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The Farm Entrepreneurial Population, 1988

Margaret A. Butler

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Abstract

About 5.3 million people lived in households tied to a farm business in 1988, compared with almost 5.0 million in the farm population as conventionally defined by place of residence. The farm entrepreneurial population, those people with an economic tie to farming, includes people who depend on farming for all or part of their income but who do not necessarily live on a farm. This report analyzes census data on income, education, and other characteristics of the group identified by farm occupation and farm self-employment income criteria.

Keywords: Farm entrepreneurial population, farm operator population, farm-income-only population, demographic characteristics, social characteristics, economic characteristics, households, families

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Summary

About 5.3 million people lived in households tied to a farm business in 1988, compared with almost 5.0 million in the farm population as conventionally defined by residence. The farm entrepreneurial population, those people with an economic tie to farming, includes people who derive all or part of their livelihood from farming but who do not necessarily live on a farm. This report analyzes data from the Census Bureau's March Current Population Survey for 1988 on income, education, and other characteristics of the farm entrepreneurial population.

Since first counted in the 1920 census, the farm population has been defined as people who live on farms or ranches, regardless of occupation or income. Today, some people live on farms but work in nonagricultural occupations, and some people who operate farms or derive income from farms do not live there. This report quantifies and describes the characteristics of those who have business ties to farming but who do not necessarily live on farms.

The farm entrepreneurial population consists of people who live in households in which someone's primary occupation is operating or managing a farm, or in which someone receives income from self-employed farming.

Findings for 1988 include:

- o Most farm people were white males. The median age of the farm entrepreneurial population was 34.5 years, which was older than the national median age.
- o Education among farm people varied among the sexes: Females in the farm entrepreneurial population were more likely than their male counterparts to continue their education beyond high school.
- o The farm population ranked high in labor force participation. About 3.1 million farm entrepreneurial people were in the labor force, with an unemployment rate of just 2.1 percent. Over 50 percent of people in farm entrepreneurial households worked in nonagricultural industries.
- o The median income of farm entrepreneurial families was \$28,098 in 1987, about 7 percent below the national average. The poverty rate for farm families was 10.1 percent, but fewer than 1 percent received welfare benefits. The national poverty rate was 10.7 percent with 5 percent on welfare. The main sources of income for farm entrepreneurial families were farm self-employment and wages and salaries earned from farm or nonfarm jobs.
- o The farm population's social structure was more traditional and homogeneous than that of the total population. Of the 1.5 million farm entrepreneurial families, 95 percent were married couples. Only 2.3 percent of families were headed by women. Largely because of the farm population's older age structure, more than half of all farm families had no children of their own living at home.

The Farm Entrepreneurial Population, 1988

Margaret A. Butler*

Introduction

In March 1988, approximately 5.3 million persons, or 2.2 percent of the U.S. population, lived in households associated with the operation of farms, as indicated by a household member's occupation or source of income. This 1988 estimate is 6.5 percent lower than the 5.7 million estimated for 1987, but this is not a statistically significant change (2).¹ Based on the conventional farm residence definition, there were an estimated 5 million persons in the farm population in 1988 (10).

Since first separately counted in the 1920 census, the farm population has been defined as people living on farms or ranches, regardless of occupation or source of income. At that time, the vast majority of people tied to farming lived on farms. But rural life has become more diverse, as agricultural science and technology have cut labor requirements, and off-farm job opportunities have grown. As a result, people who live on farms today are not necessarily employed in agriculture, and those employed in agriculture often do not live on farms. Thus, the farm residence approach has lost some of its former validity. Alternative criteria for identifying farm-related people and the differences in the criteria used are detailed elsewhere (1).

To provide more complete coverage and a more precise concept, this report identifies the farm population based on farm operator or manager occupation and/or self-employment income from farming. This group and its household members are called the farm entrepreneurial population. Data are presented on the social, economic, and demographic characteristics of the total farm entrepreneurial population and its components for 1988.

No attempt is made here to identify the population associated with hired farmworkers. Many persons who do hired farmwork have only a tenuous connection with farming based on short-term seasonal work, and are also incompletely identified by occupational survey questions unless the questions relate to an entire year. Such

questions were asked in the Agricultural Work Force Survey for 1987, which estimated the population of hired farmworker households (3). But, the objective in this report is to define and characterize in its own right the population of farmer households.

Method of Identification

Data used to identify the farm entrepreneurial population in 1988 were drawn from the public-use computer files of the March Current Population Survey (CPS), conducted annually by the Bureau of the Census, U.S. Department of Commerce. The household is the unit of observation and consists of all persons who occupy a given housing unit. A house, an apartment, a group of rooms, or a single room are all considered housing units when occupied as separate living quarters.

People who fell into the CPS farm occupation and farm self-employment income categories were combined with members of their households to form the farm entrepreneurial population analyzed in this report. Definitions of these CPS categories are as follows:

- o **Farm operator population:** All persons living in households where at least one member is employed primarily as a farm operator or farm manager. A household is also included if at least one unemployed member indicated that his or her last full-time job was farm operator or farm manager. An advantage in using occupation as a criterion is that there is no residence requirement, enabling those who farm but live off the farm to be included. A shortcoming is that, except for the CPS December supplement which lacks detailed demographic data, employment data refer only to a respondent's primary occupation. Households in which one or more members have only part-time, secondary jobs in farming are missed, unless another member works primarily as a farmer.
- o **Farm income population:** Persons in households with at least one member who received farm self-employment income in the preceding year. Farm self-employment income is net money income (gross receipts minus operating expenses) from the operation of a farm received by a person on his or her own account, as an owner, renter, or share-cropper. A household is also included if at least one

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¹Italicized numbers in parentheses refer to sources listed in the References section.

member reported a net income loss from farming. This criterion also has no residency requirement but misses households of people who run incorporated farms.

The total farm entrepreneurial population consists of all persons in households identified by either or both of the farm occupation and farm income criteria. The two populations overlapped substantially; households often qualified under both criteria (fig. 1). Because most farm operators were self-employed as farmers in the preceding year, about 54 percent of the total farm entrepreneurial population was in households with both a farm operator or manager and a farm self-employment income recipient. Thirty-seven percent of the farm entrepreneurial population was in households where one or more persons received farm self-employment income and no one was primarily employed as a farm operator or farm manager. This group is called the farm-income-only group. The remaining 9 percent resided in households with an operator or manager but reported no farm self-employment income.

This report focuses on characteristics of the entire farm entrepreneurial population. The components of this population are farm operators or farm self-employment income recipients, their families, and other household members. Some data are available on characteristics of

farm operators and farm income recipients alone (see Appendix III).

Regional Distribution

Slightly more than half of all farm residents lived in the South in 1950, and about a third lived in the Midwest (9). But mechanization of cotton production and the near abandonment of the share-tenant system of farming resulted in heavy movement of people off the farm and a smaller southern share of the total farm population.

As measured by the entrepreneurial definition, over 40 percent of the farm entrepreneurial population lived in the Midwest in 1988 (table 1). The South had the second largest share, slightly under 30 percent of the farm population, although it had the highest regional share of the Nation's total population (fig. 2).

Southerners in the farm entrepreneurial population were more likely than their counterparts elsewhere to receive farm self-employment income without having a primary farm occupation. Thirty-four percent of the farm-income-only population lived in the South, compared with 24.9 percent of the farm operator population. This reflects the more frequent small-scale nature of southern

Figure 1
Composition of the farm entrepreneurial population, 1988



Source: (Z).

farming and the greater reliance on off-farm work as the chief source of employment.

Racial and Ethnic Characteristics

Few minorities operated farms in the United States. Only 1.4 percent of the farm entrepreneurial population was black, and 1.9 percent was of Hispanic origin (table 2). Most minorities in agriculture were hired farm wage and salary workers. About 79 percent of blacks in agriculture were wage and salary workers. About 96 percent of Hispanics with an agricultural occupation were wage and salary workers (7).

Sex and Age

Males outnumbered females in the farm entrepreneurial population. There were 117 males for every 100 females, compared with about 95 males per 100 females in the total U.S. population (7). The ratio was even higher in the farm operator population, where there were 120 males for every 100 females.

The historic movement of young adults off farms has significantly altered the age structure of farm people. In 1988, the farm entrepreneurial population was older than the national population. The median age of this farm population was 34.5 years (table 2), compared with 32.2 years for the U.S. population (7).

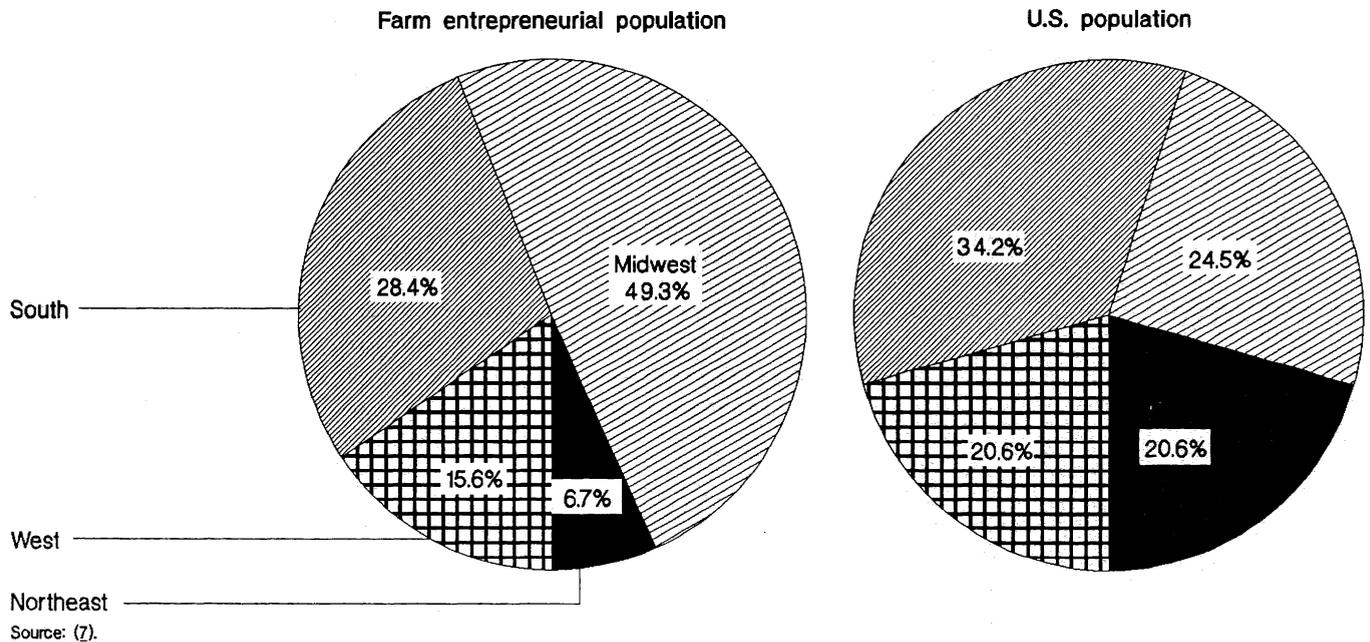
Persons of prime working age (age 25-44 years) constituted only 27.9 percent of the farm population in 1988. In contrast, 32 percent of the total U.S. population was in this age group (fig. 3). The initial capital investment needed for modern farming and the drop in the number of farms brought about by productivity gains have slowed the entry of young people into farming. There were 3.4 million farms in 1965. By 1988, the number had fallen to 2.2 million (6).

Table 1--Regional distribution of the farm entrepreneurial population, 1988¹

Region	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total	5,329	3,361	1,968	100.0	100.0	100.0
Northeast	358	246	112	6.7	7.3	5.7
Midwest	2,625	1,710	914	49.3	50.9	46.4
South	1,514	837	677	28.4	24.9	34.4
West	832	568	265	15.6	16.9	13.5

¹Totals may not add due to rounding.
Source: (7).

**Figure 2
Regional distribution of the population, 1988**



Because so many young people have left farms, persons age 45-64 years constituted a much higher share of the work force in the farm entrepreneurial population than in the total population (26.8 percent versus 18.9 percent). Retirement age people, those 65 years and over, accounted for only 8.7 percent of the farm entrepreneurial population and 11.8 percent of the total population. The lower representation of retirement age people in the farm population is forced partly by the employment-oriented definition used in this report. To be counted among the farm entrepreneurs, a person needed current or recent employment as a farm operator or manager or needed farm self-employment income.

Education

Farm entrepreneurs were more likely than the general population to complete high school, but they were somewhat less likely to attend college. Of the farm entrepreneurial population age 25 years and over, 49 percent had completed high school only (table 3). An additional 32 percent had completed at least 1 year of college. In comparison, 39 percent of the U.S. population had completed high school only, and an additional 37 percent had 1 or more years of college.

Women in the farm entrepreneurial population were much more likely than all U.S. women to have completed high school (fig. 4). Farm entrepreneurial women were also more likely than either farm entrepreneurial males or total U.S. males to be high school graduates. Only 15 percent of farm women did not complete high school versus 23 percent of farm men and 24 percent each of men and women in the general population. College attendance was more common in the general population for both men and women. Farm entrepreneurial men were least likely to have attended college (30.2 percent).

Labor Force Participation

Seventy-five percent of the farm entrepreneurial population age 16 years and over was in the labor force in 1988 (table 4). The participation rate for males (88.3 percent) was significantly higher than that for females (60.3 percent). Among men, those in farm operator households were more likely to participate in the labor force than those in farm-income-only households.

Agricultural and Nonagricultural Employment

Employment of those in farm operator households was overwhelmingly concentrated in agriculture (table 4), as

Table 2--Characteristics of the farm entrepreneurial population, 1988¹

Characteristic	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total	5,329	3,361	1,968	100.0	100.0	100.0
Men	2,869	1,835	1,034	53.8	54.6	52.5
Women	2,460	1,526	934	46.2	45.4	47.5
Race and Hispanic origin:						
White	5,212	3,274	1,938	97.8	97.4	98.5
Black	77	58	19	1.4	1.7	1.0
Hispanic origin ²	99	67	33	1.9	2.0	1.7
Age:						
Under 18 years	1,390	853	537	26.1	25.4	27.3
18-64 years	3,477	2,178	1,299	65.2	64.8	66.0
18-24 years	557	371	186	10.5	11.0	9.5
25-34 years	759	501	258	14.2	14.9	13.1
35-44 years	731	436	295	13.7	13.0	15.0
45-54 years	784	429	355	14.7	12.8	18.0
55-64 years	646	442	205	12.1	13.2	10.4
65 years and over	461	330	132	8.7	9.8	6.7
				Years		
Median age	34.5	34.1	35.1	--	--	--

-- = Not applicable.

¹Totals may not add due to rounding.

²Persons of Hispanic origin may be any race.

Source: (7).

expected in view of the occupational basis used to identify the group. However, only 38 percent of women in the farm operator population worked in agriculture.

Most employed women in this population (over 60 percent) worked in nonfarm jobs. About 86 percent of employed people in farm-income-only households worked in nonagricultural industries.

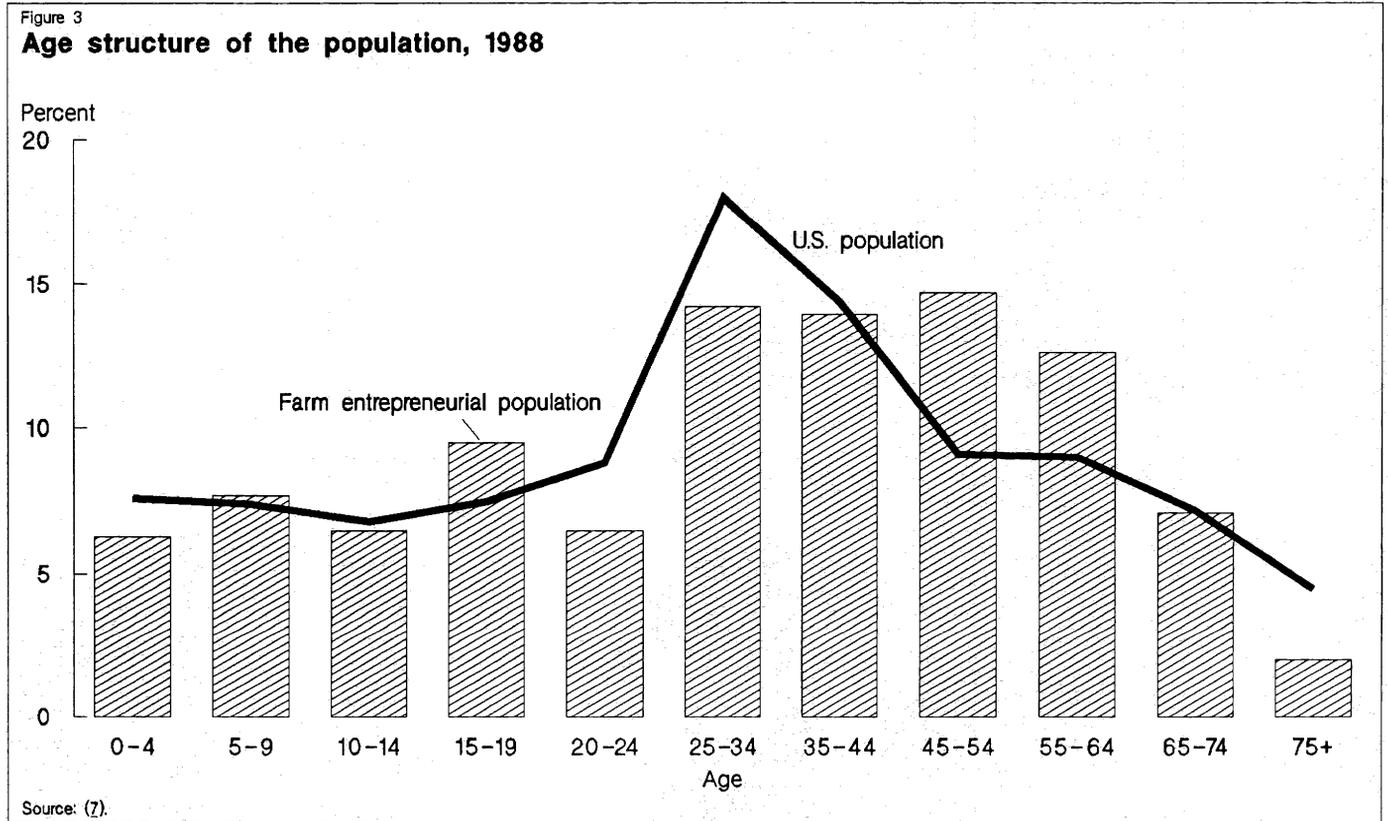


Table 3--Education of the farm entrepreneurial population age 25 years and over, 1988¹

Education level	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total	3,381	2,137	1,244	100.0	100.0	100.0
Not high school graduate	654	427	227	19.3	20.0	18.2
High school graduate	1,657	1,059	598	49.0	49.6	48.1
Some college or more	1,071	651	419	31.7	30.5	33.7
Men	1,800	1,154	647	100.0	100.0	100.0
Not high school graduate	418	280	137	23.2	24.3	21.2
High school graduate	838	540	298	46.6	46.8	46.1
Some college or more	544	334	211	30.2	28.9	32.6
Women	1,581	984	598	100.0	100.0	100.0
Not high school graduate	236	146	90	14.9	14.8	15.1
High school graduate	819	520	299	51.8	52.8	50.0
Some college or more	526	318	209	33.3	32.3	34.9

¹Totals may not add due to rounding.
Source: (7).

Nonagricultural Industries

Farm entrepreneurial persons working in nonagricultural industries were primarily concentrated in professional and related services, trade, and manufacturing industries (table 5). Women were far more likely than men to be employed in professional and related services (39.3 percent versus 12.6 percent, respectively). Manufacturing was the leading industry for men.

Nonagricultural Occupations

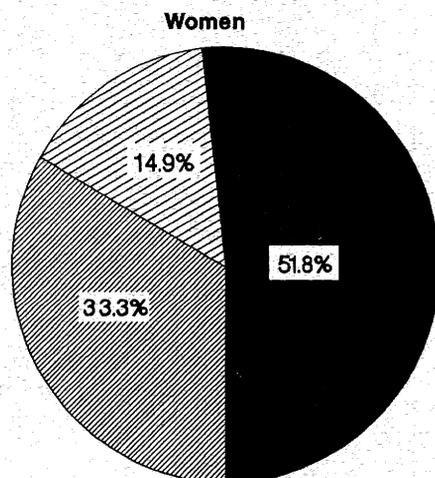
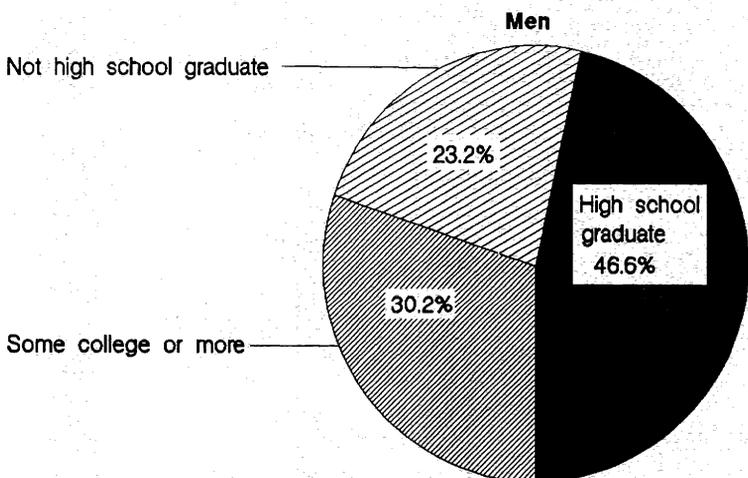
Even among people living on farms, off-farm employment is not uncommon. About 43 percent of employed farm entrepreneurial persons living on farms

had worked in nonfarm occupations in 1988. Nearly 33 percent held technical occupations, and slightly more than 20 percent held managerial positions (fig. 5).

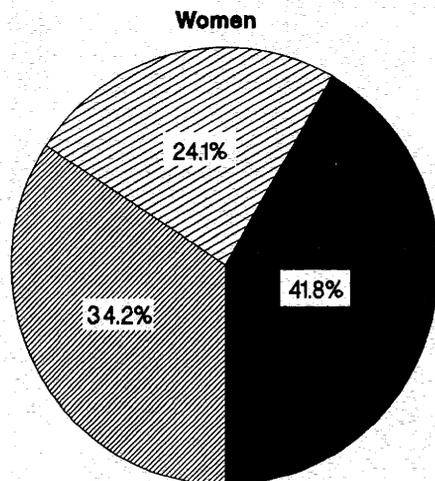
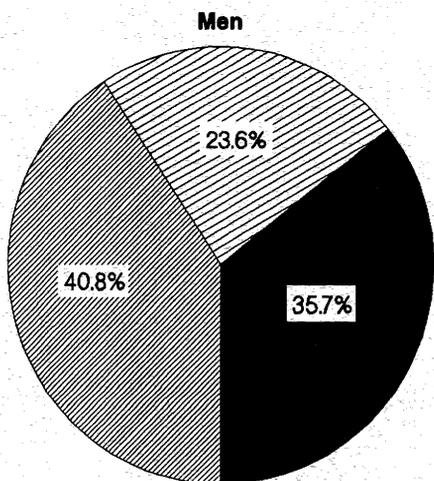
The proportion of farm entrepreneurial persons primarily employed in nonagricultural occupations differed between the farm operator and the farm-income-only subgroups. About 3 of every 10 persons in the farm operator population held nonfarm jobs versus 19 of every 20 persons in the farm-income-only population (7). Although fewer persons in the farm operator population than in the farm-income-only population held nonfarm jobs as their primary occupation, the need for off-farm employment was probably greater for the farm operator population. As the main source of income for the farm

Figure 4
Education level of persons age 25 and over, 1988

Farm entrepreneurial population



U.S. population



Source: (7).

operator population, farm income is so erratic that off-farm jobs are often necessary to supplement farm income. The farm-income-only population is not usually as dependent on farm income as the main source of income. This population is more likely to be living on farms for the purpose of maintaining a rural residence and may view farming as a hobby or investment.

Unemployment

The rate of unemployment was relatively lower among farm people than among the total population. Only 2.1 percent of the farm entrepreneurial labor force was unemployed (table 4), while 6 percent of the U.S. labor force was unemployed. Men and women in the farm entrepreneurial labor force had similar unemployment rates. At the national level, more men than women were unemployed (6.4 percent versus 5.5 percent, respectively).

Unemployment was higher in the farm-income-only population than in the farm operator population. This was true for both men and women.

Household and Family Structure

There were almost 1.7 million farm households in the United States in 1988, or almost 2 percent of all U.S. households. Farm households generally fit traditional family patterns. But farm households had fewer young children at home because of a lower proportion of adults under age 35.

Farm Entrepreneurial Households

An average of 3.10 persons lived in each farm entrepreneurial household in 1988 (table 6). Although small by historic standards for farm households, the size of farm households remained somewhat larger than the national average of 2.64 persons (8). Farm entrepreneurial households were more likely than households in general to be classified as family households (90 percent versus 71 percent, respectively), reflecting the relative absence of one-person households among farm people who are still economically active.

Table 4--Labor force participation of the farm entrepreneurial population age 16 years and over, 1988¹

Labor force status	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total	4,140	2,629	1,511	100.0	100.0	100.0
In labor force	3,119	2,036	1,083	75.3	77.4	71.7
Employed	3,053	2,014	1,039	97.9	98.9	95.9
Agriculture	1,451	1,451	41	46.5	71.3	3.8
Nonagriculture	1,601	604	998	51.3	29.7	92.2
Unemployed	66	22	44	2.1	1.1	4.1
Not in labor force	1,021	592	428	24.7	22.5	28.3
Men	2,220	1,425	796	100.0	100.0	100.0
In labor force	1,961	1,317	644	88.3	92.4	80.9
Employed	1,926	1,306	619	98.2	99.2	96.1
Agriculture	1,164	1,136	27	59.4	86.3	4.2
Nonagriculture	762	170	592	38.9	12.9	91.9
Unemployed	36	11	25	1.8	.8	3.9
Not in labor force	259	108	151	11.7	7.6	19.0
Women	1,919	1,204	715	100.0	100.0	100.0
In labor force	1,158	720	439	60.3	59.8	61.4
Employed	1,127	708	420	97.3	98.3	95.7
Agriculture	288	274	14	24.9	38.1	3.2
Nonagriculture	840	434	406	72.5	60.3	92.5
Unemployed	31	11	19	2.7	1.5	4.3
Not in labor force	761	485	277	39.7	40.3	38.7

¹Totals may not add due to rounding.

Source: (7).

Farm Entrepreneurial Families

Farm entrepreneurial families accounted for 2.4 percent of the approximately 65.1 million U.S. families in 1988 (8). The average size of farm entrepreneurial families (3.48 persons) did not differ significantly from that of all families (3.17 persons) (table 7) (8).

Families composed of married couples remain the dominant form of household in the United States, despite

substantial increases in other types during the 1970's and 1980's. The structure of farm families seems to be more traditional than that of U.S. families overall. Married-couple families accounted for 95 percent of farm entrepreneurial families in 1988 (table 7) but 80 percent of all U.S. families (8). Females headed only 2.3 percent of farm families but 16.3 percent of all U.S. families.

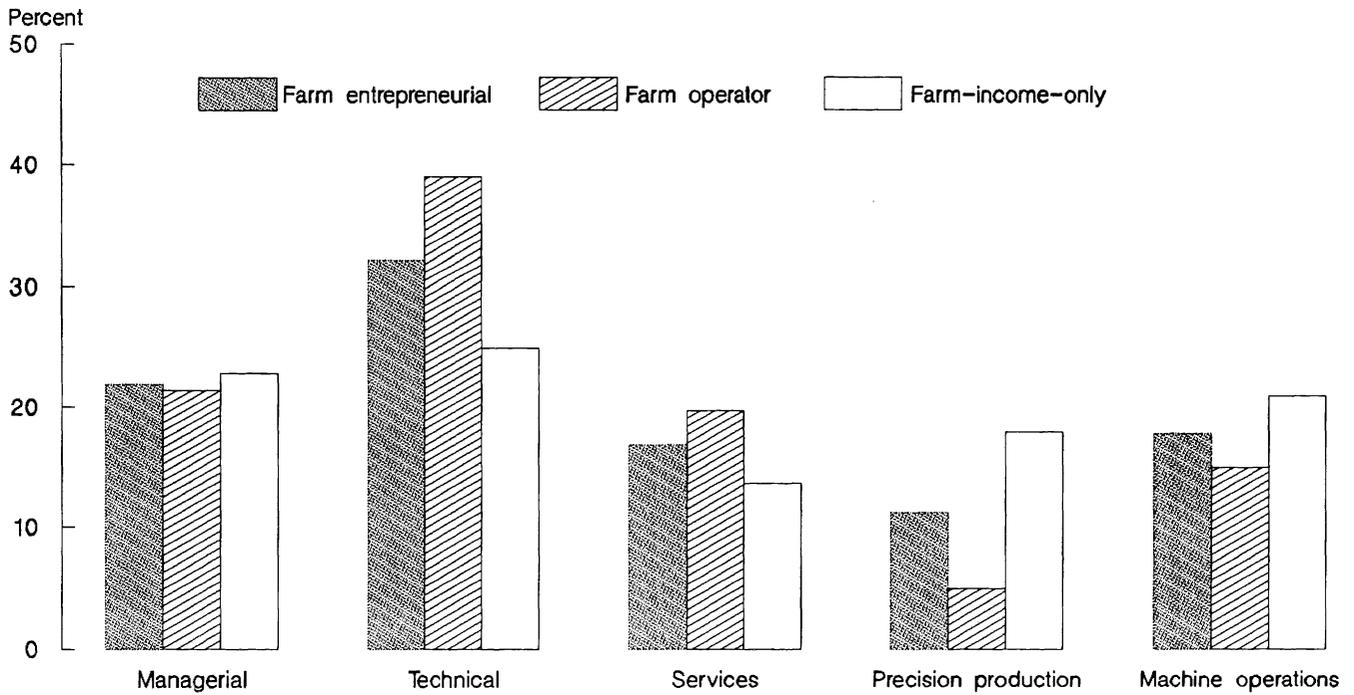
Despite the predominance of married-couple families, a majority of farm families had no children present. This

Table 5--Employment in nonagricultural industries of the farm entrepreneurial population age 16 years and over, 1988¹

Nonagricultural industries	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total	1,601	604	998	100.0	100.0	100.0
Forestry and fisheries	2	2	1	.1	.3	.1
Mining and construction	130	30	100	8.1	5.0	10.0
Manufacturing	244	72	172	15.2	11.9	17.2
Transportation, communications, and other public utilities	112	24	88	7.0	4.0	8.8
Trade	339	153	186	21.2	25.3	18.6
Finance, insurance, and real estate	93	36	58	5.8	6.0	5.8
Professional and related services	427	177	250	26.7	29.3	25.1
All other services	147	70	77	9.2	11.6	7.7
Public administration	107	41	66	6.7	6.8	6.6
Men	762	170	592	100.0	100.0	100.0
Forestry and fisheries	2	2	1	.3	1.2	0
Mining and construction	117	26	91	15.4	15.3	15.4
Manufacturing	182	37	145	23.9	21.8	24.5
Transportation, communications, and other public utilities	78	13	65	10.2	7.6	11.0
Trade	153	50	103	20.1	29.4	17.4
Finance, insurance, and real estate	34	6	28	4.5	3.5	4.7
Professional and related services	96	14	82	12.6	8.2	13.9
All other services	48	16	32	6.3	9.4	5.4
Public administration	51	6	45	6.7	3.5	7.6
Women	840	434	406	100.0	100.0	100.0
Forestry and fisheries	0	0	0	0	0	0
Mining and construction	13	4	9	1.5	.9	2.2
Manufacturing	62	36	27	7.4	8.3	6.7
Transportation, communications, and other public utilities	35	11	23	4.2	2.5	5.7
Trade	186	103	83	22.1	23.7	20.4
Finance, insurance, and real estate	59	30	30	7.0	6.9	7.4
Professional and related services	330	162	168	39.3	37.3	41.4
All other services	99	54	45	11.8	12.4	11.1
Public administration	56	35	22	6.7	8.1	5.4

¹Totals may not add due to rounding.
Source: (7).

Figure 5
Nonagricultural occupations of the farm entrepreneurial labor force living on farms, 1988



Source: (7).

Table 6--Characteristics of farm entrepreneurial households, 1988¹

Characteristic	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total households	1,715	1,080	635	100.0	100.0	100.0
Family households	1,537	978	559	89.6	90.6	88.0
Nonfamily households	178	102	76	10.4	9.4	12.0
Number of persons in household:						
One	140	78	62	8.2	7.2	9.8
Two	609	388	221	35.5	35.9	34.8
Three	344	228	115	20.1	21.1	18.1
Four	361	217	144	21.0	20.1	22.7
Five or more	261	168	93	15.2	15.6	14.6
Average number of persons per household	3.10	3.11	3.10	--	--	--

-- = Not applicable.
¹Totals may not add due to rounding.
 Source: (7).

is consistent with the older age structure of farm people and a lower birth rate. Fifty-six percent of all farm entrepreneurial families, versus 51 percent of all U.S. families, had no children of their own under 18 years of age living at home (table 7) (9). Of the farm families with children at home, more than half had only school-age children (age 6-17 years), about 20 percent had only preschool-age children (under 6 years), and another 21 percent had both preschool-age and older children. The proportion of farm families raising school-age and younger children about equaled that for all U.S. families with children.

Income

Income of farm entrepreneurial families lagged behind the rest of the Nation. Farm families and households differed from the general population in the amount and source of income received. Income data are shown separately for households and families.

Household Income

Household income includes the income of all related persons plus the income of any unrelated persons in the household. In the CPS, income data show gross money

income received; that is, income before payments of Federal, State, local, or Social Security (FICA) taxes and before deductions, such as union dues or Medicare premiums.

The median income for farm entrepreneurial households was \$28,098 in 1987 (table 8). This median was significantly higher than the \$25,986 median for all U.S. households (9).

However, median income was not evenly divided between farm household subgroups. The median income of farm operator households (\$24,068) was far lower than that of farm-income-only households (\$35,394). Therefore, households with at least one person working solely or primarily as a farm operator or manager in 1988 did not fare nearly as well as households having farm income but no primary occupational commitment to a farm business. This was true despite the fact that 1987 was by far the best year for farm income since 1979 (5).

Family Income

Despite the higher farm household income, farm families as a group earned lower incomes than families in general. The median income of farm entrepreneurial families was

Table 7--Characteristics of farm entrepreneurial families, 1988¹

Characteristic	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total families	1,537	978	559	100.0	100.0	100.0
Married-couple family	1,461	923	538	95.1	94.4	96.2
Other, male householder	41	32	10	2.7	3.3	1.8
Other, female householder	35	23	12	2.3	2.4	2.1
Number of persons in family:						
Two	596	382	214	38.8	39.1	38.3
Three	326	215	111	21.2	22.0	19.9
Four	364	220	144	23.7	22.5	25.8
Five or more	251	161	90	16.3	16.5	16.1
Own children under age 18 years:						
None	857	560	297	55.8	57.3	53.1
One or more	680	418	262	44.2	42.7	46.9
All under 6 years	138	93	45	20.3	22.2	17.1
Some under 6 years, some 6-17 years	145	90	55	21.3	21.5	20.9
All 6-17 years	398	235	163	58.5	56.2	62.2
Average number of persons in family	3.48	3.44	3.52	--	--	--

-- = Not applicable.

¹Totals may not add due to rounding.

Source: (7).

\$28,890 in 1987 (table 9), about 7 percent below the median of \$30,951 for families nationwide (9). This income situation is not as contradictory as it seems. The farm entrepreneurial population has a much smaller proportion of one-person households than does the U.S. population. Such households typically earn much lower incomes than do other households, especially if the person is elderly and retired. When the income measured is limited to that earned by families--which must contain two or more related persons--the farm population shows a lower median income.

There were no significant differences in the income distribution between farm families and families nationwide except in the \$20,000 to \$24,999 range, where farm family income peaked (fig. 6). Almost 14 percent of farm entrepreneurial families, versus nearly 10 percent of families nationwide, earned between \$20,000 and \$24,999. Farm families were as likely as all families in general to have an annual income of \$40,000 or more. Approximately a third of both farm entrepreneurial and U.S. families reported incomes of \$40,000 or more.

However, these statistics mask wide variations within the farm population. The median income for farm-income-only families was significantly higher than that for either farm operator families or for all families nationwide. Farm operator families were more likely to be in the

lower income categories (fig. 7). Only a third of farm operator families reported income of \$35,000 or more versus a half of farm-income-only families.

U.S. farmers appear to be recovering from the financial stress of the early and mid-1980's. Creditors' claims on the farm sector's assets and income continued to decline, marking the fourth consecutive yearly decrease in the level of debt outstanding (4). In 1987, 15.4 percent of all farm entrepreneurial families who received farm self-employment income reported a net loss from farming. This was an improvement over 1986, when 21 percent had a net loss due to farming (2). According to a survey by the U.S. Department of Agriculture, the overall improvement in the farm sector's earnings in 1987 is reflected by the increase in the share of farms in a favorable financial position (positive income and a debt/asset ratio less than 0.40) and the decrease in the share of farms with generally low income (4).

However, a loss from farming did not necessarily reflect the overall socioeconomic well-being of farm families. Income from other sources helped compensate for losses in agriculture. The percentage of farm families who lost money from all income sources did not change significantly between 1986 and 1987. Total income was negative for 1.3 percent of farm entrepreneurial families in 1987 versus 3.5 percent in 1986 (table 9) (7).

Table 8--Income of farm entrepreneurial households, 1987¹

Household income	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total households	1,715	1,080	635	100.0	100.0	100.0
Household income:						
Loss	23	17	5	1.3	1.6	.8
\$1-\$2,499	35	29	6	2.0	2.7	.9
\$2,500-\$7,499	80	58	22	4.7	5.4	3.5
\$7,500-\$9,999	54	41	14	3.1	3.8	2.2
\$10,000-\$14,999	170	143	27	9.9	13.2	4.3
\$15,000-\$19,999	164	121	43	9.6	11.2	6.8
\$20,000-\$24,999	228	161	67	13.3	14.9	10.6
\$25,000-\$29,999	167	94	72	9.7	8.7	11.3
\$30,000-\$39,999	265	151	114	15.5	14.0	18.0
\$40,000-\$49,999	201	98	103	11.7	9.1	16.2
\$50,000 and over	329	167	162	19.2	15.5	25.5
				<i>Dollars</i>		
Median household income	28,098	24,068	35,394	--	--	--

-- = Not applicable.

¹Totals may not add due to rounding.

Source: (7).

Table 9--Income and poverty among farm entrepreneurial families, 1987¹

Income and poverty	Thousands			Percent		
	Total	Farm operator	Farm income only	Total	Farm operator	Farm income only
Total families	1,537	978	559	100.0	100.0	100.0
Family income:						
Loss	21	17	3	1.4	1.7	.5
\$1-\$2,499	27	25	2	1.8	2.6	.4
\$2,500-\$4,999	28	20	7	1.8	2.0	1.3
\$5,000-\$7,499	41	23	7	2.7	2.4	1.3
\$7,500-\$9,999	44	37	7	2.9	3.8	1.3
\$10,000-\$14,999	132	109	23	8.6	11.1	4.1
\$15,000-\$19,999	138	107	31	9.0	10.9	5.5
\$20,000-\$24,999	213	150	63	13.9	15.3	11.3
\$25,000-\$29,999	160	90	71	10.4	9.2	12.7
\$30,000-\$34,999	138	78	60	9.0	8.0	10.7
\$35,000-\$39,999	96	64	33	6.2	6.5	5.9
\$40,000-\$49,999	185	92	93	12.0	9.4	16.6
\$50,000 and over	314	155	159	20.4	15.8	28.4
Below poverty level	156	131	25	10.1	13.4	4.5
				<i>Dollars</i>		
Median family income	28,890	25,055	35,833	--	--	--

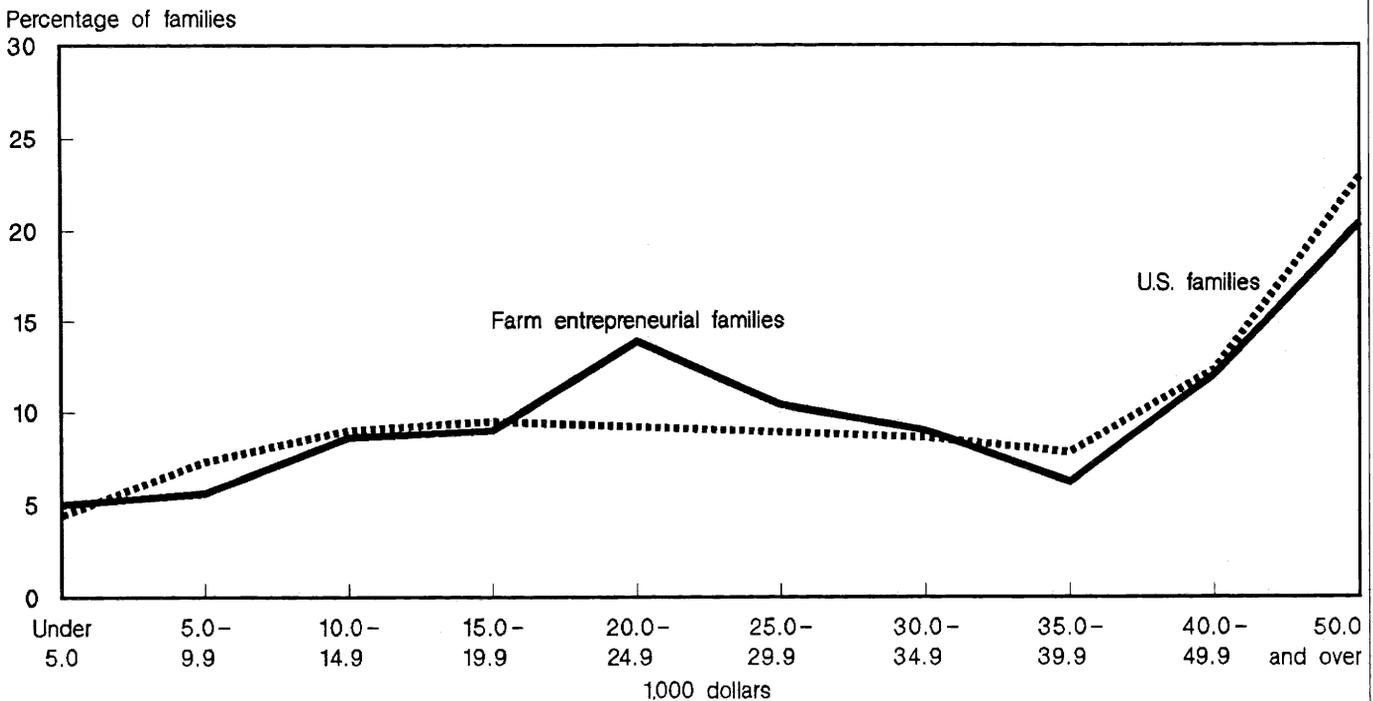
-- = Not applicable.

¹Totals may not add due to rounding.

Source: (7).

Figure 6

Income distribution of U.S. families and farm entrepreneurial families, 1987



Source: (7).

Poverty

Poverty thresholds are based solely on money income and vary by family size. The average poverty threshold for a family of four was \$11,611 for income received in 1987 (9). Although the poverty rate for farm entrepreneurial families (table 9) was slightly lower than that for families nationwide in 1987 (10.1 percent versus 10.7 percent, respectively), the difference was not wide enough to be considered statistically significant (9).

Poverty rates for farm entrepreneurial families have declined steadily for the past 3 years, while rates for families in the general population have not changed significantly. The decrease in the number of farm families who sustained a net loss from farming may partially explain the decline. In 1985, one of every four farm families reported a net loss from farming (2). By 1987, only 3 of every 20 farm families had a net loss from farming.

Poverty is more prevalent among farm operator than farm-income-only families. Although the poverty rate for farm operator families has declined significantly over the past 3 years, their rate was still about three times higher than that for farm-income-only families in 1987 (13.4 percent versus 4.5 percent, respectively). Farm operator families tended to rely more heavily on income from farming as the main source of income. And, the

proportion of farm operator families who reported a net loss from farming in 1987 was more than twice that of farm-income-only families (24.3 percent versus 10.2 percent, respectively) (7).

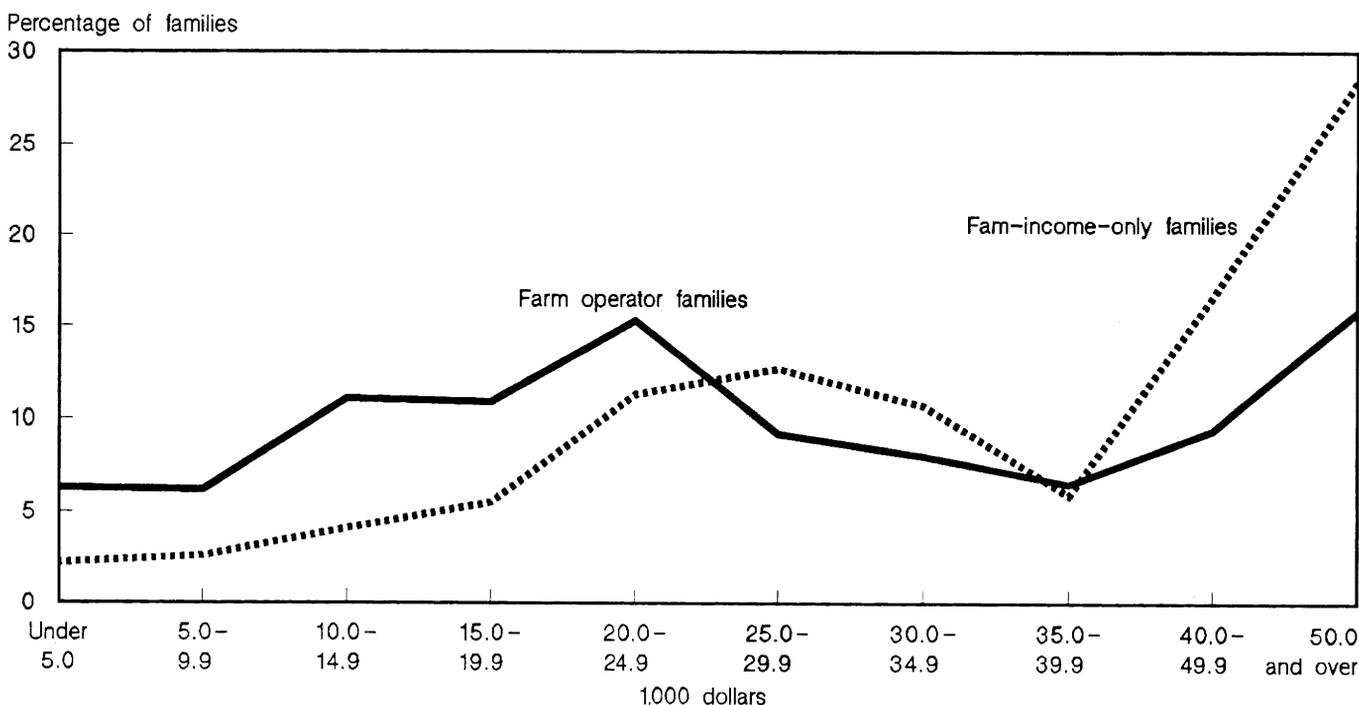
Sources of Income

Farm entrepreneurial families received income from various sources but, as expected, most (92 percent) reported farm self-employment income (or loss) in 1987 (table 10). About 13 percent of farm operator families reported no farm self-employment income, a situation likely to occur in families with farm managers or new operators. About 39 percent of the total income of farm operator families came from farming, compared with less than 8 percent for farm-income-only families (fig. 8). The share of income from farming for farm-income-only families did not change between 1986 and 1987. Farm operator families were less dependent on off-farm sources of income in 1987 than in 1986. In 1986, only 28 percent of farm operator family income came from farming (2).

Wage and salary income was the most frequently reported income source, after farm self-employment income, for farm entrepreneurial families (table 10). Wage and salary income was also the main source of income for families nationwide. In 1987, 76 percent of farm families and 82 percent of families nationwide

Figure 7

Income distribution of farm operator and farm-income-only families, 1987



Source: (7).

received wage and salary income (8). Nearly 71 percent of the total income of farm-income-only families came from wages and salaries versus 36 percent of that for farm operator families.

Interest, the third most frequently reported income source, was widely received by farm entrepreneurial families. Farm families were more likely than families nationwide to have savings or investments that earned interest. About three-fourths of farm families (table 10) and two-thirds of U.S. families reported interest income in 1987 (8). A third of the farm families received other property income, such as dividends and rents. This, too, is a larger proportion than found among U.S. families as a whole. The higher likelihood of farm entrepreneurial

Table 10--Sources of income of farm entrepreneurial families, 1987

Source of income	Total	Farm operator	Farm income only
<i>Thousands</i>			
Total families	1,537	978	559
<i>Percent</i>			
Families receiving:			
Wage and salary income	76.1	68.6	89.3
Self-employment income:			
Nonfarm	16.6	10.9	24.7
Farm	91.6	86.8	100.0
Property income:			
Interest	76.3	73.4	81.3
Dividends ¹	35.8	32.9	40.8
Transfer payments:			
Social Security and railroad retirement income	21.7	24.0	17.7
Supplemental security income ²	1.1	1.2	.9
Public assistance and welfare ³	.5	.6	.4
Unemployment compensation, veterans' payments, and workers' compensation	8.1	5.9	11.9
Retirement ⁴	9.5	9.9	8.8
Alimony and child support ⁵	12.3	10.8	15.0

¹Includes dividends, net income from estates or trusts, net rental income, and royalties.

²Includes payments made by Federal, State, and local welfare agencies to low-income persons who are age 65 years and over, blind, or disabled.

³Includes payments from Aid to Families with Dependent Children and general assistance.

⁴Includes private pensions and annuities; military retirement; and Federal, State, or local government pensions.

⁵Includes other regular contributions from persons not in the household.

Source: (7).

families to earn rental income, which is included in the dividends category, may partially explain the difference in receipt of dividends.

Interest income, however, differed between the two subgroups in the farm population. Farm operator families were less likely than farm-income-only families to get interest, dividends, or rent, although this source of income constituted a larger portion of total income for farm operator than for farm-income-only families (12.5 percent versus 8.1 percent, respectively) (8).

Some farm families received income from public assistance, unemployment compensation, and retirement programs, but these families were the exceptions. We classified the farm population as those in households where a member had a farm-related job or farm self-employment income. Thus, few people in farm entrepreneurial families would receive these kinds of payments, which generally go to people who are not working.

Welfare benefits ranked at the bottom of the list of income sources for farm entrepreneurial families. Fewer than 1 percent of farm families received public assistance, compared with more than 5 percent of families nationwide (8). One reason for this difference is that farm families tend to have more assets than do families nationwide. Another explanation is that the farm population has far fewer female-headed families with dependent children. Thus, a smaller proportion of farm families qualify for assistance.

People in farm entrepreneurial families may have received other types of benefits less often than families in the general population because they chose not to participate. Wage and salary workers and/or their employers are required to enroll in unemployment compensation and retirement benefit programs. But the self-employed have an option not to enroll. The higher proportion of self-employed persons in farm entrepreneurial families explains part of the difference in the rate at which farm families receive these benefits compared with the rate for families nationwide. Eight percent of farm entrepreneurial families and 13 percent of all families received unemployment compensation, veterans' payments, and workers' compensation in 1987 (8). Farm families were also less likely to collect retirement income (9.5 percent versus 14.5 percent). Within the farm entrepreneurial population, farm operator families were more likely than farm-income-only families to receive Social Security payments, an indication of their older average age.

Conclusions

People with ties to farming are a diverse group. Although farming is a lifestyle choice for some people, the use of farm occupation and farm self-employment

income as criteria for identifying farm people emphasizes farming as a business. People who make their living by farming must have appropriate skills for the farm business as well as the necessary skills to compete for off-farm jobs.

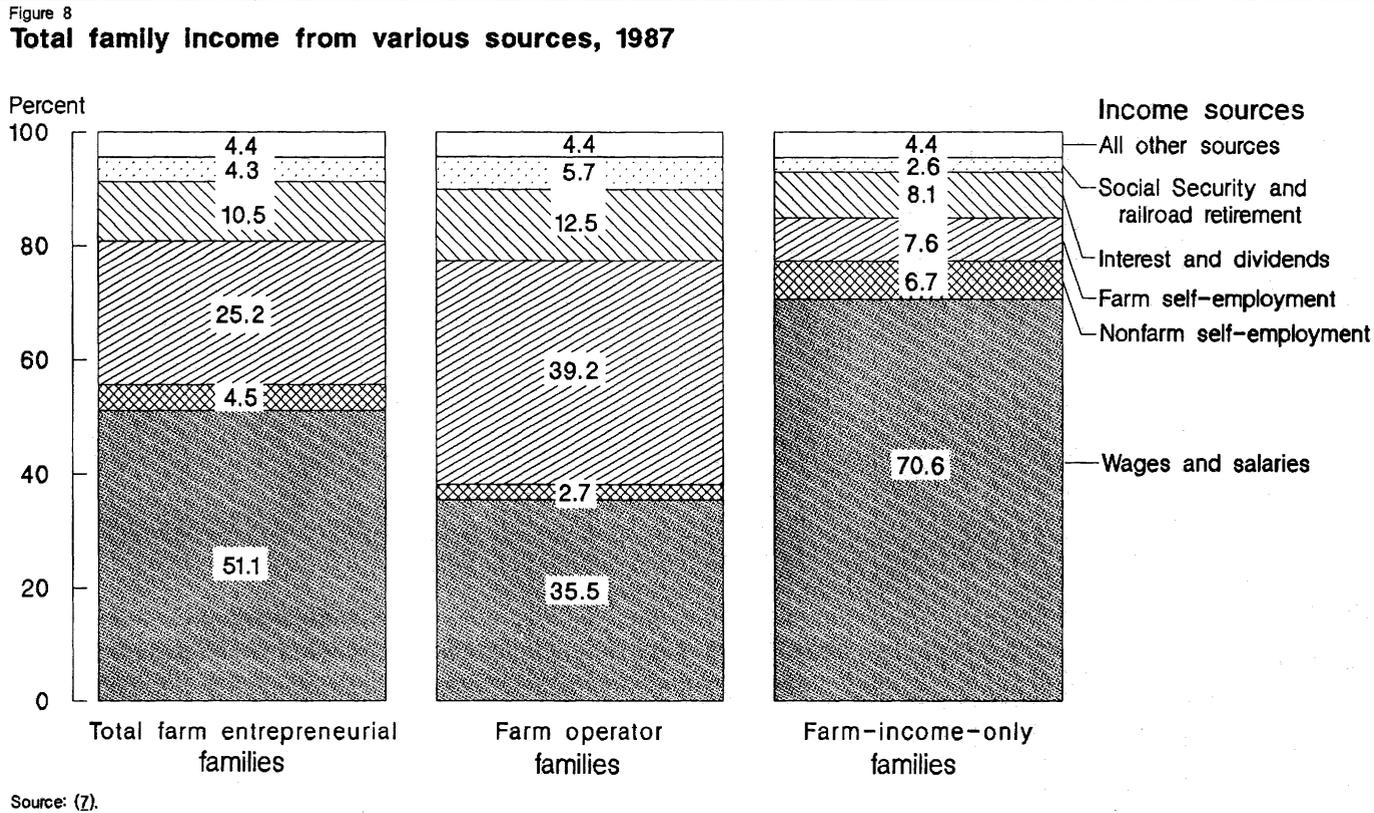
Only about 25 percent of the farm entrepreneurial population did not complete high school. Women were more likely than men to have completed high school. The need for higher levels of education is greater for women than for men, since women are more likely to hold nonagricultural jobs. With the unemployment rate for farm people well below that for the rest of the Nation, the farm entrepreneurial population appears to be competing successfully for the jobs available in their area.

Farm entrepreneurial families did not lag far behind families nationwide in income in 1987. Although the share of farm families in poverty did not differ from that of families nationwide, farm entrepreneurial families were less likely to receive public assistance. Farm families depended on farm self-employment and wage and salary income as the main sources of income. Farm self-employment income accounted for about 25 percent of the total income of farm families, and income from wages and salaries accounted for slightly more than half of their total income.

Demographic characteristics of the farm entrepreneurial population are similar to the rest of the Nation.

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Appendix I: Definitions and Explanations

Population coverage. Estimates in this report are based on data tabulated from the March 1988 Current Population Survey (CPS) of the Bureau of the Census. They relate to the civilian noninstitutional population of the United States and members of the armed forces living off post or with their families on post.

Race. The population is divided into three groups on the basis of race: white, black, and "other races." The last category includes Indians, Asians, and any other race except white and black. Data for "other races" are not shown in this report.

Hispanic origin. Persons of Hispanic origin are those who indicate that their origin is Mexican, Puerto Rican, Cuban, Central or South American, or other Hispanic origin. Persons of Hispanic origin may be any race.

Age. The age classification is based on the age of persons at the last birthday prior to completing the CPS.

Median. The median is the value which divides a distribution into two equal parts, with half of the cases falling below this value and half of the cases exceeding this value.

Labor force. Persons are classified as in the labor force if they were employed or unemployed (see definitions below) during the survey week.

Employed. Employed persons include all civilians age 16 and over who, during the survey week: (1) did any work as paid employees; did any work in their own business, profession, or on their farm; or who worked 15 hours or more as unpaid workers on a farm or in a business operated by a member of the family, or (2) were not working, but who had jobs or businesses from which they were temporarily absent because of illness, bad weather, vacation, or labor-management dispute; or because they were taking off for personal reasons, whether or not they were paid by their employers for the time off, and whether or not they were seeking other jobs.

Unemployed. Unemployed persons are those civilians age 16 and over who, during the survey week, had no employment but were available for work and: (1) had engaged in any specific job-seeking activity within the past 4 weeks; (2) were waiting to be called back to a job from which they had been laid off; or (3) were waiting to report to a new wage or salary job within 30 days.

Not in the labor force. All civilians age 16 and over who are not classified as employed or unemployed. This group includes persons engaged only in housework at their own home, attending school, or unable to work because of long-term physical or mental illness; persons who are retired; seasonal workers for whom the survey week fell in an off-season; and the voluntarily idle.

Industry and occupation. Data on industry and occupation refer to the job held during the survey week. Persons with more than one job during the survey week were classified as employed in the industry or occupation in which they worked the greatest number of hours during the week. The industry and occupation groups are based on the classification system used in the 1980 Census of Population.

Family. A family is a group of two or more persons (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such persons are considered as members of one family.

Family household. A family household is a household maintained by a family (as defined above). A married-couple family household consists of a husband and wife, with or without children. Other family households consist of a male or female householder with dependents but no spouse present.

Nonfamily household. A nonfamily household consists of a householder who lives alone or with one or more nonrelatives. It may also contain subgroups of persons who are related to each other but not to the householder.

Own children. Own children in a family are sons and daughters, including stepchildren and adopted children of the householder. The count of own children under 18 years of age is limited to single (never married) children.

Family income. The total income of a family is the sum of the amounts received by all income recipients in the family.

Rounding. The individual figures in this report are rounded to the nearest thousand and have not been adjusted to group totals, which are independently rounded. Percentages are rounded to the nearest tenth of a percent; therefore, the percentages in a distribution do not always add to exactly 100.0 percent. The totals, however, are always shown as 100.0.

Appendix II: Source and Reliability of Estimates

Estimates in this report are based on data obtained from the March 1988 CPS conducted by the Bureau of the Census. The CPS deals mainly with labor force data for the civilian, noninstitutional population of the United States, and members of the armed forces living off post or with their families on post. Questions relating to labor force participation are asked about each member age 14 years and over in every sample household. Supplementary questions are also asked about household and family characteristics and about money income and work experience for the previous year. For a more detailed description of the CPS, its sample size, and the estimating procedure, see (8, 9).

Since the CPS estimates in this report are based on a sample, they may differ somewhat from the figures obtained if a complete census had been taken using the same schedules, instructions, and enumerators. There are two types of errors possible in an estimate based on a sample: sampling and nonsampling. Standard errors that primarily indicate the magnitude of the sampling errors for data presented in this report are published in (10). Standard errors also partially measure the effect of some nonsampling errors in response and enumeration, but do not measure any systematic biases in the data. The full extent of nonsampling errors is unknown. Particular care should thus be exercised in the interpretation of figures based on a relatively small

number of cases or on small differences between estimates.

All major statements of comparison made in the text are statistically significant at the 90-percent confidence level. This means that the chances are at least 9 in 10 that a difference identified in the text indicates a difference in the populations that is greater than chance variation arising from the use of samples.

Appendix III: Characteristics of Farm Operators and Farm Income Recipients

About 1.2 million individuals were primarily employed as farm operators or farm managers (app. table 1). Around 712,000 individuals were farm self-employment income recipients, but were primarily employed in nonagricultural occupations. These farm income recipients were less likely than farm operators to reside on farms. Farm operators were slightly older than farm income recipients, although the difference was not large enough to be considered statistically significant. Farm operators were just as likely as farm income recipients to graduate from high school, although less than a third of farm operators continued their education beyond high school. Unemployment was practically nonexistent for farm operators and only 2.5 percent for farm income recipients. The unemployment rate for farm income recipients was low, considering that nearly 94 percent worked outside agriculture.

Appendix table 1--Selected characteristics of individual farm operators and farm self-employment income recipients, 1988¹

Characteristic	Farm operators	Farm income recipients only	Farm operators	Farm income recipients only
Thousands.....	Percent.....	
Total	1,228	712	100.0	100.0
Men	1,059	575	86.2	80.8
Women	169	137	13.8	19.2
Residence:				
Farm	864	291	70.4	40.9
Nonfarm	364	421	29.6	59.1
Race and Hispanic origin:				
White	1,200	702	97.7	98.6
Black	17	5	1.4	.7
Hispanic origin ²	14	11	1.1	1.5
Age:				
Under 18 years	8	4	.7	.6
18 to 64 years	1,020	633	83.1	88.9
18-24 years	46	33	3.7	4.6
25-34 years	240	120	19.5	16.9
35-44 years	241	157	19.6	22.1
45-54 years	231	198	18.8	27.8
55-64 years	262	126	21.3	17.7
65 years and over	200	74	16.3	10.4
Education:				
Persons age 25 years and over	1,175	675	100.0	100.0
Not high school graduate	279	116	23.7	17.2
High school graduate	570	313	48.5	46.4
Some college or more	325	246	27.7	36.4
Employment status:				
Persons in the labor force, age 16 years and over	1,227	604	100.0	100.0
Employed	1,221	589	99.5	97.5
Agriculture	1,216	22	99.1	3.6
Nonagriculture	5	567	.4	93.9
Unemployed	6	15	.5	2.5
			<i>Years</i>	
Median age	48.4	47.1	--	--

-- = Not applicable.

¹Totals may not add due to rounding.

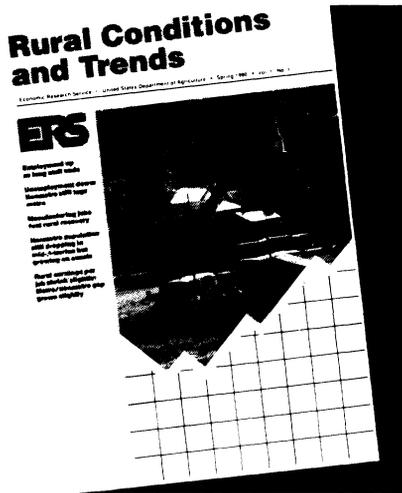
²Persons of Hispanic origin may be any race.

Source: (7).

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