

How are farmers stacking up?

By RICHARD DAVIS

ARE farmers better off this year than they were over the past several years? Nick Piggott, an associate professor in the Department of Ag and Resource Economics at North Carolina State University, recently testified in Washington, D.C., before a House subcommittee on farm policy and his statements indicate they may be.

Looking at USDA statistics, Piggott compared farm economic factors in 2005 to the previous four years and found that in 2005 "net farm income, value of production and government payments were all substantially higher than their respective previous four-year averages.

"Net farm income is forecast to be 24.8% higher than the four-year average, the value of crop production 4.6% higher, the value of livestock production 16.7% higher and direct government payments 37% higher," Piggott told the representatives on the committee.

Counting potatoes

Of course, some growers bring many more dollars home from the farm markets than others, and the discrepancy between large growers and small ones can be striking. Piggott pointed out that farms selling \$250,000 or more in agricultural products yearly represent only 8.5% of the farms but bring in 90.1% of net farm income and receive 49.8% of direct government payments. In addition, these account for 74.6% of crop value of production and 75.7% of the livestock value of production.

Farms that produce less than \$100,000 in ag products add up to 82.5% of the total but receive only 27% of government payments. Looking at net

Key Points

- Economically, 2005 was an excellent year compared to five-year period.
- Larger farmers get the lion's share of income and farm payments.
- Farm household income is higher than average U.S. household income.

farm income, these farms taken as a whole are not really moneymakers but actually lose 0.9% each year. Owners of these farms make up the difference in income with outside jobs.

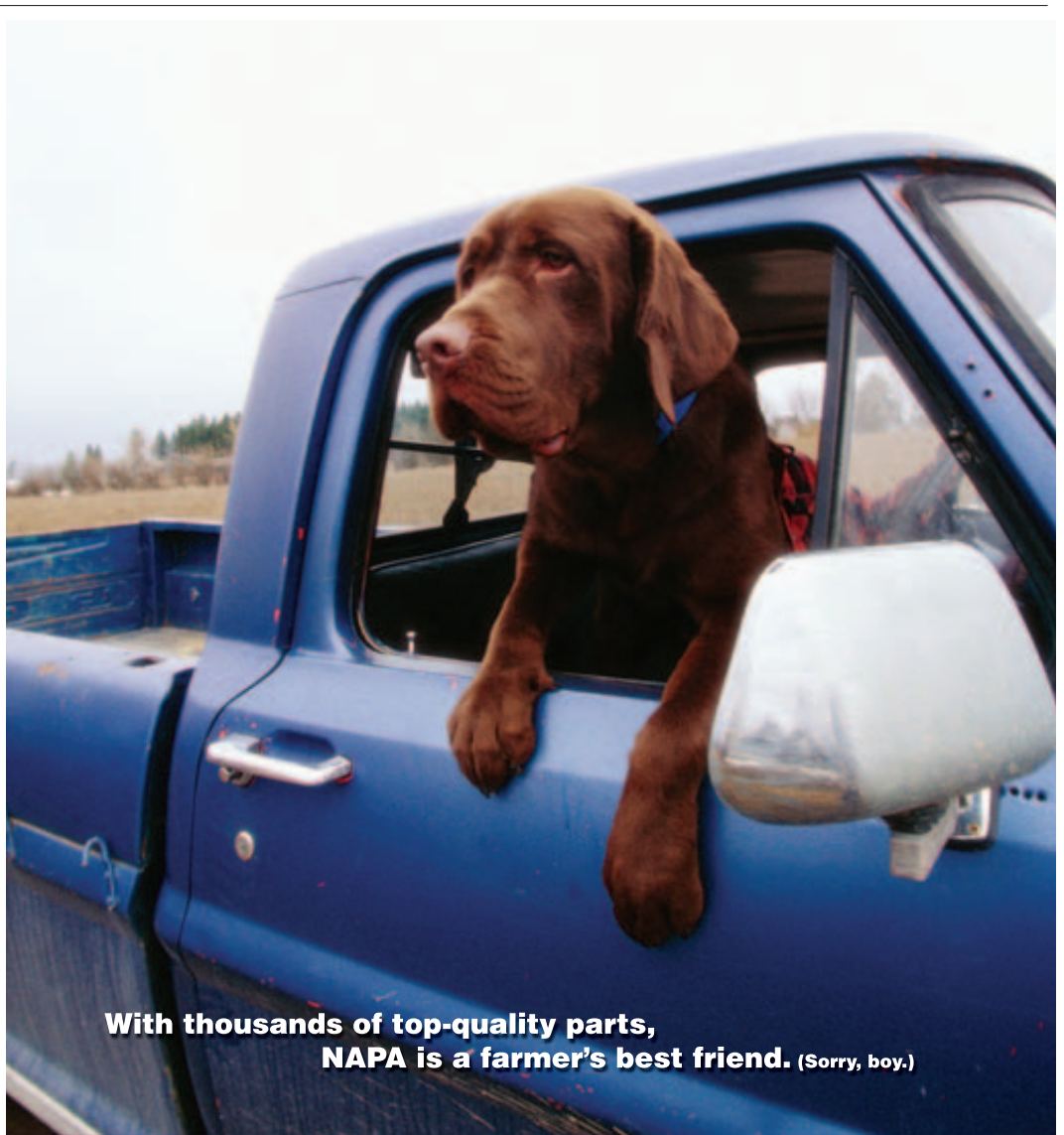
Stacking up

Farming households currently seem to be doing better economically than other American households, at least by some measures. In 2004, farm-operator household income on all family farms was estimated to be \$87,072. The average U.S. household income in 2004 was \$60,528, or only 69.5% of what farm households make.

Farmers compare favorably in net worth compared to all U.S. households. In 2003, U.S. households had a median income of \$43,527 and a median wealth

of \$89,544. A comparison of these average numbers to farms showed that 93.6% of farms had higher median wealth and 53.6% had higher median incomes than U.S. households in the same year.

Note this condition holds for the last decade but is not necessarily consistently the case over long periods. For example, Piggott notes that from 1960 to 1970 and from 1979 to 1983, the case was reversed, with the average U.S. household income higher than the average U.S. farm household income.



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Corrections

THE photo on our April cover was inadvertently cropped in the production process in a way that cut out Ag Committee Chairman Bob Goodlatte, R-Va. Rep. Frank Lucas, R-Okla., "at the far left" was therefore misidentified.

Also, in our April issue we incorrectly stated in a photograph caption that Pam's Place restaurant is located in Edenton, N.C. The restaurant is in Elizabeth City, N.C.

We apologize for any inconvenience.



HOME ON THE FARM: When you eat at Pam's Place in Elizabeth City, N.C., you know you're really in a farming community. You see farming everywhere you look! Lina Bateman (left) painted the mural of the farm scene on the wall to make their customers, many of whom are farmers, feel right at home. The restaurant's owner, Pam Sanders, is at right.