

# Structural and Financial Characteristics of U.S. Farms, 1993

## 18th Annual Family Farm Report to Congress

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### Introduction

This report is the 18th in the series of congressionally mandated Family Farm Reports. It provides detailed information about the major structural and financial characteristics of farms in 1993 that is not available from any other single publication. The series of Family Farm Reports originated with the Food and Agricultural Act of 1977, which required the U.S. Department of Agriculture (USDA) to prepare a report to Congress providing information about the trends in family and nonfamily farm operations and the effects of government programs and Federal laws on the family farm system. Congress has continued to require Family Farm Reports on an annual basis since that time, although the scope and content of the reports have changed.

This report examines farms classified by size and other characteristics. Farms are diverse, ranging from the very small to the very large. Most farms are small, however, because very little production is necessary to be classified as a farm by the USDA (or the Census Bureau). A farm is defined as a place that sells, or normally would sell, at least \$1,000 of agricultural products (U.S. Dept. Agr., Nat'l. Agr. Stat. Serv., 1994a, p. 301; U.S. Dept. Comm., Bur. Cen., 1994a, p. vii).

Some operations may also be classified as a farm even if they have less than \$1,000 in sales. If an operation does not have \$1,000 in sales, a point system assigns values for acres of various crops and head of various livestock species to estimate a normal level of sales

(U.S. Dept. Agr., Nat'l. Agr. Stat. Serv., 1993b, p. 1). Point farms have less than \$1,000 of sales, but points worth at least \$1,000, and are also counted as farms.

The information presented in this report falls into seven basic categories, each with its own section:

- **Structural Characteristics of Farm Operations.** Provides information on the size and types of farms, forms of farm organization, ownership and control of resources, and acreage and sales classes of farms.
- **Farmland Ownership and Use.** Measures the total amount of land operated, and the arrangements under which land is held and operated.
- **Farmland Removed from Production.** Shows how much land is taken out of production to comply with government programs.
- **Farm Finances.** Measures income and wealth of farms.
- **Characteristics of Farm Operators.** Provides information about the people who operate farms.
- **Farm Operator Households' Dependence on Farming.** Provides a sense of the importance of farming to operator households.
- **Farm Operators and Their Communities.** Shows where operators buy goods and services and how satisfied they are with their communities.

The discussion of these topics shows how the Nation's farms are organized to use and control their resources,

as well as the financial and economic results of their activities.

The characteristics of the farm sector in 1993 are discussed in the text and presented in summary tables and figures. The appendix tables contain additional detailed data frequently requested by policymakers and the public. Readers should note that, in some cases, individual estimates reported in the tables do not add exactly to totals due to rounding.

Appendix A contains detailed definitions of terms used in this report, while appendix B provides technical information about the Farm Costs and Returns Survey (FCRS), the source of most of the data used in this report. A brief description of the survey also appears in the box below.

## Sources of Data

Most of the information in this report is from the 1993 Farm Costs and Returns Survey (FCRS). The FCRS has been used to prepare the annual Family Farm Report since the 15th report was prepared using data from the 1990 FCRS. The U.S. Department of Agriculture's Economic Research Service (ERS) and National Agricultural Statistics Service (NASS) conduct the FCRS in all States but Alaska and Hawaii. The FCRS is the only national-level data source on farm structure and finances that is available on an annual basis.

The data for 1993 were collected during February and March of 1994 from a representative sample of farm and ranch operations in the contiguous United States. In 1993, the useable sample size was about 8,000 operations.

Average gross cash income and average gross farm sales (or gross sales) are presented together in several of the tables for the first time this year. Gross cash income and gross sales measure different things. Gross sales, used primarily as an indication of farm size, is a measure of what the farm has produced. Unlike gross cash income, gross sales includes the shares of sales and government payments received by both the operation and the landlord(s). It also includes production contractors' share of the value of production.

In contrast, gross cash income is a measure of cash actually received by the farm business during the year and includes only the share received by the operation. More information and detailed definitions of terms used in this report are presented in appendix A.

Survey data are subject to both sampling and nonsampling errors. Both types of errors affect the reliability and validity of estimates from the FCRS. The magnitude of nonsampling error cannot be measured directly. Sampling error, however, can be measured. The relative standard error (RSE) used in this report is a measure of sampling error and data reliability.

The RSE for an estimate is the standard error of the estimate divided by the estimate, expressed as a percentage throughout this report. Because the reliability of estimates is questionable when the RSE exceeds 25 percent, data users should exercise caution when interpreting items with RSE's of this magnitude. See appendix B for a more detailed explanation of this statistic. FCRS estimates noted as different in the text differed from each other at the 95-percent (or higher) level of statistical significance, unless noted otherwise.

Census of agriculture data are used occasionally in this report to provide historical perspective. The FCRS is a relatively new survey, beginning in 1985 when data were collected for the 1984 calendar year. In contrast, the census of agriculture, begun in 1840 (U.S. Dept. Comm., Bur. Cen., 1994a, p. vii), allows one to follow trends over long periods of time.