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The Changing Structure of Nebraska Farms

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

The Changing Structure of Nebraska Farms

Market Report	Yr Ago	4 Wks Ago	4/23/04
Livestock and Products,			
Average Prices for Week Ending			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$77.97	\$83.20	\$86.26
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	89.00	100.87	104.69
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	95.81	108.83	113.00
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	122.85	129.40	141.49
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	39.50	47.00	48.75
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	*	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	101.58	107.45	114.61
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	95.25	*	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	193.60	198.56	186.45
Crops,			
Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu	3.49	3.96	3.73
Corn, No. 2, Yellow Omaha, bu	2.28	2.87	2.86
Soybeans, No. 1, Yellow Omaha, bu	5.90	9.92	9.65
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.09	5.17	5.16
Oats, No. 2, Heavy Minneapolis, MN, bu	1.83	1.81	1.93
Hay,			
First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	127.50	150.00	150.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	77.50	55.00	55.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	117.50	*	87.50

* No market.

Preliminary data from the 2002 Census of Agriculture presents increasing evidence that very small farms are becoming a greater proportion of Nebraska farms. This phenomenon has been observed over the past few decades, but the 2002 numbers underscore it.

The 2002 Census involved a new methodology in accounting for all farms. Small farms have not been fully represented in the previous approach and the new methodology attempted to rectify this. To aid the comparing of 1997 to 2002 the U.S. Department of Agriculture revised the 1997 farm numbers. This resulted in an overall 6 percent increase in farms for the adjusted 1997 estimate compared to the original 1997 estimate. While the number of farms in all farm size classes was adjusted upward (except the very largest class), the largest increases occurred in the smallest farm classes.

Figure 1 shows the number of Nebraska farms for eight gross sales classes for 2002 vs. the revised 1997 levels. The smallest size class will be termed very small, the eighth as very large and classes 2-7 representing a range of small to large farms. Two observations emerge, first is the growth of very small farms, farms which have less than \$2,500 of annual sales. Next, the remainder of size classes (except the very large) experienced declines in farm numbers with the number of farms in the very large size class showing a minor increase. Overall, Nebraska farm numbers were down by 9.5 percent in 2002 compared to 1997. This can be compared to an approximately 4 percent decline in U.S. farms over the same period. The farm number changes in Nebraska's neighboring states, providing an interesting comparison. Colorado experienced a 3.9 percent increase in farm numbers, while Wyoming's farm numbers remained virtually constant. Declining farm numbers were observed in Kansas (1.72 percent), Missouri (3.82 percent) and South Dakota (4.37 percent). One must be careful when comparing relative differences in farm number changes among states for this time interval because increases in the revised



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1997 farm numbers depended on the relative number of small farms in the state. For example, Colorado in 2002 had 41.5 percent of its farms comprised by size class 1 farms, while Nebraska at the other extreme of the seven states had only 19.9 percent of its farms classified as very small.

operations, while others believe it should be retained. Clearly the perspective of changes occurring in agriculture shown in Figures 1 and 2 would be different if size class 1 for example, were to be eliminated.

The Census also reports on the average farmer age, which for the last two decades has risen from 48.5 to 53.9 years. Also, the occupational status of the principal operator demonstrates a nonfarm employment influence which underlies the growth of very small farms. Farms are roughly evenly split between operators who do and do not work off-farm. The number of operators who work off-farm has increased over time in the face of declining farm numbers. This is particularly true for operators who work off-farm for 200 days or more per year. The number of farms whose principal operator works off-farm 200 days or more per year has roughly doubled in the past quarter century, again in the face of declining farm numbers. This phenomenon is viewed by some as a weakening of family farming, because one perspective of family farming is a high dependence on agriculture for operator income.

An interesting addition to the 2002 Census is the number of households sharing in the net income of a farm. Roughly 73 percent of the farms were one household farms, with the remainder comprised of farms where net income is shared between two or more households. This provides a useful perspective in the interpretation of farm number changes. Very large farms would be expected to be the size class having the greatest relative number of multi-households. Thus, the growth in numbers of very large farms and the decline in other farm size classes must be interpreted with caution if there is concern over changes in the number of households involved in farming. If there is growth of multi-household farming, and if this growth involves multi-family members, some may view this as a strengthening of family farming.

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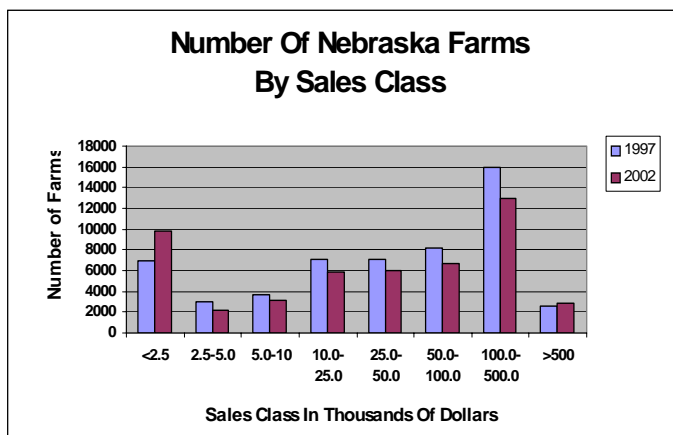


Figure 1.

A different perspective of these changes is shown in Figure 2, which depicts the percentage of all Nebraska farms comprised by each class. This shows what has occurred to the relative number of farms in each sales size class over the five year period. The percentage of farms in size classes 2-6 experienced five year declines of approximately one percent. The percentage decline in the \$100,000-\$500,000 sales class declined by roughly 3 percent. Percentage increases were observed for size classes 1 and 8. The most striking change was observed for the very small size class which moved from 12.7 percent of all farms to 19.9 percent.

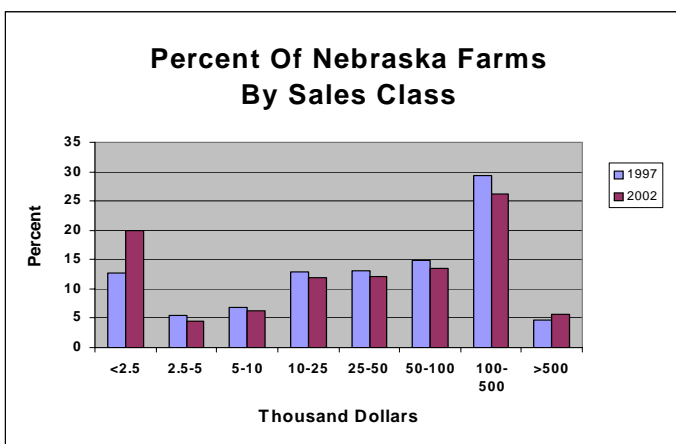


Figure 2.

It must be remembered that the definition of a farm is one based on minimum sales of \$1,000. Some suggest that this definition needs to be changed to eliminate some small