

Rural Migration News

Blog 320

JANUARY 2023

US Farms in 2021

The US has two million farms that generated over \$400 billion in sales in 2021, an average of about \$200,000. However, averages in agriculture are misleading because over half of US farms had sales of less than \$8,000, while the 70,000 farms that each had sales of \$1 million or more accounted for 70 percent of US farm production.

USDA defines a farm as a place that sells at least \$1,000 worth of farm commodities a year, and includes in gross cash farm income the value of government payments.

USDA distinguishes between family and nonfamily farms, defining nonfamily farms as partnerships of unrelated partners, nonfamily corporations, and farms with a hired manager unrelated to the owners. Nonfamily farms are two percent of US farms, but they accounted for 17 percent of US farm sales in 2021.

Large-scale family-owned farms produced three fourths of the cotton and 70 percent of the dairy commodities in 2021; many of these farms hired workers.

Specialty crop farms producing fruits and vegetables are most likely to be nonfamily farms. In 2021, nonfamily farms produced 43 percent of specialty crops, more than were produced by large family farms.

People farm for many reasons, from enjoying outdoor work or interactions with animals to aiming for profits from farm production and land price appreciation. USDA's measure of operating profit margins from

current production show that most farms can expect low profit margins of less than 10 percent despite the risks inherent in producing often perishable commodities.

Despite low profit margins, most farms have enough assets to repay their debt. One reason is that many smaller farms have owners who fully own their land.

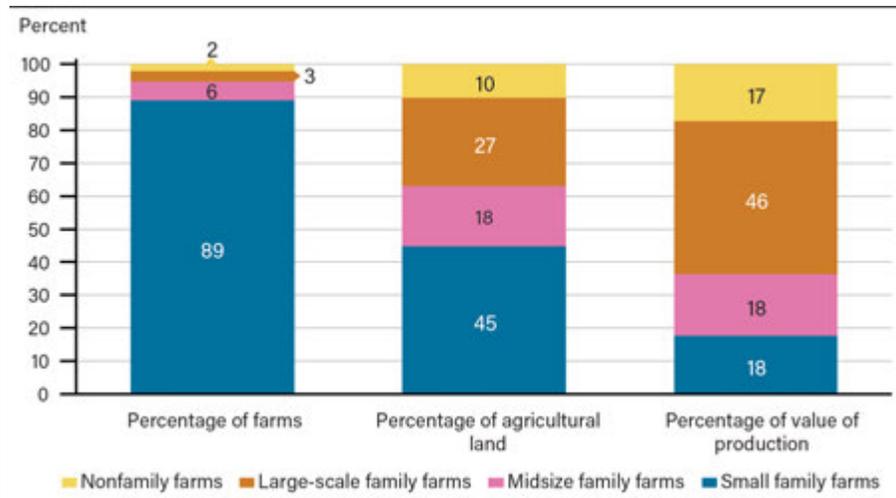
The median income of farm households, \$92,000 in 2021, is higher than the median income of nonfarm households, \$71,000. The median income of very large family farms exceeded \$1 million, and farm households also have more wealth than nonfarm households.

90% of U.S. Farms are Part-Time or Hobby Operations that Generate 18% of Farm Sales

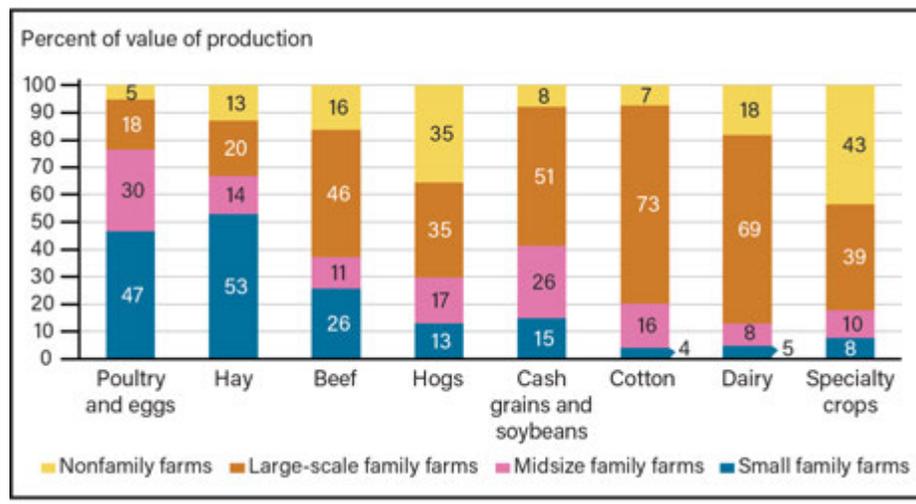
Farm type		Number of farms	Percentage of farms	Percentage of acres operated	Percentage of value of production
Small	Retirement	227,795	11.4	4.8	1.0
	Off-farm	760,224	37.9	13.5	4.7
	Low sales	697,438	34.8	16.7	4.5
	Moderate sales	99,079	4.9	10.2	7.6
Midsize	Midsize	113,005	5.6	17.8	18.4
Large-scale	Large	57,155	2.9	16.3	27.8
	Very large	5,998	0.3	10.6	18.7
Nonfamily	Nonfamily	43,058	2.1	10.1	17.3
Total		2,003,754			

Notes: Land operated is equal to (owned land + leased land) - (leased land to others). The total acres operated were 875.8 million, and the total value of production was \$407.5 billion in 2021. Due to rounding, percentages may not add up to 100.

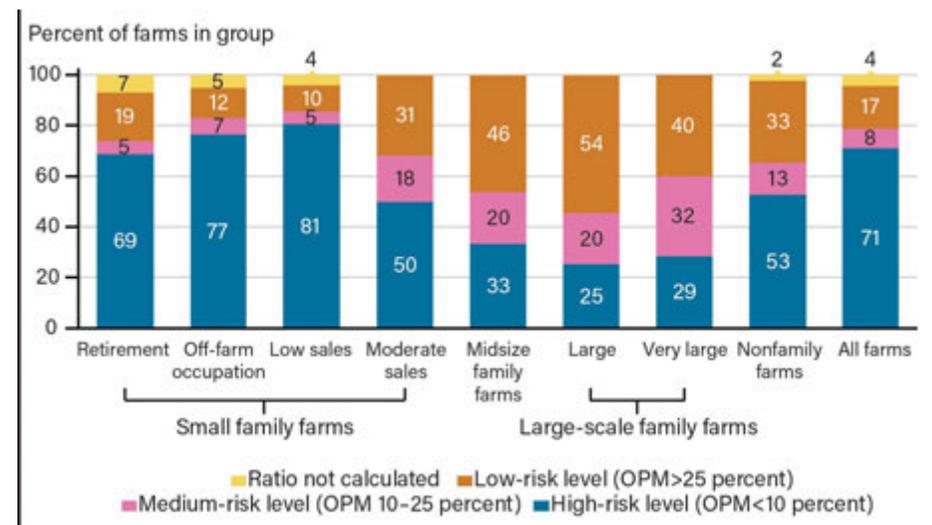
Nonfamily Farms are Larger than Family Farms



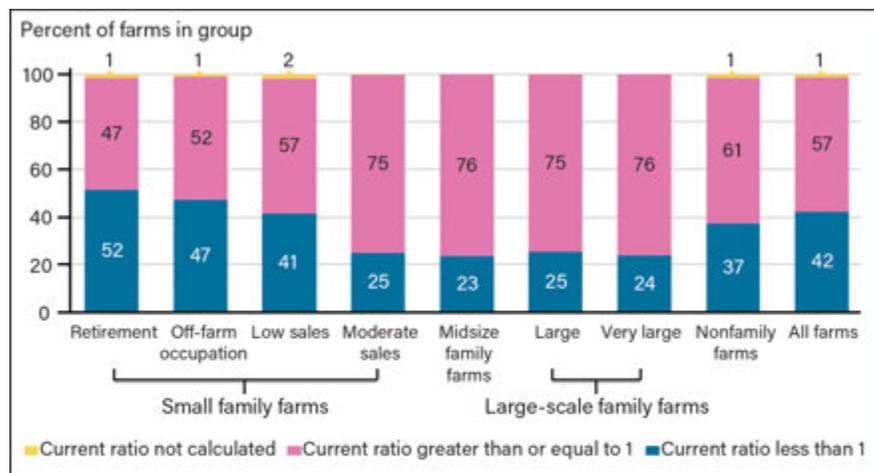
Fruits and Vegetables and Hogs are the Commodities Most Likely to be Produced by Nonfamily Farms



Large Family Farms are Most Likely to have Operating Profit Margins

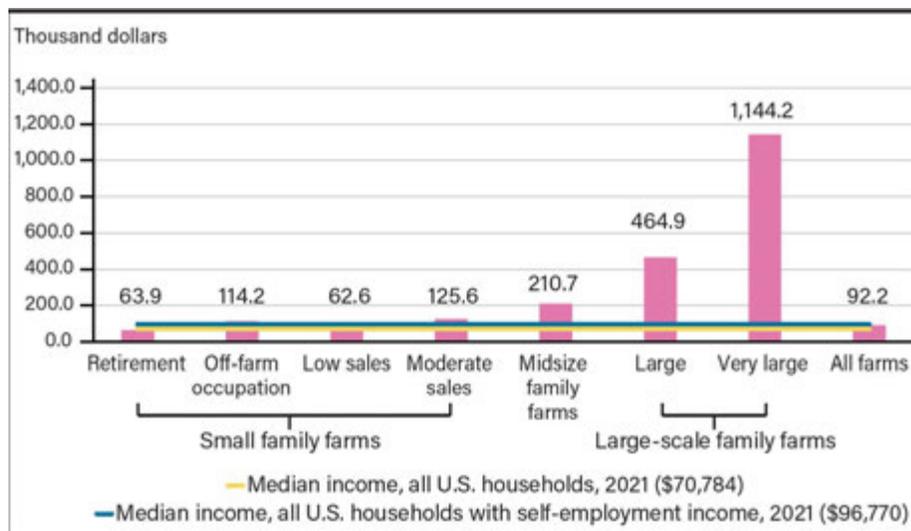


Most Farms have Enough Assets to Repay Their Debt



Notes: Due to rounding, sums may not add to 100 percent. The current ratio is current assets divided by current debt. Having a current ratio of less than 1 indicates the farm is not able to fulfill its debt by selling its current assets. A current asset is cash and other assets expected to be converted to cash within a year. Current assets include the value of crop inventory, value of livestock inventory, value of inputs for crops planted but not harvested, value of purchased inputs, and all other current assets. Current debt is any obligation for borrowed money payable on demand or within a period of 1 year. Current debt is the sum of accrued interest, accounts payable, current portion of term debt, and short-term financial debt.

Farm Households have Higher Incomes than Nonfarm Households



Notes: Farm households are the households of the principal operator on family farms. Operator household income is not estimated for nonfamily farms. Operator household income includes both farm and off-farm income received by household members. In 2021, half of all households had incomes above the median, and half had incomes below the median.

Almost All Farm Households had More Wealth than Nonfarm Households

	Farm households with...	
	Income below U.S. median (\$70,784)	Wealth below U.S. median (\$132,037)
Percent of farm households		
Small family farms		
Retirement	56.2	2.3
Off-farm occupation	24.0	1.8
Low sales	53.9	2.4
Moderate sales	25.9	3.4
Midsize family farms	16.9	4.1
Large-scale family farms		
Large	12.1	3.4
Very large	7.9	2.5
All family farms	37.7	2.4

Notes: Farm households are the households of the principal operator on family farms. Operator household income and wealth are not estimated for nonfamily farms. Wealth is the value of household assets minus household debt. Given that net income is a calendar year flow, all income and expenses are included when they occur from January 1 to December 31. U.S. median wealth was adjusted to 2021 dollars using the Gross Domestic Product chain-type price index.

Half of All Family Farms Lost Money Farming

Farm type	Mean wealth (dollars)	Mean total income (dollars)	Income from farming		Mean income from off-farm sources (dollars)		
			Mean (dollars)	Percent of households with negative income	Total	Earned	Unearned
Small family farms							
Retirement	1,814,986	74,877	5,052	45	69,825	25,942	43,883
Off-farm occupation	1,781,636	141,761	-315	57	142,075	110,261	31,814
Low sales	1,651,265	83,584	-334	56	83,917	41,869	42,048
Moderate sales	2,792,306	128,255	62,354	17	65,901	35,599	30,302
Midsize family farms	3,975,636	239,971	152,442	14	87,529	58,790	28,740
Large-scale family farms							
Large	6,692,775	556,974	461,413	11	95,561	63,160	32,401
Very large	15,201,685	1,744,401	1,662,892	7	81,508	49,113	32,395
All family farms	2,100,879	135,281	30,821	48	104,460	67,838	36,622

Notes: Operator household income is not estimated for nonfamily farms. Off-farm income may come from both earned and unearned sources. Earned income comes from off-farm, self-employment or wage/salary jobs. Unearned income includes interest and dividends, benefits from Social Security and other public pensions, alimony, annuities, net income of estates or trusts, private pensions, etc. Components may not sum to 100 percent due to rounding.

References

Whitt, Christine, Noah Miller, and Ryan Olver 2022. America's Farms and Ranches at a Glance. <https://www.ers.usda.gov/publications/pub-details/?pubid=105387>

To subscribe to RMN blogs, send email to ruralmigrationnews-subscribe@primal.ucdavis.edu

More at: <https://migration.ucdavis.edu/rmn/>