

The Importance of a Healthy Rural Economy

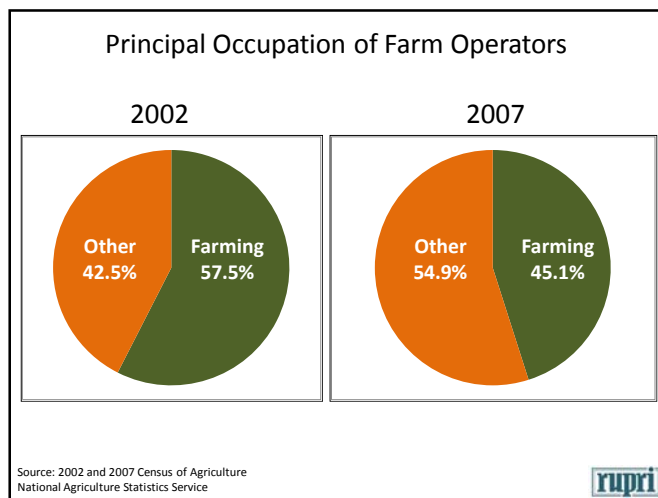
Kathleen Miller, RUPRI Program Director

Introduction

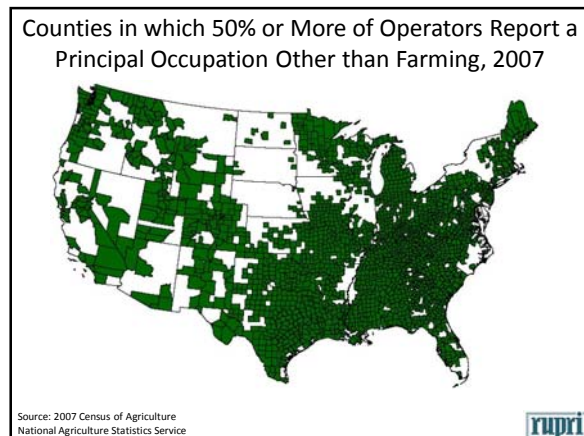
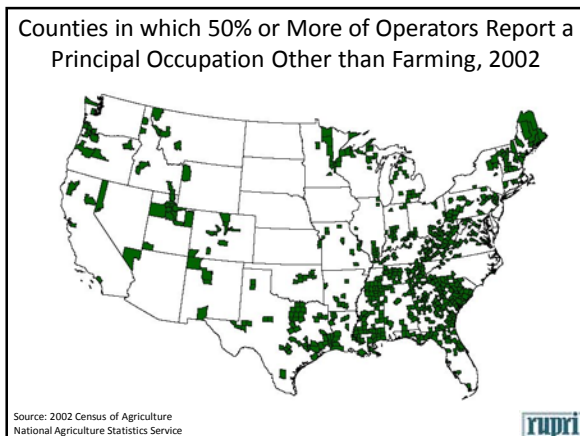
It is well understood that while agriculture does indeed play an important role in the rural economy in many areas, we can no longer equate agriculture with rural. It is perhaps less understood that the broader rural economy plays an important, direct, and growing role in the agricultural economy. Many agricultural producers depend directly on jobs and income off the farm in order to maintain their farming operations.

Occupations of Farm Operators

As reported in the 2007 Census of Agriculture, the majority of farm principal operators report something other than farming as their primary occupation. In the Census survey, operators are asked to list their primary occupation, based on how they spend the majority of their work time. In the 2002 Census, 57.5 percent of principal operators listed farming as their primary occupation. However, in the 2007 Census, only 45 percent of operators listed farming as their primary occupation.

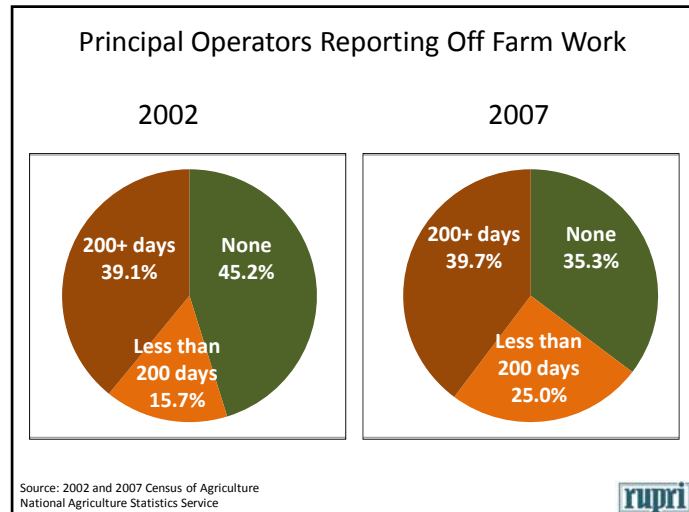


This trend is true across the country. In 680 counties in 2002, over half of farm operators reported an occupation other than farming as their principal occupation. By 2007, this number increased to over 2,000 counties.



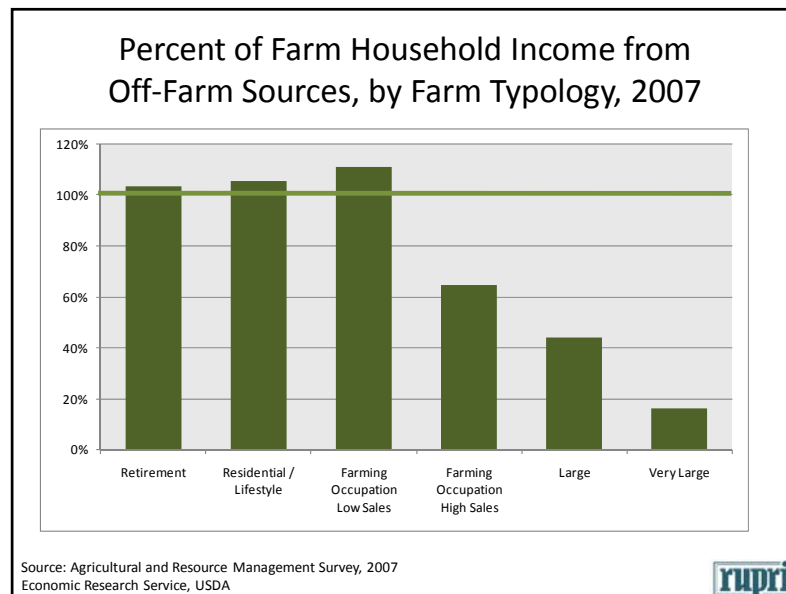
Days Working Off the Farm

From the 2002 to the 2007 Census, more principal operators reported off farm work. In 2002, 45 percent of farm operators reported not working any days off the farm. By 2007, this decreased to only 35 percent of operators. The percent of operators that reported working more than 200 days off the farm did not increase substantially, while the percent working less than 200 days increased from 16 to 25 percent.



Farm Household Income

These off farm jobs held by farm operators are a necessary supplement to farm income, and in many cases make the difference in allowing a family to continue to farm at all. In 2007, 90 percent of farm household income came from off farm sources. This varies across the farm typology developed by the Economic Research Service. Among retirement, residential/lifestyle, and lower sales categories, which together account for over 85 percent of all farm households, off farm income supplements losses in farm income. Very large farms, with sales over \$500,000, account for 3.8 percent of all farms and derive 16 percent of household income from off farm sources. Even in regions where agriculture plays a large role in the economy, such as the Heartland and Northern Great Plains, off farm income contributes significantly to farm household income (79 percent and 69 percent, respectively).



Conclusion

The astonishing shifts in the primary occupation of farm operators underscores what has been widely understood for some time – that a healthy farm economy is dependent upon there being a healthy rural economy. Investments in essential infrastructure, business development and entrepreneurship, and workforce education and skills are critical to the success of both.

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