

## **Intergenerational Succession & New Farmer Opportunity**

While U.S. agriculture has long been characterized by a larger share of older operators, the future of farming in America depends on continued entry by new farm operators. However, the share of farmers younger than 35 declined from 15 percent in 1954 to 8 percent in 1997. California has experienced similar changes, with the number of farmers under the age of 35 declining 43 percent between 1992 and 2002.

The average age of farmers nationally in 1997 was 54.3 years. The proportion of farmers age 55 and over rose from 37 percent in 1954 to 61 percent in 1997. Farmers are older, on average, than others in the civilian labor force for several reasons: 1) As self-employed workers, farmers can continue to farm--often at a reduced scale--after reaching the age at which wage and salary earners have retired; 2) The mechanization of agriculture has helped older farmers remain active; 3) The traditional pool of new entrants into farming--white males in their twenties growing up on family farms--is shrinking; 4) Farm families have fewer children than in the past; and 5) Reduced margins make it more difficult for multiple families to earn a living from a mid-sized farm..

Some of the observed trends in aging of the farm population, however, may be overstated because the census of agriculture counts only one operator per farm, usually the eldest member of a farming family. Excluding adult children who operate the family farm thus biases the calculation of average age upward and understates the number of people in farming. This is confirmed by labor force participation data from the Department of Labor that show more young farmers than does the census. These data provide a less dire picture of the rising age of farmers; nevertheless, they do show a steady decline in the number of young farmers during the 1990s.

The typical path to farming is entry through the family farm business. Less frequent is the "agricultural ladder," in which a hired farm worker becomes a tenant and ultimately owner-operator. While data has not yet confirmed it, there appears to be a recent increase in young adults and/or minorities going back to or beginning farming to take advantage of niche markets such as organic and direct market opportunities. It should be noted that according to the 2007 census of agriculture, the fastest growing segment of farm operators is Hispanic farmers.

A person's decision to enter farming is conditioned by the relative attractiveness of farm versus non-farm earning opportunities and by the ease of entry into farming as a business. When the non-farm economy is robust, as it was for most of the past decade, young people may opt for the higher, more stable incomes available off the farm. On the other hand, boom times in the non-farm economy may actually encourage entry into farming. Like their non-farm counterparts, the majority of U.S. farm households have two earners and off-farm income can supplement and buffer swings in income from the farm operation. When off-farm earning opportunities are promising, a household may decide it can better absorb the risks of having one earner engaged in farming.

While access to capital is important, a new farmer must also know how to farm and how to manage a farm business in the current regulatory environment. Those who grew up in

the farm business can obtain this specialized knowledge from their family experience as well as from outside education. Novice farmers must acquire this expertise through hired work on farms or education. Federal or State extension programs and technical assistance to beginning farmers can be a crucial element of this process; however, financial support for these programs has been inconsistent. Recent budget pressures in California have caused a reduction in spending on Extension programs by both the State and its partner county governments; though there are some excellent programs at both the university and community college level. The 2008 Farm Bill authorized increased funding for beginning farmer assistance, though it is subject to annual appropriations.

– Ralph Grossi, American Farmland Trust, July 2009

Sources:

California Farm Link, "Support Individual Development Accounts for Beginning Farmers and Ranchers," 2009. <http://www.californiafarmlink.org/joomla/index.php>

Economic Research Service, USDA, Structural and Financial Characteristics of U.S. Farms: 2001 Family Farm Report, May 2001. Available at: <http://www.ers.usda.gov/publications/aib768/>

\_\_\_\_\_. What Makes a Small Farm Successful?, *Agricultural Outlook*, November 1999. Available at: <http://www.ers.usda.gov/publications/agoutlook/nov1999/ao266c.pdf>

\_\_\_\_\_. [FSA Credit Programs Target Minority Farmers](#), *Agricultural Outlook*, November 1999. Available at: <http://www.ers.usda.gov/publications/agoutlook/nov1999/ao266e.pdf>

\_\_\_\_\_. The Taxpayer Relief Act of 1997 Provides Significant Tax Relief to Rural America, *Rural Conditions and Trends*, volume 9, number 1; July 1998. Available at: <http://www.ers.usda.gov/publications/rcat/rcat91/rcat91h.pdf>

\_\_\_\_\_. Needs of Limited Resource Farmers, April 1997 Available at: <http://www.ers.usda.gov/publications/aib733/>

\_\_\_\_\_. Is More Credit the Best Way to Assist Beginning Low-Equity Farmers?, *Issues in Agricultural and Rural Finance*, August 1996. Available at: <http://www.ers.usda.gov/publications/aib724/AIB72404.PDF>

\_\_\_\_\_. Who Are Retired Farm Operators, May 1996 . Available at: <http://www.ers.usda.gov/publications/summaries/retired.htm>

\_\_\_\_\_. "Young Commercial Farmers: Their Financial Structure and Credit Sources," *Agricultural Income and Finance*, April 1995. Available at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1254>

\_\_\_\_\_. The New Generation of American Farmers: Farm Entry and Exit Prospects for the 1990s. October 1994. Available at: <http://www.ers.usda.gov/catalog/OneProductAtATime.asp?PDT=2&PID=340>

Farm Services Agency, USDA, Loans for Socially Disadvantaged Persons, May 1997. Available at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=landing&topic=landing>

National Sustainable Agriculture Coalition, Farming Opportunities and Fair Competition, May 2009. Available at: <http://sustainableagriculture.net/our-work/fo-fc/>