The Well-Being of Farm and Rural Households

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Outline

• Indicators of well-being of farm, non-metro and U.S. households
  • Household income
  • Income poverty rate
  • Assets and net worth
  • Unemployment
  • Off-farm employment
  • Access to health insurance

• Concluding observations
Mean farm operator household income declined in 2008 and 2009 from the record level in 2007, mainly due to declining off-farm earnings. Farm household income is forecast to improve in 2010.
Farm income is a small share of mean total farm household income. Mean farm household income is larger than mean household income of all non-metro households, though the ratio is declining.
Mean farm household income and the contribution of farm income vary greatly by size of farm, . . .

Source: Agricultural Resource Management Survey, ERS and NASS, USDA.
... and by commodity specialization (and other factors).
The poverty rate is higher for non-metro households than for all U.S. households, with both relatively stable in recent years. By contrast, the poverty rate of farm households has risen since 2005.
The median net worth of farm households is several times higher than that of all U.S. households. By contrast, the median net worth of non-metro households is less than that of all U.S. households.
The share of low income – low wealth households is larger in the general population than in farm households.

Unlike for all U.S. households, low-income farm households are not likely to be low-wealth, 2007

"Low" and "high" income and wealth are defined relative to the U.S. household medians.

Nearly half of farm households have high income and high wealth (greater than the median) in 2008, but this share has declined since 2004. Few farm households have low wealth.
Farm operator households’ mean assets and net worth declined in 2007 and 2008. The decline in 2008 was mainly due to declining non-farm assets. Farm assets are the dominant share of assets.
As with income, farm household net worth varies greatly by size of farm and other characteristics.
The unemployment rate has increased in non-metro as well as metro areas since mid-2008.
In 2007 and 2008 the percentage of farm operators and their spouses without off-farm employment increased, though most still have off-farm employment or an off-farm business.
The percentage of individuals without health insurance is similar in metro and non-metro areas, and did not change much in 2008. By contrast, this percentage increased in farm households.
The share of uninsured persons in farm households varied greatly by commodity specialization, with the smallest share insured in dairy farm households, due to limited off-farm employment of dairy farmers and poor economic conditions for dairy in 2008.

Source: Agricultural Resource Management Survey, ERS and NASS, USDA.
Concluding Observations (1)

- Despite declining farm household income in 2008 and 2009, mean household income of farm operators of farm households is still greater than that of all U.S. households.
- By contrast, non-metro households have lower mean income than the U.S. average.
- Farm household income varies greatly by farm size, commodity specialization, and other factors.
- Although mean and median household incomes are greater for farm households, income poverty is rising for these hh, and exceeded the rate in the U.S. pop. in 2008.
But household well-being depends on more than income:

- Most farm households have high levels of wealth; few have both low wealth and income
- By contrast, non-metro households have lower median wealth than the U.S. population
- Unemployment rates have risen for both non-metro and metro workers in the current recession, as has the share of farm operators and their spouses without off-farm work
- Many farm households are suffering from reduced access to health insurance in 2008 (a larger fraction than the U.S. or non-metro pop), especially dairy producers