

U.S. Farms — Large and small



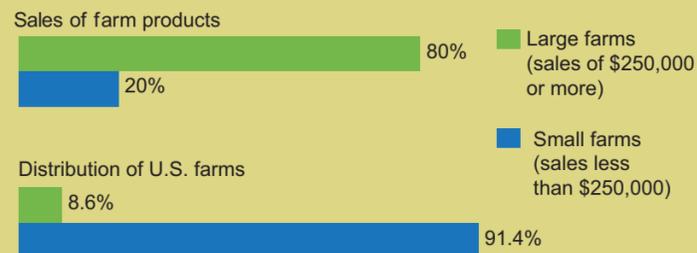
Most farms are small, selling less than \$250,000 of farm products per year. Small farms also own most farm assets—including farmland—and receive three-fourths of payments from conservation-related farm programs. Sales, in contrast, are concentrated among large farms, especially the 37,300 “million-dollar farms” selling at least \$1 million of farm products per year. The share of sales by million-dollar farms has grown, doubling since the early 1980s.

High profit margins give larger farms a competitive advantage, which explains the shift of production to million-dollar farms. Many small farms stay in the business because the farm household receives enough off-farm income so that their livelihood does not depend on farming. Only \$1,000 of farm sales is necessary to be defined as a farm. Thus many small farms are more like rural residences than farm businesses.

Distribution of farms and sales of farm products, 2007

Farms with sales of at least \$250,000 make up only 9% of farms, but account for 80% of total sales.

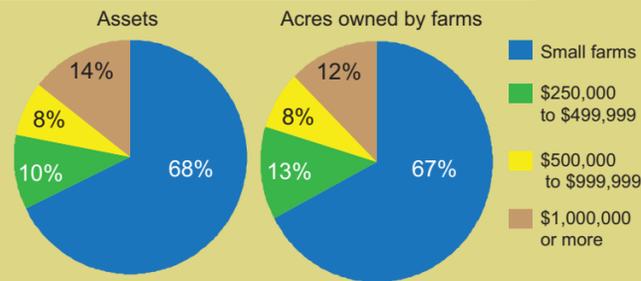
Ninety-one percent of all farms are small, but large farms sell 80% of all farm products. Many small farms actually are rural residences. Nevertheless, small farms account for one-fourth or more of the production of specific commodities, including grains and oilseeds, hay, tobacco, and beef.



Share of farm assets and acres owned by farms, 2007

Small farms hold most farm assets (including land)

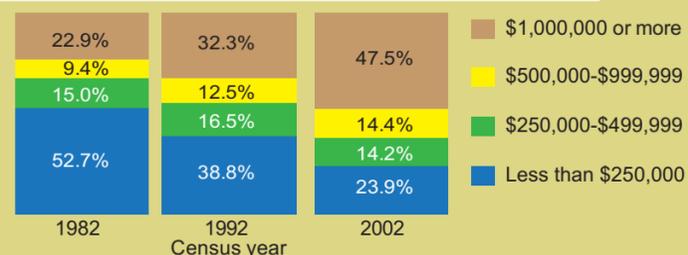
Small farms still play a role in U.S. agriculture. They hold two-thirds of farm assets and a similar share of the land owned by farms. They also receive a significant share of farm program payments—76% of conservation-related payments and 35% of commodity-related payments.



Farm product sales, by constant-dollar sales class (2002 dollars), 1982-2002

Million-dollar farms' share of sales has grown since the early 1980s

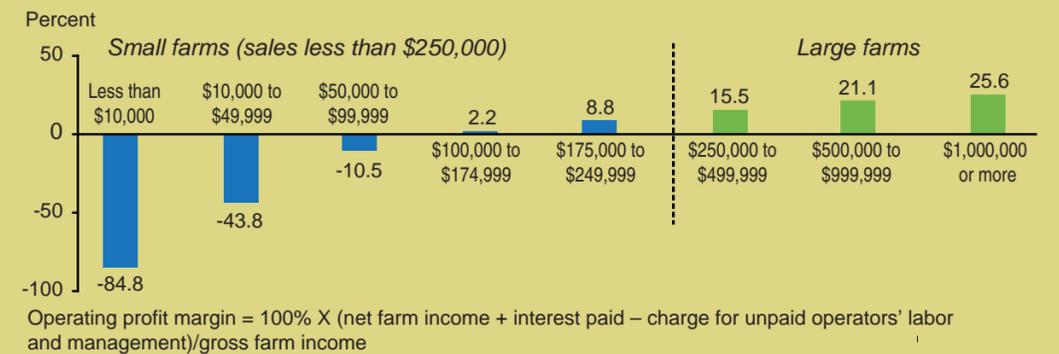
Million-dollar farms' share of farm product sales doubled from 23 percent in 1982 to 48% in 2002. Million-dollar farms now produce at least half of specialty crops, beef, hogs, milk, and poultry.



Operating profit margin, 2007

Operating profit margins increase with sales

Average operating profit margins are negative until sales exceed \$100,000. Higher average profit margins give larger farms a competitive advantage that helps explain the upward shift in production.



Average income of farm operator households, 2007

Total operator household income increases with sales for large farms

Households operating small farms typically rely on off-farm income for their living. They produce little or no product and may lose money farming.

