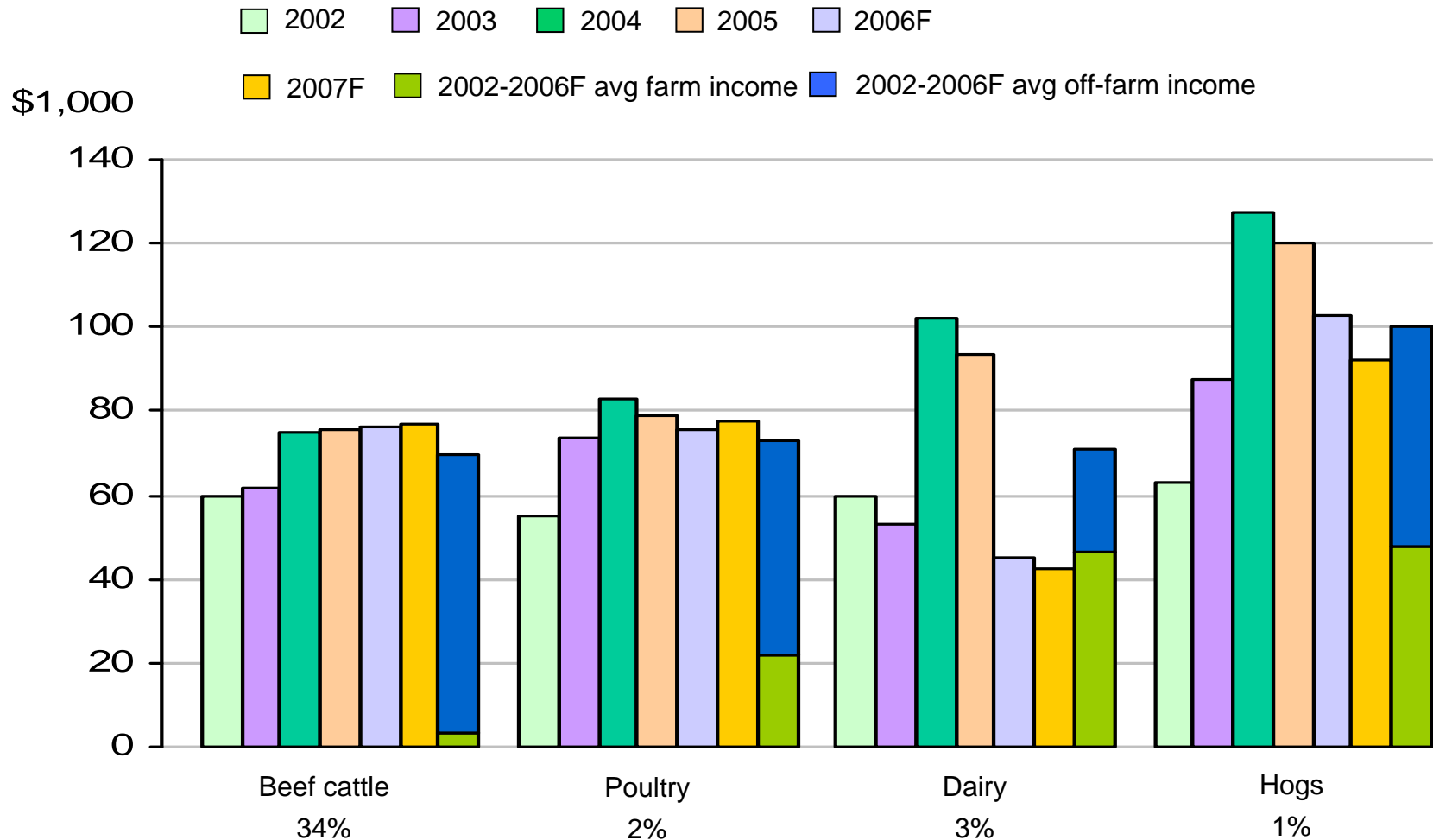


f = Forecast.

Source: USDA *Agricultural Resource Management Survey*

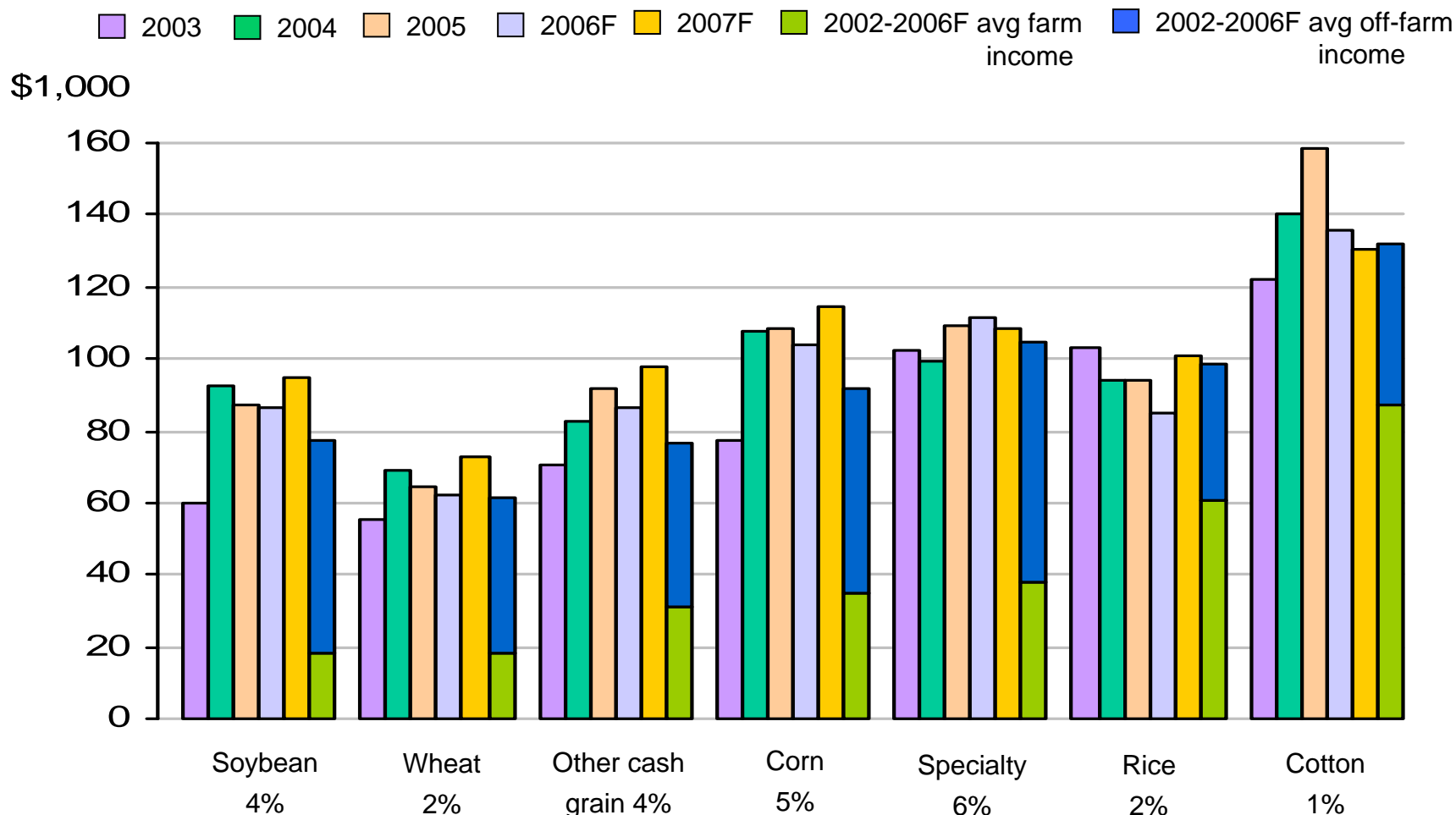
Economic Research Service, USDA

Average operator household income for livestock farms, 2002- 2007F



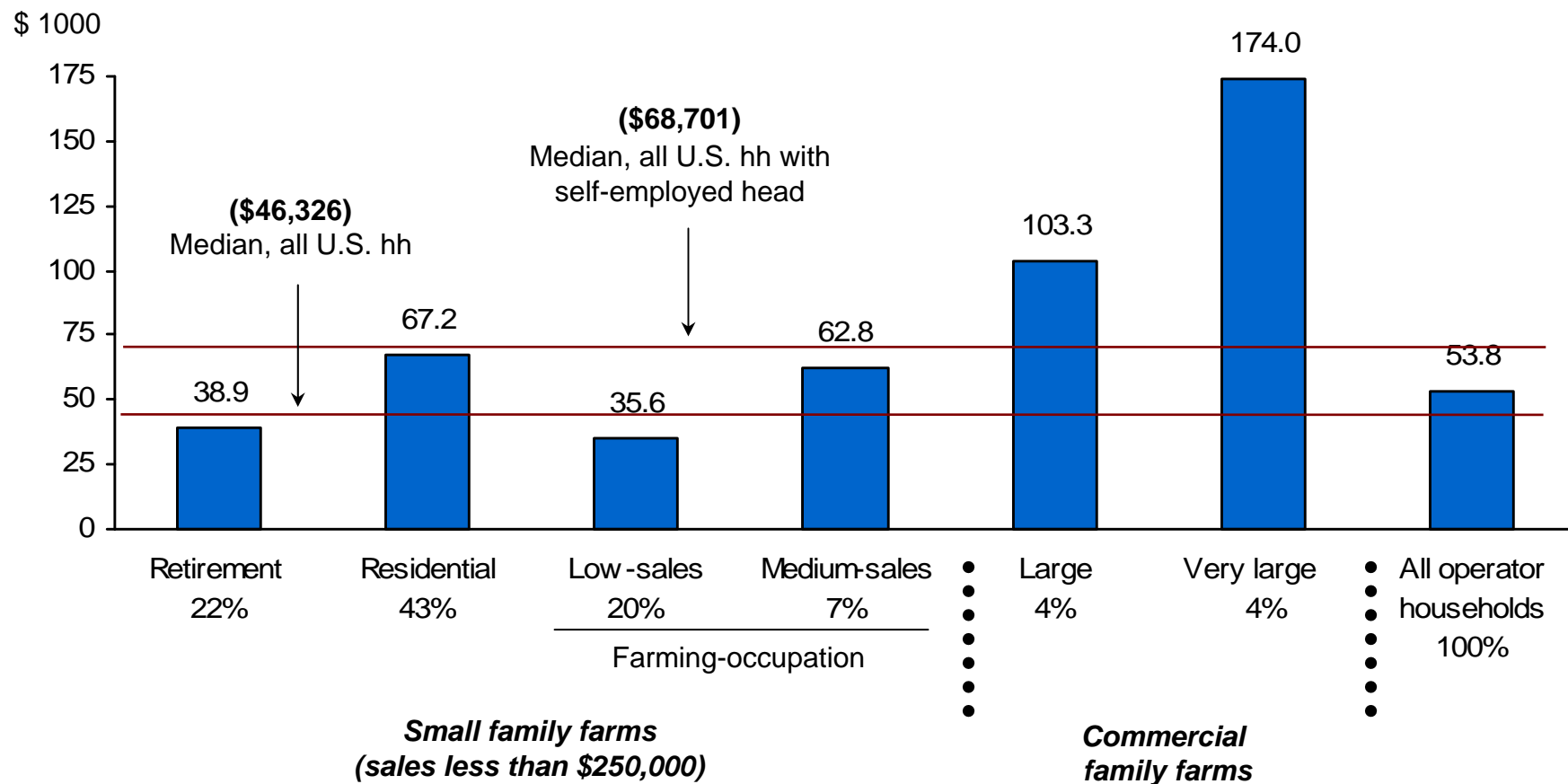
Source: 2005 USDA Agricultural Resource Management Survey
Economic Research Service, USDA

Average operator household income for crop farms, 2004– 2007F



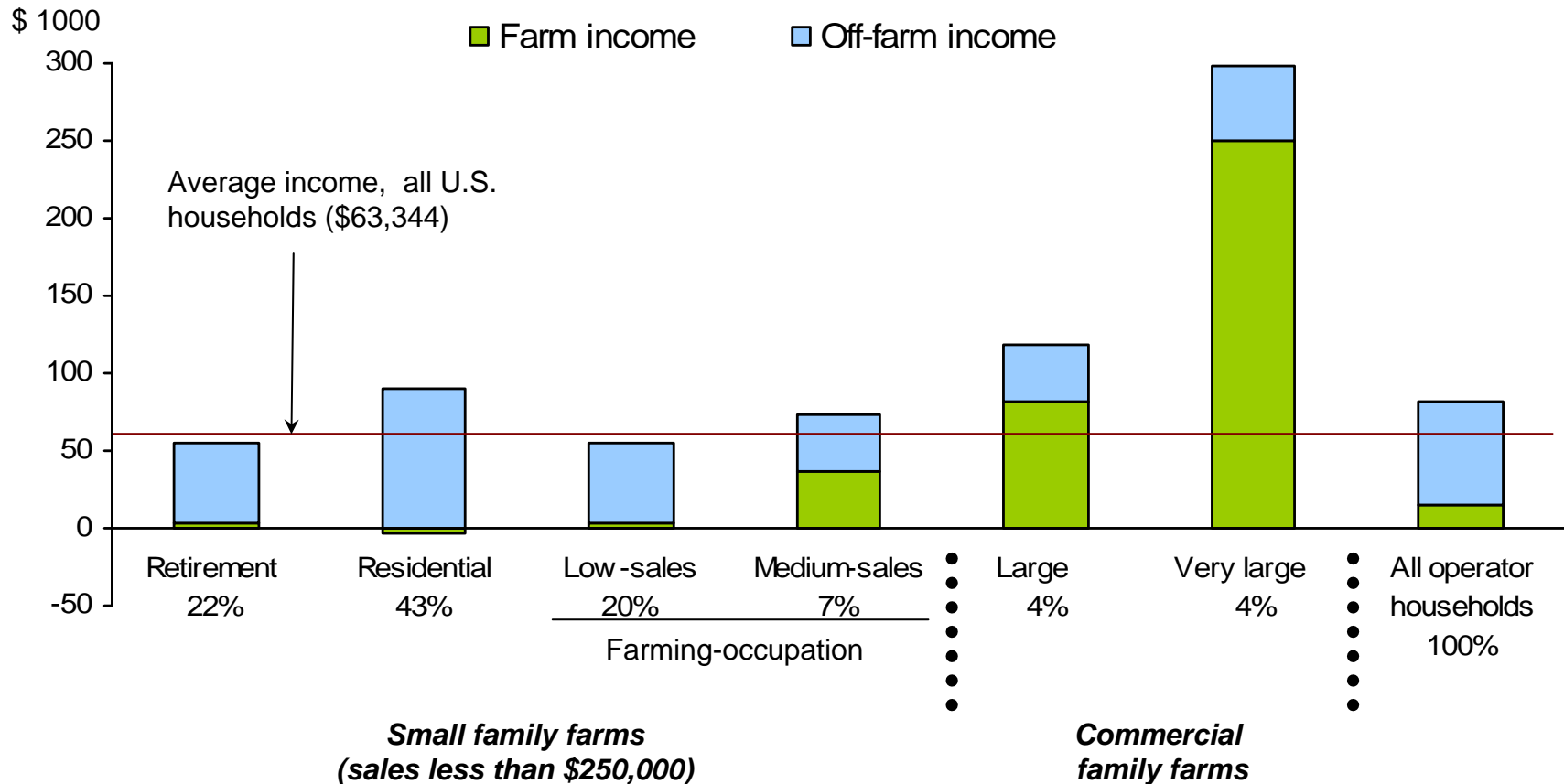
Source: 2005 USDA Agricultural Resource Management Survey
Economic Research Service, USDA

Median income of farm households by typology, 2005



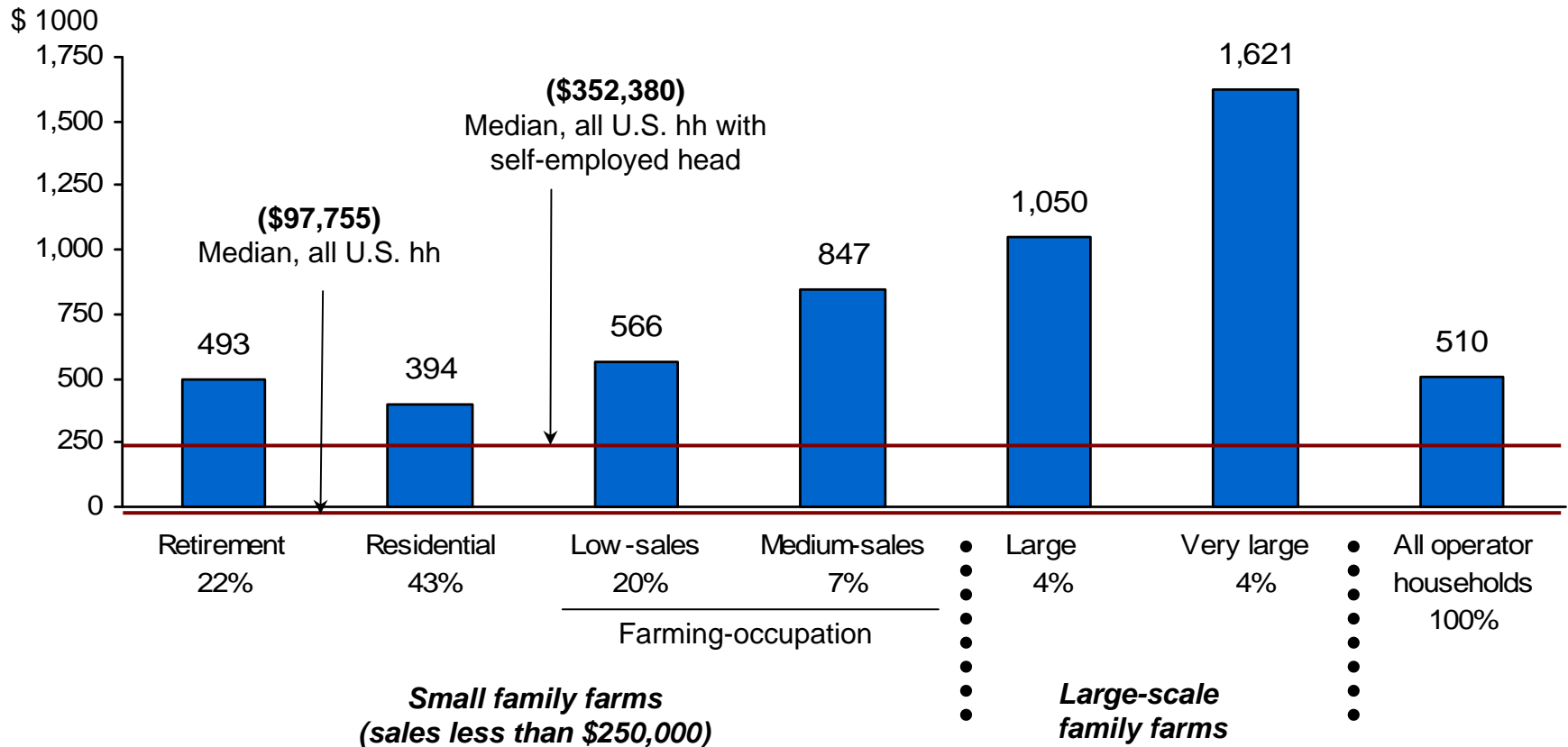
Sources: USDA, Economic Research Service, 2005 Agricultural Resource Management Survey, for farm households. Federal Reserve Board, 2005 Survey of Consumer Finances, for all U.S. households and households with a self-employed head.

Average income of farm households by typology, 2005



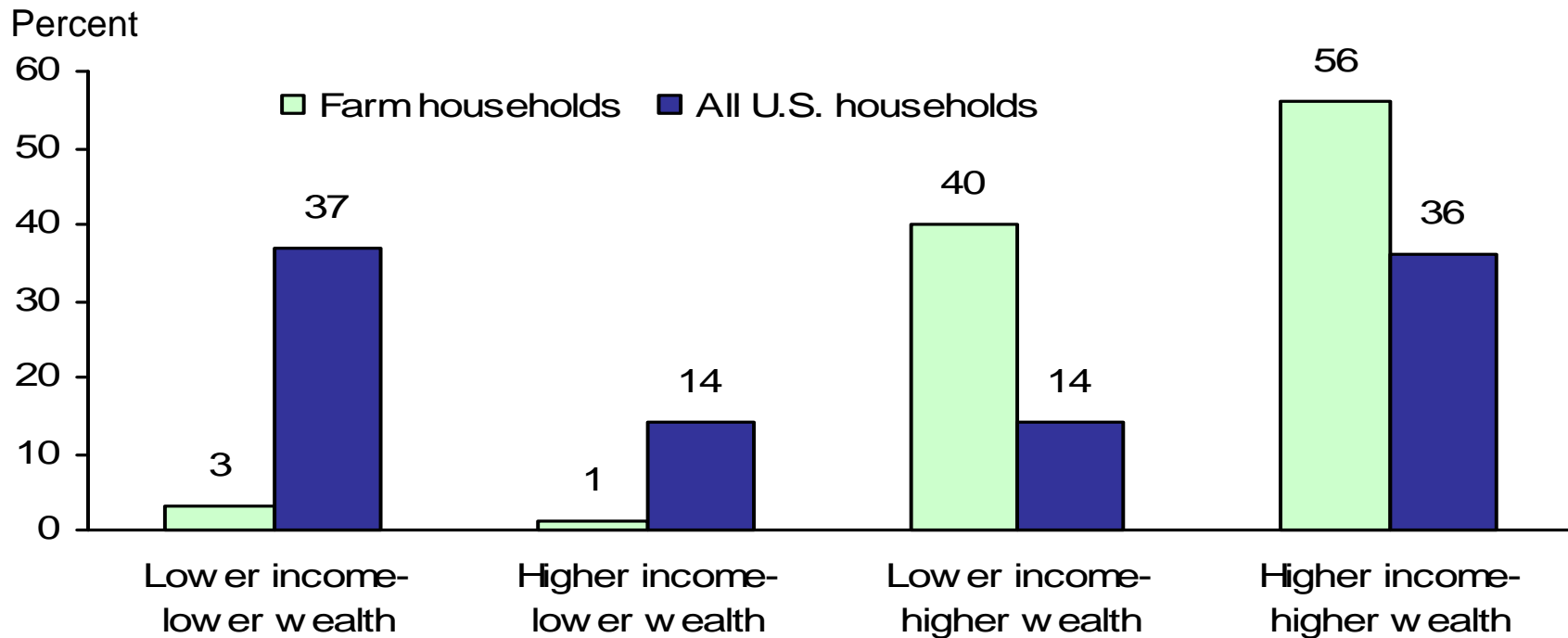
Source: USDA, Economic Research Service, 2005 Agricultural Resource Management Survey, for farm households. Federal Reserve Board, 2005 Survey of Consumer Finances, for all U.S. households and households with a self-employed head.

Median net worth of farm households by typology, 2005



Source: USDA, Economic Research Service, 2005 Agricultural Resource Management Survey for farm households. Federal Reserve Board, 2005 Survey of Consumer Finances, for all U.S. households and households with a self-employed head.

Joint household income and wealth distribution relative to US household medians, for farm and all US households, 2005



“Lower” and “higher” income and wealth are defined relative to the US household medians: in 2005, \$46,326 for income, and \$97,755 for wealth.

Sources: Agricultural Resource Management Survey, ERS, USDA; Current Population Survey, Bureau of Labor Statistics, US DOL; Survey of Consumer Finances (SCF), Federal Reserve Board.

Summary

- Forecast 2007 average family farm household income is \$81,588:
 - up 2.2 percent from 2006
 - up 8.1 percent from 2002-2006f average.
- Forecast increases include households operating:
 - Rural residence (+2%), intermediate (+3%), commercial (+3%) farms
 - Rice (+19%), wheat (+18%), cash grains (+13%), corn (10%), soybean (9%) farms
- Forecast decreases include households operating:
 - Hog (-11%), dairy (-6%), cotton (-4%), specialty (-3%)

Summary

- Among farm households, average household income is higher relative to all US households, and lower relative to all US households with a self-employed head
- Among farm households, average household wealth is higher relative to all US households (by a very substantial margin) , and also relative to all US households with a self-employed head
- Farm and other self-employed households face greater variability of income than for all US households
- Farm household strategies for mitigating the impacts of variability include:
 - Most farm households have a majority of household income from off-farm sources
 - Farm household types with majority farm share of household income [commercial farms (8%) and medium-sales farms (7%)] have substantially higher wealth than the farm household median
- Wealth does not necessarily translate into liquidity: current ERS research is examining farm household consumption levels to characterize well-being