

ERS *Report Summary*

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Beginning Farmers and Ranchers

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A financially viable farm business can require control of substantial assets, posing a major obstacle to potential new farmers or ranchers. Several U.S. Department of Agriculture (USDA) programs are designed to support the special needs of beginning farmers and ranchers, including financial support in the form of loans and higher conservation payment rates.

What Is the Issue?

Policymakers have responded to the perceived needs of beginning farmers and ranchers by designing and proposing targeted programs. To target USDA's beginning farmer programs more effectively, basic information is required on the numbers and characteristics of beginning farmers and ranchers. Comparing the characteristics of beginning farmers with more established farmers may help provide such information, specifically on how beginning farmers acquire control of the land they operate and on the sources of household income (farm or off-farm).

USDA's definition of a farm encompasses a large number of different farming operations, and the beginning farmer definition is, likewise, broad. USDA's current definition of a beginning farm is one operated by a farmer who has not operated a farm or ranch for more than 10 years. The 10-year requirement applies to all operators of the farm or ranch. The definition includes as farmers and ranchers many whose only goal is to provide a household residence, rather than a business operation. This report considers the beginning farmers and ranchers both with and without a commercial focus, based on whether or not they produced any agricultural commodities.

What Did the Study Find?

The concentration of farms with a principal operator who is a beginning farmer or rancher varies across the United States, ranging from 4 percent in some counties to more than half of all farms in other counties. Approximately a fifth of all farms have a principal operator who is a beginning farmer. Beginning farmers account for about 10 percent of the value of U.S. production, but their share of production varies significantly by agricultural commodity.

While most beginning farmers tend to be White, non-Hispanic, and male, they are more likely than established farmers to be female, non-White, or Hispanic. Farmers and ranchers are an aging population, as is the U.S. population at large. Beginning farmers are typically younger than established farmers, yet 32 percent are 55 years or older in 2007, compared with more than 63 percent of established farmers who were over 55 years old. A farmer's place of business is often also his or her residence. This means that they have greater incentives to continue farming, but may gradually lighten their workloads and/or reduce the acreage they operate as they age.

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Beginning farmers and ranchers face two primary obstacles: high startup costs and a lack of available land for purchase or rent. Despite those obstacles, entry rates in farming are not significantly different from entry rates for other industries. Annual entry rates in farming ranged from 8-11 percent between 1978 and 1997, compared to 7.7 percent for manufacturing between 1963 and 1982.

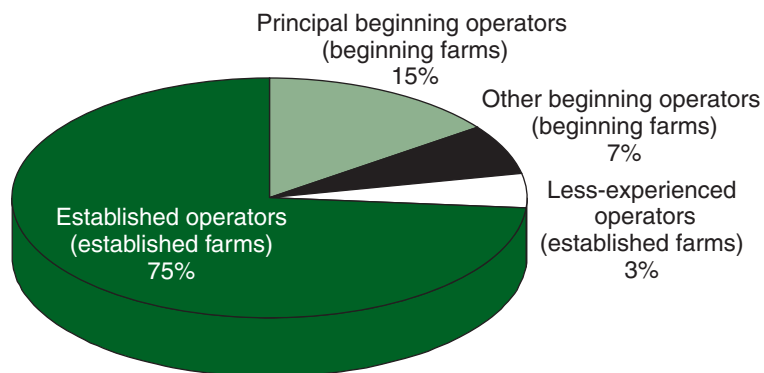
Beginning farmers operate farms of all sizes, but on average, they are smaller than established farms--174 acres compared with 461 acres. Many farms, particularly beginning farms, have no agricultural commodity production in a given year. Household income levels are determined more by farm size than by whether farmers and ranchers are beginning or established. On average, beginning farmers and their households earn less income from their farm, but more off-farm income, than do more established operators and their households (\$87,004 compared with \$90,866). Beginning farmers are less likely than established farmers to rent farmland. They are just as likely as established farmers to own all of the land they operate--although they own smaller acreage and are more likely to carry debt on their land. The most common way beginning farmers acquire land is to purchase it from a nonrelative, rather than inherit it or receive it as a gift.

While USDA has increasingly targeted programs to beginning farmers, beginning farmers are less likely to participate in government programs than established farmers at least for commodity payment and conservation assistance programs. On the other hand, since beginning farmers are more likely than established farmers to produce no agricultural commodities, and some USDA programs are generally geared towards production, beginning farmers may not meet eligibility requirements for such programs.

How Was the Study Conducted?

The 2007 Agricultural Resource Management Survey (ARMS) provided the data used to examine likely strategies of beginning farmers and ranchers to enter farming and to compare their business characteristics with those of established farmers and ranchers. By comparing characteristics of farms that report agricultural commodity production with those not reporting annual production, the report is able to distinguish commercially oriented beginning farms and ranches from those that are mainly residences. The report also used the linked Census of Agriculture from 1978 to 1997 to examine farming entry rates and new entrant survival rates. This linked file combines individual farm operator records for five censuses (1978, 1982, 1987, 1992, and 1997) into one continuous record. The 2007 Census of Agriculture was used to identify beginning farmers' geographic location.

Beginning operators made up about a quarter of operators in 2007



Note: Beginning farms are those where all operators have 10 years or less farming experience.

Source: ERS tabulations based on the 2007 Agricultural Resource Management Survey, NASS and ERS, USDA.