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The Off-Farm Occupations of U.S. Farm Operators and Their Spouses

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What Is the Issue?

Because of the broad definition of a farm—which includes numerous small operations that produce little or no agricultural commodities in any given year—most farm households earn all of their income from nonfarm sources. However, even those operating farms with substantial production often have significant nonfarm income. Most nonfarm income, in turn, comes from off-farm jobs. Since farm household income has increased more than the income of the typical U.S. household over the last 15 years, based largely on higher nonfarm incomes, a closer examination of what farm operators and their spouses do to earn their nonfarm income is warranted. Are there complementarities between what farm household members do on and off the farm that could explain past income trends? Looking forward, as the skills demanded and nurtured on the farm change with evolving technologies, particularly on larger farms, how will the opportunities and compensation for off-farm jobs change for farm operators and their spouses? Prior research has shown the importance of distinguishing between what people “make” (industry) versus what they “do” (occupation). This report describes the most common occupations and industries of off-farm wage and salary jobs held by the operators of family farms and their spouses.

What Did the Study Find?

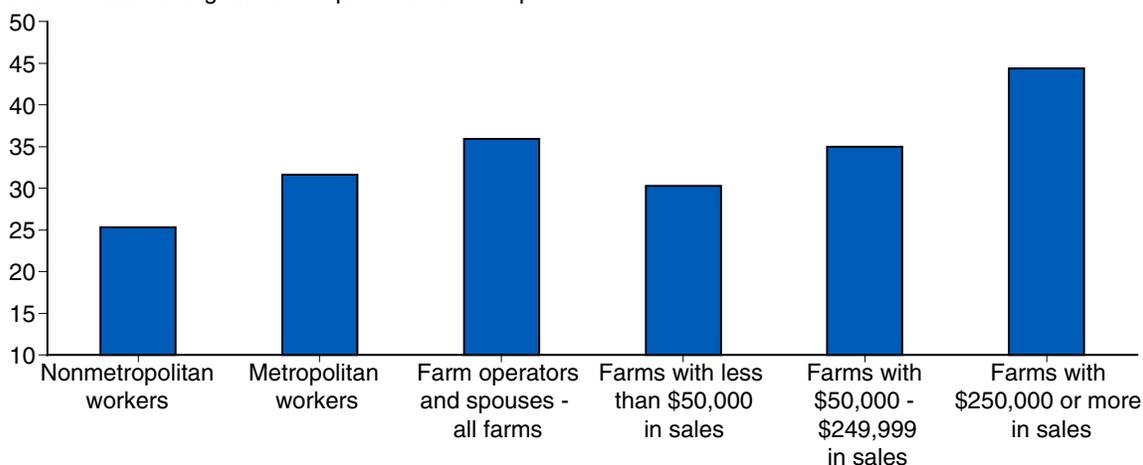
Most farm households (91 percent) have at least one family member working at an off-farm job. Of farm operators and their spouses with off-farm jobs, 35.9 percent held professional and management occupations in 2010. This is higher than for metropolitan area workers in general (31.6 percent) or for nonmetropolitan workers (25.3 percent). Operators of larger farms and their spouses reported the highest shares of management and professional occupations in their off-farm jobs, suggesting that they have a high capacity to apply their knowledge and skills from managing a sizeable farm operation to other areas of employment.

- Farm operators and their spouses are more likely than other workers to have management and professional off-farm occupations.
- Management and professional occupations paid higher wages on average than other occupations. For farm operators, management occupations paid \$7 an hour more (on average) than the next highest paying occupation (sales and office support), and nearly double that paid by service occupations or those in production, transportation, and materials moving. Although the wage differences are more modest for spouses, management occupations still paid them 21 percent more than the next highest paying occupation.
- Professional and management occupations were most commonly held by operators and spouses with a college education. For them, 56.2 percent of operators and 60.6 percent of spouses had a

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Share of workers in off-farm management and professional occupations, 2010

Percent with management and professional occupations



Note: The subsample of farms includes only family farm households with married couples where the operator or spouse works off farm. Occupation by farm size refers to the occupation of the farm operator.

Sources: USDA, Economic Research Service using the 2010 Occupational Employment Statistics of the Bureau of Labor Statistics for area-wide occupations and USDA's 2010 Agricultural Resource Management Survey, Version 1 for farm household member occupations.

professional and management occupation. The same was true for only 16.9 percent of operators and 20.5 percent of spouses who worked off farm but who only had a high school education. Operators with only a high school education were most likely to have an occupation in production, transportation, and materials moving (32.3 percent), while spouses were most likely to work in services (45.3 percent).

- Regarding the industry of off-farm employment, farm operators primarily worked in the construction (18.7 percent); agriculture, forestry, fishing, hunting, or mining (15.3 percent); or manufacturing (12.9 percent) industries, while their spouses most often worked in education (22.3 percent) or healthcare (19.7 percent). Operators of farms with less than \$50,000 in annual sales had higher shares of jobs in the manufacturing and construction industries, while operators of larger farms (with higher annual sales) had the highest shares in the agriculture, forestry, fishing, hunting, or mining industry.

According to the literature on the U.S. labor market, the gap between wages for skilled and unskilled labor in the United States has widened, particularly in the late 1990s and early 2000s. Combined with this growing disparity, evidence of higher skills among farm households, especially those with larger farms, provides one explanation for their relatively higher income growth in the last 15 years.

How Was the Study Conducted?

Farm-level information from the U.S. Department of Agriculture's (USDA) 2010 Agricultural Resource Management Survey (ARMS) was used to examine the occupation and industry of the off-farm jobs held by farm operators and their spouses who reported having off-farm labor income. The 2010 ARMS is the first year in which both the off-farm occupation and the industry type of the off-farm job has been asked of farm operators and spouses. Farm and household characteristics reported on the ARMS allow for comparisons across farm types, education levels, and age. This study also makes comparisons to national occupational data of nonfarm industries provided by the U.S. Bureau of Labor Statistics.