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CORNHUSKER ECONOMICS

Rural Nebraskans' Ties to Agriculture

A recent report released by the University of Nebraska-Lincoln (UNL) Department of Agricultural Economics and the UNL Bureau of Business Research outlines the economic impact of agriculture to Nebraska. Using 2010 data, the report concludes that agriculture provides over 40 percent of the state's total business receipts, 26.9 percent of the state's gross state product and 24 percent of the state's total workforce. In short, the report concludes that more than a fourth of Nebraska's economy can be attributed to the agricultural production complex.¹

These facts demonstrate the importance of agriculture to the state as a whole. But, how closely are non-metropolitan Nebraskans tied to agriculture? The Nebraska Rural Poll has examined the importance of agriculture to the state's rural areas.

The Nebraska Rural Poll is an annual survey of rural Nebraskans that was started in 1996 to give local and state leaders a better understanding of the issues, challenges and concerns of Nebraska's rural citizens. The Rural Poll has focused on such issues as community, government policy, well-being and work. Core questions are included each year; over time, these core questions have provided insight about trends and changes occurring in rural Nebraska. In addition, each year rural citizens and government officials identify key issues or topics to include in the survey. Every

¹ Source: The 2010 Economic Impact of the Nebraska Agricultural Production Complex. University of Nebraska-Lincoln Department of Agricultural Economics Report No. 192, available online at <http://agecon.unl.edu>.

Market Report	Yr Ago	4 Wks Ag	7/6/12
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	\$115.04	\$122.90	\$116.91
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	165.56	179.39	160.31
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	143.58	158.41	149.04
Choice Boxed Beef, 600-750 lb. Carcass.	179.36	197.10	193.52
Western Corn Belt Base Hog Price Carcass, Negotiated.	91.96	89.20	98.58
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	96.77	84.68	92.32
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	*	150.75	122.50
National Carcass Lamb Cutout, FOB.	399.88	346.94	340.16
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	6.37	5.81	7.39
Corn, No. 2, Yellow Nebraska City, bu.	6.72	6.24	7.15
Soybeans, No. 1, Yellow Nebraska City, bu.	13.60	13.98	15.37
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	10.39	10.04	11.46
Oats, No. 2, Heavy Minneapolis, MN, bu.	3.62	3.17	3.84
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	185.00	207.50	207.50
Alfalfa, Large Rounds, Good Platte Valley, ton.	135.00	135.00	155.00
Grass Hay, Large Rounds, Good Nebraska, ton.	72.50	97.50	125.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.	196.50	211.50	282.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	66.50	70.38	96.12
*No Market			



year, a self-administered questionnaire is mailed in February and March to approximately 6,500 randomly selected households in the 84 non-metropolitan counties. The response rates have ranged from 37 percent to 65 percent each year. For more information about the Nebraska Rural Poll, see <http://ruralpoll.unl.edu>.

In 2010, rural Nebraskans were asked a series of questions to determine their connection to agriculture. Most rural Nebraskans have farming or ranching history in their family. Over one-half (52%) of rural Nebraskans were currently active in farming or ranching or removed by only a single generation, and two-thirds (67%) were two generations or less removed from the farm or ranch (see Figure 1 on next page). These Nebraskans are likely more familiar with commercial agriculture, having seen it first-hand working on the farm or ranch, growing up on the farm or ranch or visiting the farm or ranch of their grandparents. However, more non-metropolitan Nebraskans say that they have no history of farming or ranching in their family (30%) than are currently involved in farming or ranching (27%). These rural Nebraskans are likely to be less familiar with commercial agriculture, a difference that can influence opinions and attitudes about agriculture and agricultural issues.

Rural Nebraskans were also asked to what extent their economic well-being was dependent on the well-being of the agricultural industry. Over one-half (54%) of rural Nebraskans said their economic well-being is very much dependent on the well-being of the agricultural industry (see Figure 2 on next page). Almost one-quarter (24%) said some of their economic well-being is tied to the agricultural industry. When combined, over three-quarters (78%) feel their well-being is at least somewhat tied to agriculture.

To further examine the dependence of rural Nebraskans on agriculture, the relationship between their general well-being and farm income is analyzed. Each year, rural Nebraskans are asked a series of questions to examine their perceptions of their general well-being. Two of those questions examine their perceptions of their current situation compared to five years ago, and their perceptions of their future well-being. When examining the data for these questions

over the past 16 years, the condition of agriculture appears to have an effect on how rural Nebraskans view both their current situation as well as the future. When the change in the state's net farm income is viewed simultaneously with the well-being data, the confidence levels of rural Nebraskans (as measured by the percent that believe they are either better off compared to five years ago, and the percent that believe they will be better off ten years from now), tend to move with or slightly behind changes in farm income (see Figure 3 on page four). The one aberration in the pattern occurs in 2003. Farm income changes in 2002 and 2003 were partially affected by the timing of federal farm program legislation and payments. A new farm bill written in 2002 changed the programs and the schedule of program payments to producers such that payments received during 2002 declined sharply before rebounding substantially in 2003, skewing the percentage change numbers shown in the graph.

These data from the Nebraska Rural Poll highlight the importance that agriculture plays in non-metropolitan Nebraska. Rural Nebraskans maintain a strong connection to agriculture.

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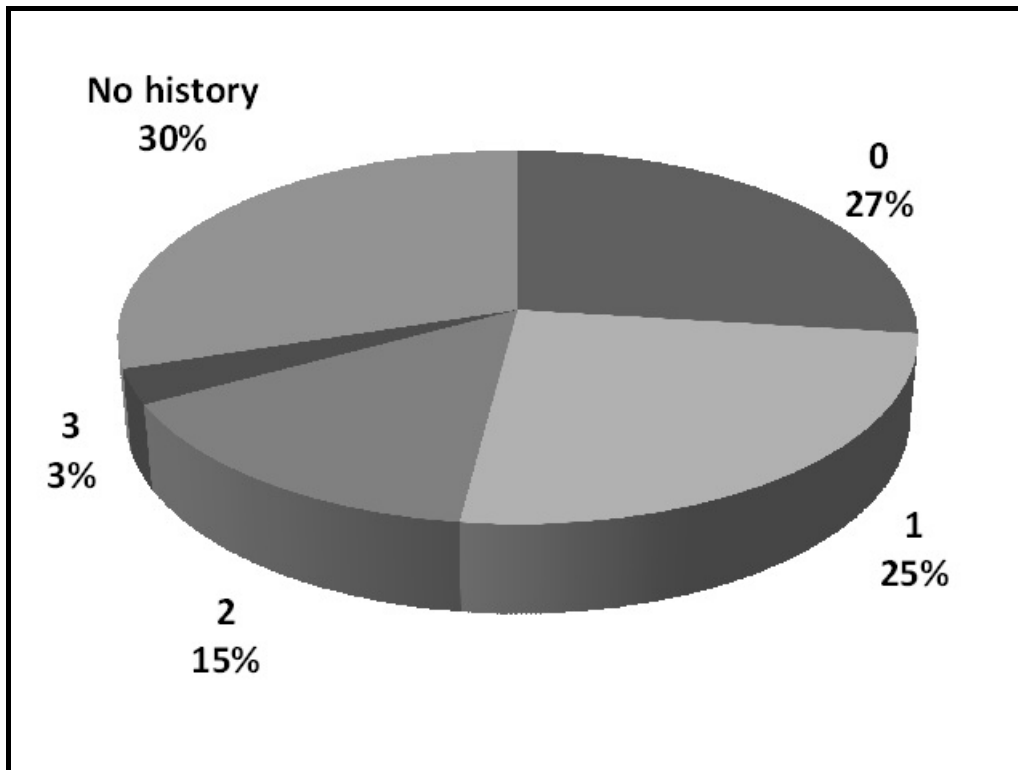


Figure 1. Generations Removed from Farming/Ranching, 2010

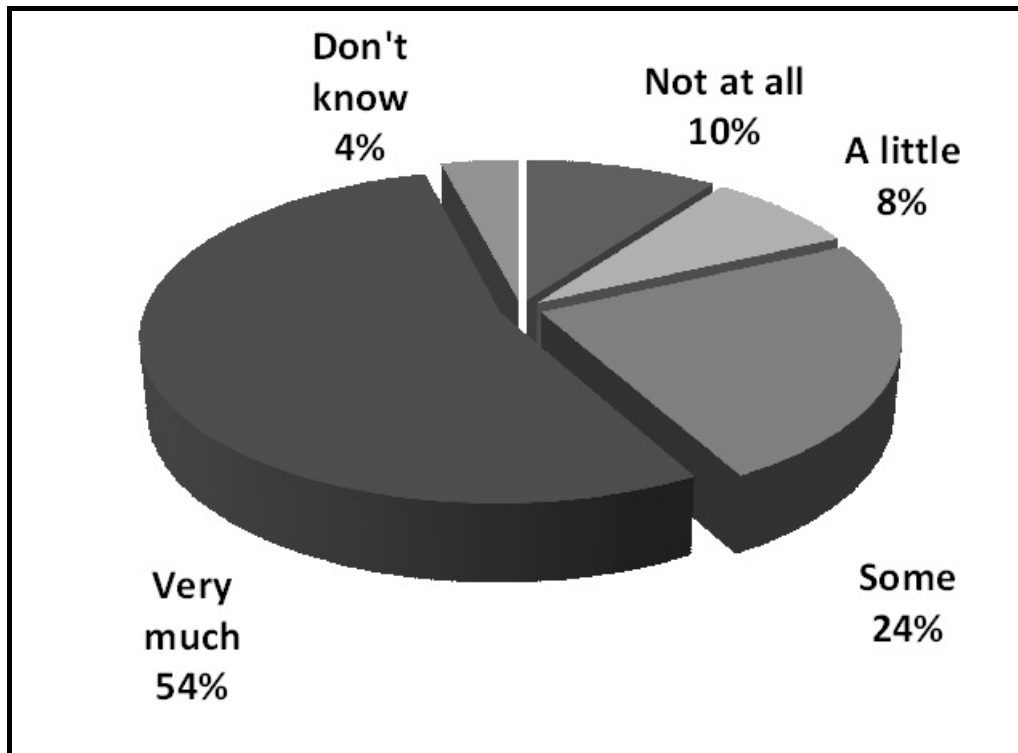


Figure 2. Economic Dependence on the Agricultural Industry, 2010

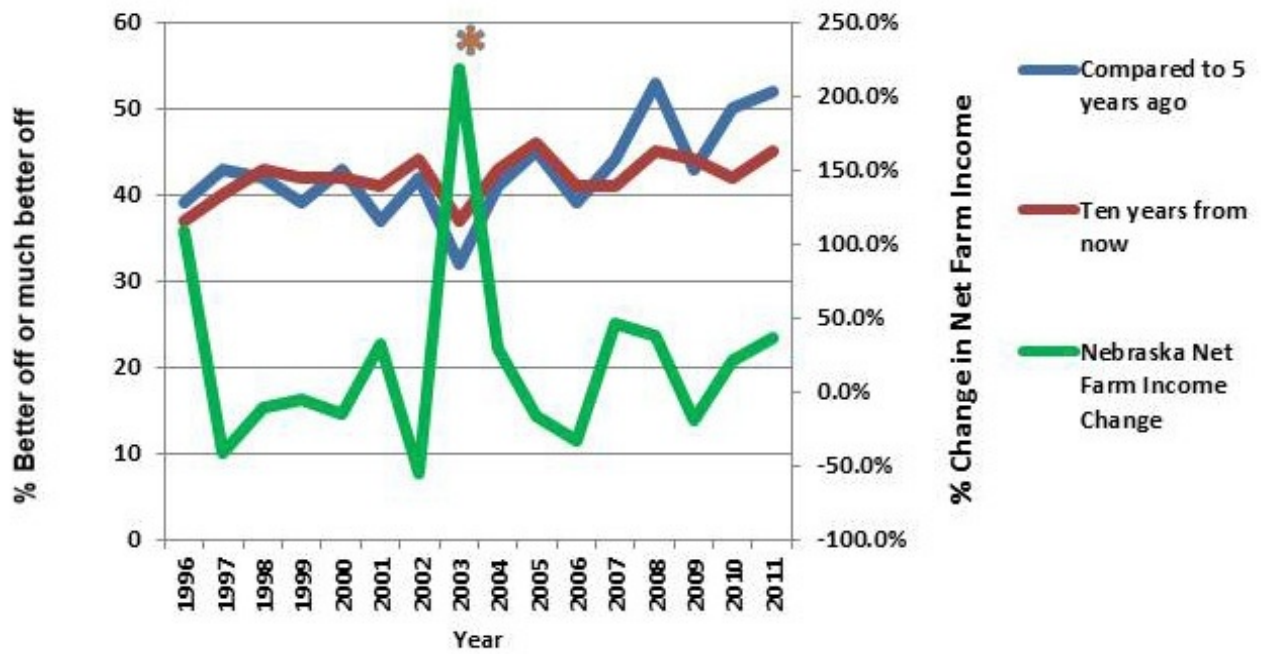


Figure 3. All Things Considered, Do You Think that You Are (or Will Be) Better or Worse Off, 1996 - 2011, Compared to Change in Nebraska Net Farm Income?

* Farm income changes in 2002 and 2003 were affected by the timing of federal farm program legislation and payments.