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7-21-1999

## Some Thoughts About the Number and Size of Farms in Nebraska

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# Cornhusker Economics

Cooperative Extension

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

## Some Thoughts About the Number and Size of Farms in Nebraska

Market Report	Yr Ago	4 Wks Ago	7/16/99
<b><u>Livestock and Products,</u></b>			
<b><u>Average Prices for Week Ending</u></b>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt. . . . .	\$59.56	\$66.29	\$63.83
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt. . . . .	*	83.50	86.50
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg. . . . .	*	*	*
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt. . . . .	92.10	105.73	98.84
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt. . . . .	34.95	36.75	29.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd. . . . .	*	31.83	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt. . . . .	113.10	97.30	109.30
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt. . . . .	80.00	80.90	81.50
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt. . . . .	160.00	177.00	172.00
<b><u>Crops,</u></b>			
<b><u>Cash Truck Prices for Date Shown</u></b>			
Wheat, No. 1, H.W. Omaha, bu. . . . .	3.01	2.87	2.60
Corn, No. 2, Yellow Omaha, bu. . . . .	2.11	1.94	1.60
Soybeans, No. 1, Yellow Omaha, bu. . . . .	6.46	4.47	3.93
Grain Sorghum, No. 2, Yellow Kansas City, cwt. . . . .	3.80	3.32	2.76
Oats, No. 2, Heavy Sioux City, IA, bu. . . . .	*	1.25	1.20
<b><u>Hay,</u></b>			
<b><u>First Day of Week Pile Prices</u></b>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton. . . . .	*	82.50	87.50
Alfalfa, Lg. Round, Good Northeast Nebraska, ton. . . . .	50.00	*	*
Prairie, Sm. Square, Good Northeast Nebraska, ton. . . . .	70.00	*	*
* No market.			

The 1997 Census of Agriculture indicated that Nebraska had 51,454 farms at the end of that year. (A farm is a place from which \$1,000 or more of agricultural products are sold annually). This is the smallest number of farms since early in the state's history.

In general, the trend in farm numbers looks like a one-humped camel. Through 1935, numbers increased, peaking at 134,000. Since then, lower totals have been recorded with each new census.

Notwithstanding this overview, I find the pattern in farm numbers over the past 30 years particularly interesting. Contrary to the assumption of many, farm numbers seem to decline more rapidly when economic conditions are *good*. For example, from 1969 to 1978, farm numbers dropped by 12 percent. In contrast, in the more difficult period that followed, from 1978 to 1987, a net loss of only 5 percent was recorded. Then, as incomes improved in the late 1980s and the first half of the 1990s, we again saw a big drop. The 1997 total was 15 percent less than in 1987.

I suspect that these patterns can be explained to some extent by the actions taken by aggressive farmers when farm profitability is good. That's when they want to expand, in some cases taking two farms and making it one. Significantly, they have the financial capability to do so, out-competing beginning or not-well-established farmers in the process.

The other possibility is that attrition from farming during poor economic times is just not as extensive as we're sometimes led to believe. Off-farm income continues to grow as a percentage of farm-family



income. When farm income falls, many families seek additional off-farm income. They may even cut back on some of their farm operations. However, they don't leave farming altogether. They still qualify as farmers by producing \$1,000 worth of products annually.

Turning to size issues, changes in size of farms, especially if measured in acres, tend to be inversely related to the number of farms. At the end of 1997, the average farm in Nebraska encompassed 885 acres. This compared to 634 acres in 1969 and 362 acres in 1935.

Acres, however, generally are not a satisfactory way to measure farm size, simply because of the great differences in agricultural operations. For example, a feedlot or hog confinement facility on just a few acres can generate far more gross income (or value added) than a Sandhills ranch that covers thousands of acres. For this reason farm size is measured more accurately by output (measured in dollars) than by acres.

In 1997, the average farm in Nebraska sold agricultural products worth \$191,074. This compares to \$155,125 in 1992 and \$29,725, going back to 1969.

What's really striking, however, is the sales variance around the average. Of all the farms in Nebraska in 1997, 866 (1.7 percent of the total) had sales of \$1,000,000 or more. With average sales of just over \$5,000,000, these farms accounted for 44.1 percent of all agricultural product sales. About three-quarters (646) of them were in the cattle business, selling at least \$50,000 worth of cattle and calves in 1997. However, only 21 percent (182) were sellers of at least \$50,000 worth of hogs and pigs.

Another 1,636 farms had sales of \$500,000 to \$1,000,000. Bottom line: when all farms with sales of at least \$500,000 are added together, they accounted for only 4.9 percent of all farms, but 55.3 percent of the state's agricultural sales in 1997.

At the other end of the scale, 33,249 farms recorded sales of less than \$100,000. Although they accounted for 65 percent of all farms, they produced only 10 percent of total sales. Many are part-time and hobby farms.

Left unaccounted for are a group of middle-sized

farms, with sales of \$100,000 to \$500,000 annually. In 1997, they accounted for 30.5 percent of all farms and 34.8 percent of total output.

Much of the public concern about the structure of agriculture relates to small and middle-size farmers. Those in these groups often are conveniently labeled "family farmers." In contrast, there is indifference - and sometimes outright disdain - for operations perceived to be beyond the size of family farms.

Many agricultural economists, in contrast, tend to have a somewhat different perspective on farm-size issues. We recognize, for example, that some, but not all, farms below the large-farm group want to grow and become more profitable. (Quite a few of those in the "small" category have no intention of ever making farming a full-time business. They simply enjoy the amenities of rural living). There is a special concern about the fate of beginning farmers. At the same time, efficiency and consistent, quality products are important. Sometimes larger farms do a better job of providing either or both, than smaller farms. In the end, the array of farm sizes depends mostly on individual opportunity and initiative. However, public policy can be important in tweaking opportunities one direction or the other.

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