Farm Household Income and Distribution of Government Payments
Overview of Research

♦ 2.1 Million Farms in the U.S.
♦ Different types of farm households
  • Labor allocations/Income sources
  • Consumption patterns
  • Investment behavior
♦ Examine USDA ARMS data to identify different types of farm households
  • “Non-farm” groups – Single income ruralpolitans (SIR), Double income ruralpolitans (DIR), Active Seniors (AS)
  • Farm groups – Farm Operator with Spouse Working off Farm (FOSO), Traditionals (TRAD), Commercial (COMM)
Topics Today

♦ Distribution of household income for different household types
  • Implications for farm policy

♦ Distribution of government payments among household types
  • Implication for farm policy
Distribution of Income Sources for Farm Households
U.S. Farm Household Income Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMM</td>
<td>9%</td>
</tr>
<tr>
<td>TRAD</td>
<td>7%</td>
</tr>
<tr>
<td>FOSO</td>
<td>12%</td>
</tr>
<tr>
<td>AS</td>
<td>24%</td>
</tr>
<tr>
<td>DIR</td>
<td>27%</td>
</tr>
<tr>
<td>SIR</td>
<td>21%</td>
</tr>
</tbody>
</table>

- Household Net Farm Income
- Total Operator Off Farm Wages
- Total Spouse Off Farm Wages
- Other Non-Farm Income

Data Source – 2003 Agricultural Resource Management Survey
U.S. Farm Household Income Sources: 
Farms Receiving no Government Payments

Data Source – 2003 Agricultural Resource Management Survey
U.S. Farm Household Income Sources: Farms Receiving Government Payments

Data Source – 2003 Agricultural Resource Management Survey

- Household Net Farm Income
- Total Operator Off Farm Wages
- Total Spouse Off Farm Wages
- Other Non-Farm Income

Center for Food and Agricultural Business
Purdue University
U.S. Farm Household Income Sources: Farms Receiving Government Payments

Data Source – 2003 Agricultural Resource Management Survey

Household Net Farm Income  Govt. Pmts.  Total Operator Off Farm Wages
Total Spouse Off Farm Wages  Other Non-Farm Income

Center for Food and Agricultural Business
Purdue University
U.S. Farm Household Income Sources: Farms Receiving Government Payments

Data Source – 2003 Agricultural Resource Management Survey
Distribution of Government Payments for Farm Households
Distribution of government payments by program type

- Direct
- Counter-cyclical, Idp, mlg

Percent of total payments

- SINGLE INCOME RURALPOLITAN
- ACTIVE SENIOR
- DOUBLE INCOME RURALPOLITAN
- TRADITIONAL FARM
- COMMERCIAL FARM
- FARM OPERATOR SPOUSE WORKING OFF
- Non-family farms

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Distribution of government payments by program type
**Ratio of Govt. Pmt. Received to Acres Planted**

- SIR: 0.8
- AS: 0.9
- DIR: 1.0
- FOSO: 1.2
- TRAD: 1.0
- COMM: 1.1
- CORP: 1.0

*Crop Subsidy*
Ratio of Govt. Pmt. Received to Acres Planted

- **SIR**: 2.5
- **AS**: 3
- **DIR**: 1.5
- **FOSO**: 1
- **TRAD**: 1
- **COMM**: 1
- **CORP**: 1

**Legend:**
- CRP/WRP
Ratio of Govt. Pmt. Received to Acres Planted

Overall

Data Source – 2003 Agricultural Resource Management Survey
Some Observations

♦ Income sources of farm household are very diverse
  • Generally resourceful group that is using talents in the marketplace
  • Some within these groups have limited opportunities to diversify income; are they the target for future farm policy?
♦ Government payment distribution depends on how you ask the question
  • 61% of farm households do not receive government payments
  • Of the 39% that do receive payments, traditional crop subsidies appear to be targeted to the “farm groups”, while much of the environmental spending appear to target the “nonfarm groups”