



# 2004 Summary Report – Part 1

## Health Insurance, Future of Farming, Tax Policy, Water Quality, Philanthropy

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### Introduction

This year's Iowa Farm and Rural Life Poll posed questions for farmers drawing on current policy debates, pressing community issues, family and personal concerns, and comments from the previous years' polls. The findings are published in two separate reports. Topics in Report I include the availability and cost of health insurance, the future of farming as an occupation and especially the ability of young people to enter farming, preferred sources of tax revenues for various levels of government, and opinions on recommended goals for Iowa's water quality issues. Also, interest in farmers' financial and in-kind support of their local communities resulted in a series of questions on philanthropy. Report II focuses on quality of life issues and shows farmers' changing perceptions over the last two decades of their families' and communities' current and future quality of life.

Created in 1982 as a partnership of Iowa State University Extension, the Iowa Agricultural and Home Economics Experiment Station, and the Iowa Department of Agriculture and Land Stewardship, the poll helps target Extension and research programs to the needs of farm families. Data on issues of importance to farmers are collected to provide input to local, state, and national leaders in their decision-

making. We thank the many farm families who responded to the survey.

### Methods

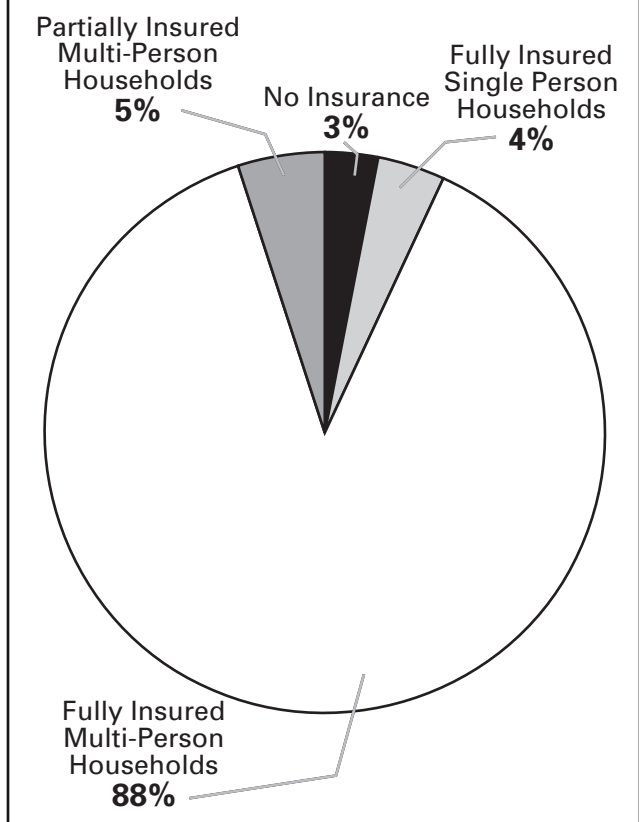
Questionnaires were mailed to a statewide panel of 2,099 farm operators followed by reminder postcards and replacement questionnaires to maximize the response rate. Usable responses were received from 1,514 operators for a response rate of 73 percent. This report, along with Report 2, summarizes the findings of this year's poll. Additional copies of this report or any previous year can be obtained from your local county Extension office, by contacting the Extension Distribution Center at Iowa State University, or by contacting the authors.

### Highlights from the 2004 Farm Poll

#### Health Insurance

The vast majority of Iowa farm households have health insurance for every household member. However, there are gaps. Eight percent of farmers reported there had been occasions in the previous 12 months when someone in their household had been unable to see

**Figure 1: Health Insurance Coverage of Farm Households**



a doctor because of the cost. In one of 20 farm households not every member of the household is insured and three percent of households have no health insurance (Figure 1).

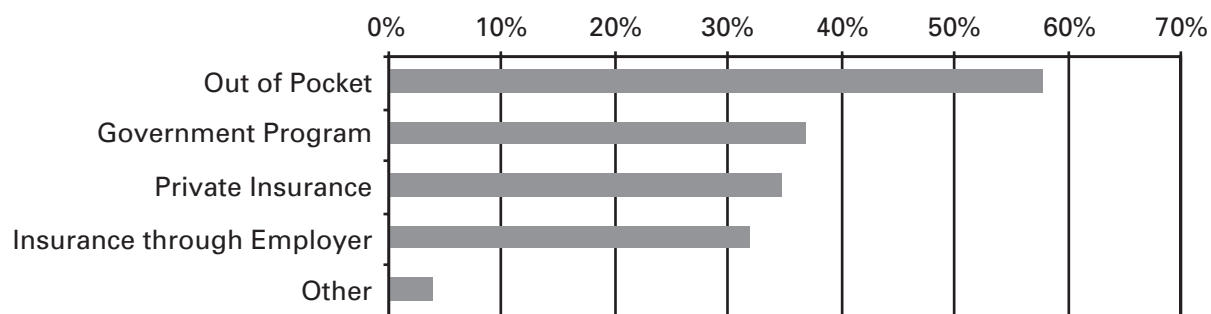
Most farm households use a combination of insurance and their own money to pay for health care expenses. Fifty-eight percent of farmers pay some portion of their health care expenses

out of pocket (Figure 2). About one-third relies on government insurance programs, such as Medicare, Medicaid, or Veteran’s benefits. Also about one-third have health insurance plans for which they pay their own premiums. Thirty-two percent have health insurance through an employer.

On average, Iowa farm households spent over \$2,600 out of pocket in 2003 for health care expenses. Among households with some form of insurance, farmers spent an average of over \$450 each month on health insurance premiums.

When asked about what role, if any, government should play in health insurance, about one-half of respondents agreed that the government should regulate health insurance costs whereas 17 percent disagreed (Table 1). Slightly less than half agreed that the government should assist low-income households with the cost of health insurance as opposed to 22 percent who disagreed. Support for government-provided health insurance was weaker, however, if this insurance was to be provided to all households regardless of income. Thirty-six percent agreed and 37 percent disagreed that the government should provide limited health insurance coverage to all households. Fourteen percent agreed and 72 percent disagreed that the government should provide unlimited coverage for all households. About one-fourth of respondents felt the government was already too involved in health insurance.

**Figure 2: Farmers’ Methods of Paying for Health Care Expenses**



**Table 1: Farmers' Opinions of the Government's Role in Health Insurance**

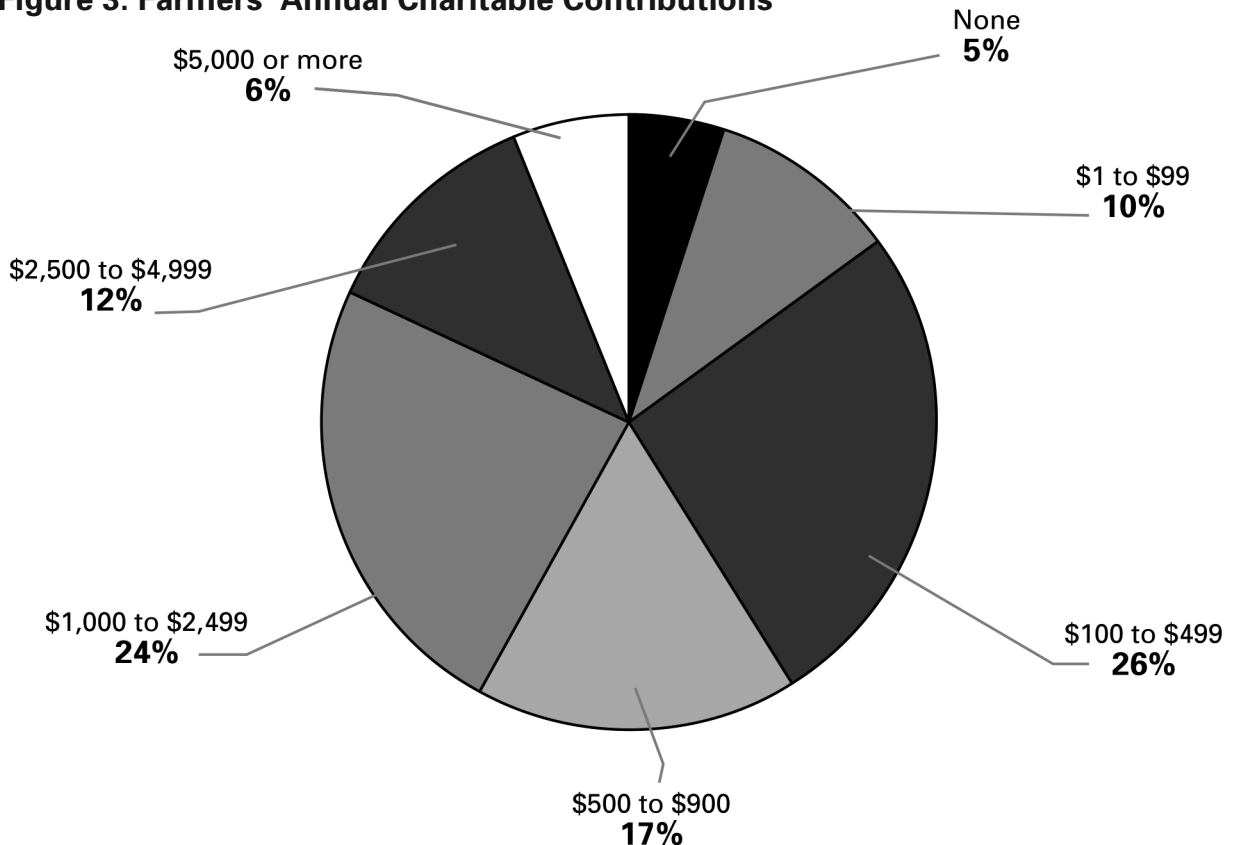
	<b>Agree or Strongly Agree</b>	<b>Unsure Percent</b>	<b>Disagree or Strongly Disagree</b>
Government should regulate health insurance costs	51	29	17
Government should provide free or reduced cost coverage for those who can't afford it	46	32	22
Government should provide limited health insurance coverage for everyone, regardless of income	36	27	37
Government should provide unlimited health insurance coverage for everyone, regardless of income	14	24	72
Government is already too involved with health insurance	27	40	33

**Charitable Giving**

Farmers were asked about financial and non-financial contributions they made during an average year. As seen in Figure 3, six percent reported giving \$5,000 or more and an addi-

tional 12 percent reported donations of \$2,500 to \$4,999. About one in four farmers gave between \$1,000 and \$2,499 annually, 17 percent gave between \$500 and \$999, and another one-fourth gave between \$100 and \$499 each year.

**Figure 3: Farmers' Annual Charitable Contributions**



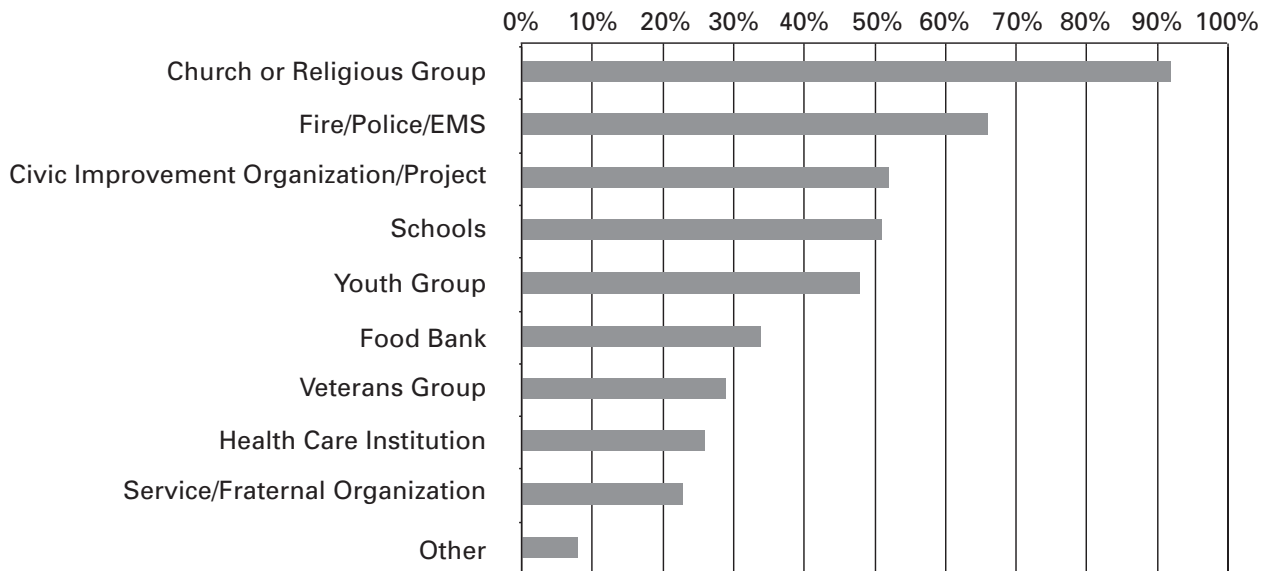
One in ten reported financial contributions of \$1 to \$99 and one in twenty indicated they made no financial contributions during a year. Of those who said they gave no money during a typical year, 65 percent indicated they did not have any money available to give. An additional 10 percent said they did not give because no one had asked them to give, 20 percent said they had not found causes they were interested in, and five percent mentioned other reasons.

Farmers who do make financial contributions have a wide variety of beneficiaries as listed in Figure 4. Ninety-one percent of farmers polled gave a portion of their financial contributions

hospital, ambulance service, or nursing home. Twenty-three percent gave money to local service/fraternal organizations such as Lions or Kiwanis clubs. Eight percent made donations to some other type of local community organization or cause.

When asked about non-financial contributions, 79 percent of farmer respondents gave time, labor, or items such as clothing or furniture to community organizations. As seen in Figure 5, of those making non-financial donations the most popular type of gift, made by 73 percent, was a donation of used clothing, household goods, appliances, or furniture. Seventy percent

**Figure 4: Beneficiaries of Farmers' Charitable Contributions**

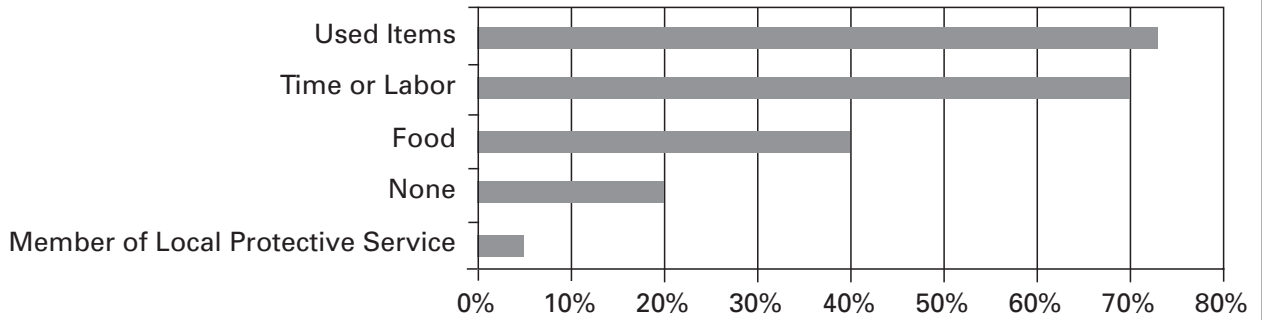


to a local church or religious group while the next most popular beneficiary was the local fire, police, or emergency service department (67 percent). Slightly over one-half gave money to a local community/civic improvement organization/project and about one-half gave money to a local school or local youth groups such as the Girl or Boy Scouts, 4-H, or Little League. About one-third gave money to a local food bank and 29 percent gave to a local veterans group. About one-fourth made donations to a local health care institution, such as a

reported donating time or labor to local charitable or civic organizations and activities, and 2 of 5 indicated they donated food to a local food bank. Six percent reported being a member of a local volunteer fire department or other local protective service.

Of the 21 percent who said they did not make non-financial contributions 46 percent said it was because they did not have enough time. An additional 29 percent said it was because there were no local organizations in which they were

**Figure 5: Farmers' Non-Financial Contributions**



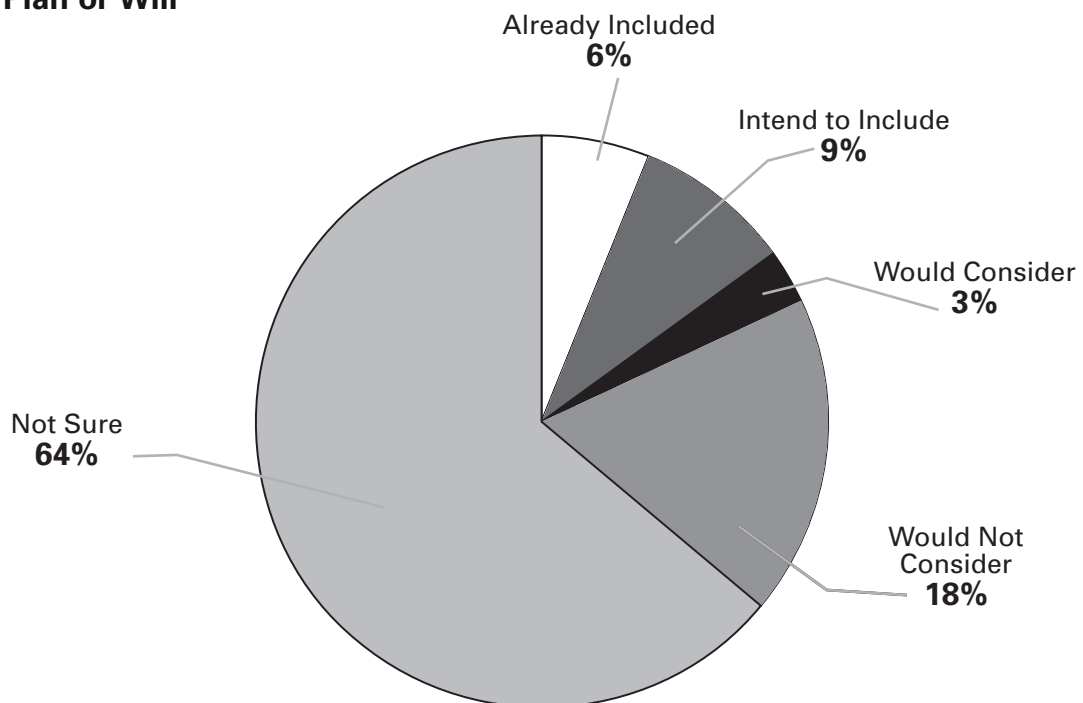
interested in participating, 18 percent indicated that no one had asked them to participate, and 9 percent gave some other reason.

Many communities have already benefited from large donations from the estate of a long-time community resident. When asked if they were planning to leave some of their assets to a local community organization or cause (Figure 6), 6 percent indicated this type of bequest had already been written into their will or estate plan. Another nine percent said they intended to change their will or estate plan to include a

community organization but had not yet put this request into writing. Three percent reported that, even though they did not have a will, they would consider this type of contribution in a future will. Eighteen percent said they would not consider making a donation to their community from their estate. The majority, nearly two-thirds, were unsure whether or not they would make this kind of gift.

In addition to financial and non-financial contributions, farmers were asked for their opinion on the importance of selected support activities

**Figure 6: Farmers' Willingness to Include Local Community Organizations in an Estate Plan or Will**



for the future of their communities (Table 2). A strong majority (87 percent) felt it was important or very important that residents volunteer

ing, 57 percent of Iowa farmer respondents said they would not. When asked about the importance of selected explanations for young

**Table 2: Farmers' Opinions on the Importance of Selected Community Betterment Activities**

	<b>Somewhat or Very Important</b>	<b>Not Sure</b>	<b>Not at All or Not Very Important</b>
	Percent		
Residents volunteering their time to community activities	87	9	4
Getting more residents to take leadership roles in the community	79	16	5
Assisting people to take over local businesses as current owners retire	68	24	8
Assisting people to take over local farms as the current owners retire	64	24	13
Financial contributions by community residents, especially larger donations given in trusts, estates, etc.	52	38	10

their time to community activities. Nearly as many (79 percent) felt it was important that more residents take on leadership roles within their community. About two-thirds thought it was important to help people take over local businesses (68 percent) or local farms (64 percent) as the current owners retire. And one in two farmers polled felt financial contributions by local residents, especially large estate gifts, were somewhat or very important for the future of their community.

## The Future of Farming as an Occupation

There is much concern about the obstacles facing young people who wish to have a career in farming. The education, experience, and resources needed to begin farming have changed much over time. When asked if they would encourage young people today to enter farm-

people not choosing farming as an occupation, financial reasons were most important. Eighty-seven percent said an important explanation for young people not entering farming was the initial investment required, and nearly three-fourths felt important explanations were low profits or high risk.

Nearly two-thirds, however, felt that a lack of available land was an important reason young people did not enter farming. As seen in Table 3, a much smaller percentage of farmers felt the amount of manual work required or living in the country were important reasons many young people stay out of farming.

Respondents also were asked about their opinions on the levels of education, experience, and family help needed by beginning farmers. On average, Iowa farmers indicated a person could be ready to farm on their own at the age of 25 and having between 7 and 8 years of farm

**Table 3: Farmers' Opinions on the Importance of Selected Explanations for Young People not Entering Farming**

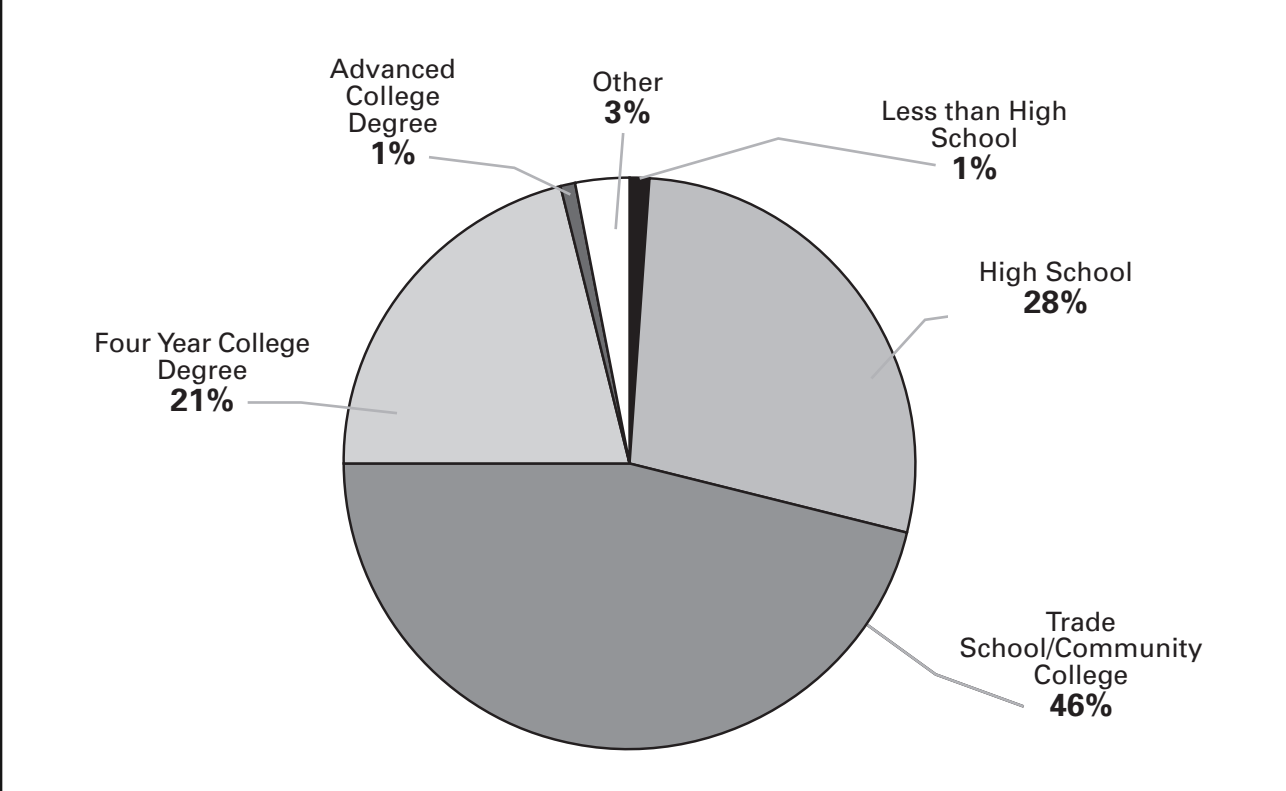
	<u>Very Important</u>	<u>Somewhat Important</u>	<u>Not Important</u>
	Percent		
Young people cannot afford to buy the necessary equipment, land, crop inputs, livestock, etc.	87	12	2
Farm profits are too low	73	24	2
There is too much risk	73	25	3
Land is not available	65	30	5
Farming requires too much manual work	20	40	41
Young people are not interested in living in the country	15	43	42

experience. As shown in Figure 7, most farmers recognized the importance of education to future farmers. Although 25 percent indicated a high school education or less would be adequate, 46 percent felt that a trade school or community college program will be necessary,

and an additional 22 percent felt four years or more of college will be necessary for future farmers.

The vast majority of Iowa farmers did not feel a beginning farmer and his or her family could make it on their farm income alone (Table

**Figure 7: Farmers' Opinions on the Level of Education Necessary for a Beginning Farmer**



**Table 4: Farmers' Opinions on the Future of Beginning Farmers**

	Yes	No
	— Percent —	—
Will a beginning farmer's spouse (if married) need to have an off-farm job to provide additional family income?	95	5
Will a beginning farmer need to have an off-farm job to provide additional family income?	92	8
Will assistance (advice, labor, equipment sharing, etc.) from family or other farmers be <u>necessary</u> for the success of beginning farmers?	86	4
Will beginning farmers be limited to the sons and daughters of current farmers?	68	32
Does a beginning farmer need to live on his or her farm?	58	42
Should a beginning farmer try to purchase farmland?	36	64

4). Ninety-five percent of farmers polled felt a beginning farmers' spouse would need to provide extra income through an off-farm job, and 92 percent felt the farmer would have to hold an off-farm job. Many farmers also did not feel a beginning farmer could make it without some type of assistance from others. Eighty-six percent said a beginning farmer would need advice, assistance with labor, or access to other farmers' equipment to get started. About two-thirds thought the next generation of farmers would always be the sons or daughters of current farmers. Fifty-eight percent of current farmers felt beginning farmers should live on their farms, but only 36 percent would encourage beginning farmers to try to purchase farmland.

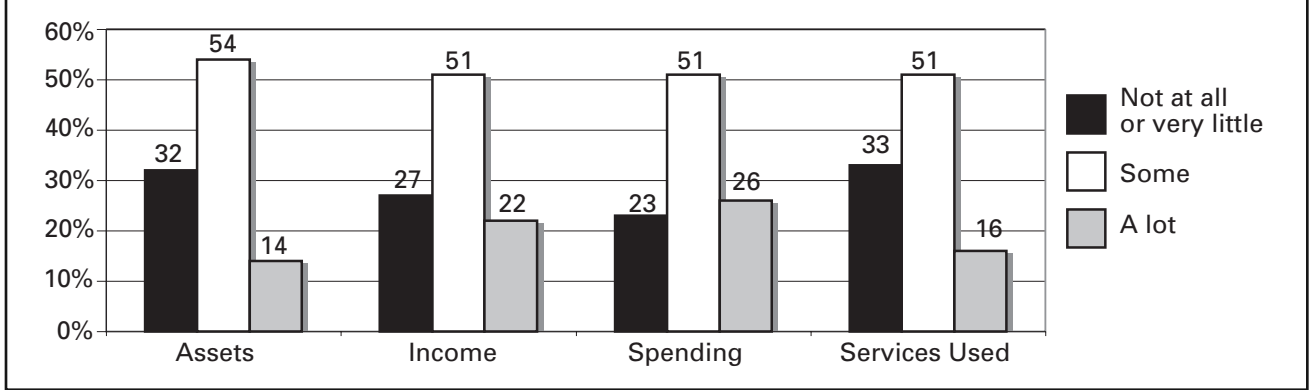
## Tax Policy

Farmers were asked how five different levels of government (school districts, city governments, county governments, the state government, and the federal government) should finance their budgets. For each level of government, farmers were asked about the appropriate level of taxes on assets, income, spending,

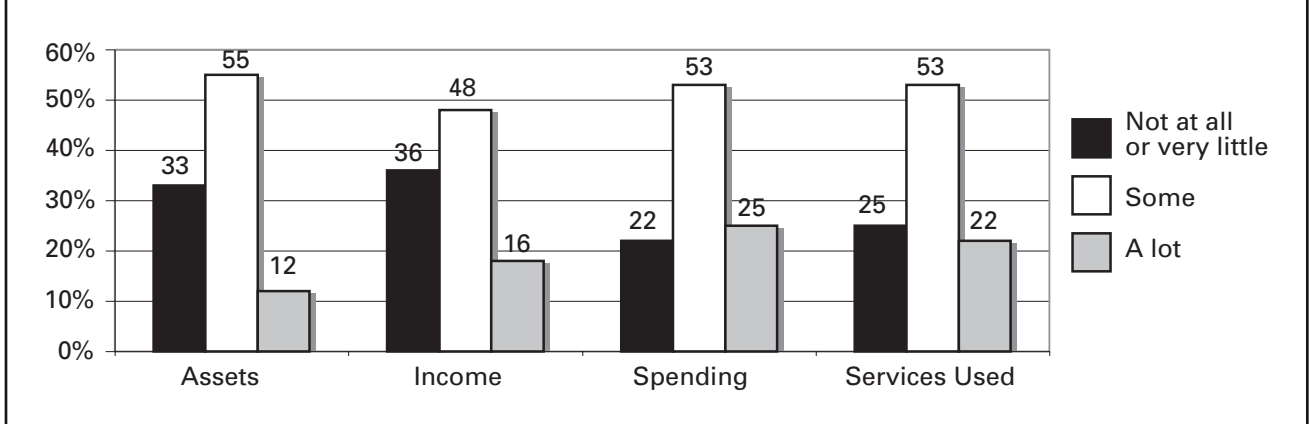
and on services used. Examples of taxes on assets include property taxes, estate taxes, and car registration fees. Taxes on income include taxes on wages, business or farm income, capital gains, and investment earnings. Examples given for taxes on spending included sales taxes, taxes on gasoline, and cigarette taxes. Taxes on services used include tolls, entrance fees, and permit/license fees.

As shown in Figures 8-11, about half of the farmers in the survey felt that school districts, city governments, county governments, and state government should receive a moderate amount of their funding through all four types of taxes. The only exception is taxes on assets for state government, for which only 40 percent of farmers responded that some of the funding should come from this source. Preferred sources of funding for the federal government (Figure 12) generally follows the pattern of state government, but with somewhat more emphasis on income taxes, slightly less emphasis on taxes on spending and services used, and even less emphasis on taxes on assets. Following are additional details on preferred sources of funds for each government level.

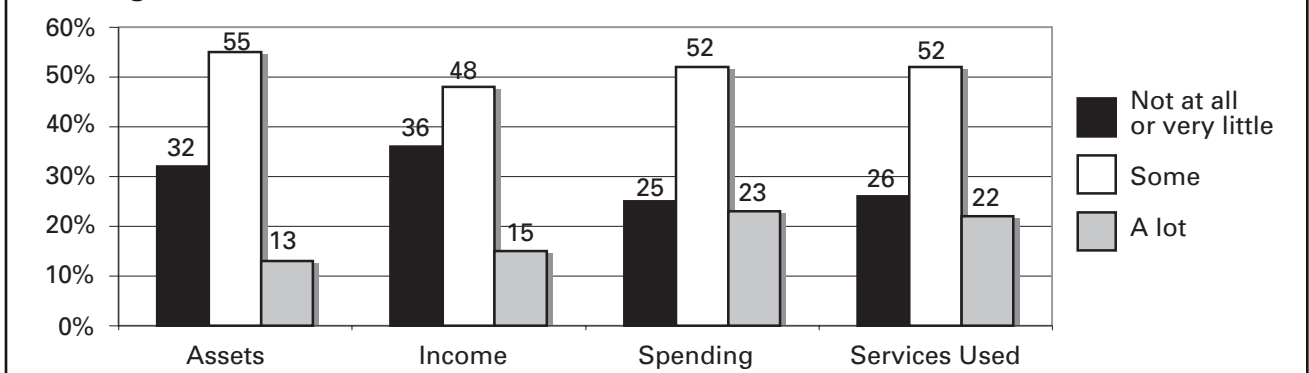
**Figure 8: Farmers' Opinions on Taxes School Districts Should Use to Obtain Funding**



**Figure 9: Farmers' Opinions on Taxes City Governments Should Use to Obtain Funding**



**Figure 10: Farmers' Opinions on Taxes County Governments Should Use to Obtain Funding**

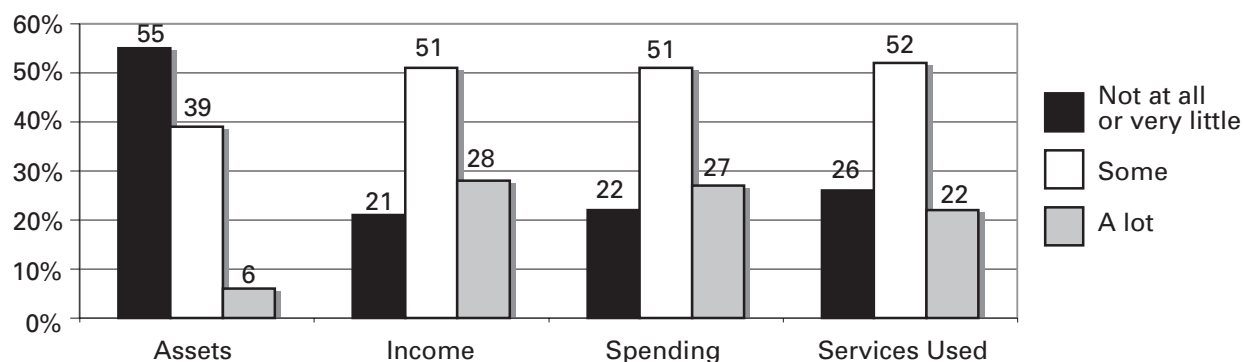


As shown in Figure 8, about one-third of the respondents felt school districts should receive very little or no revenue from asset taxes whereas about 14 percent felt this type of revenue should be used a lot. About one-fourth felt income taxes and taxes on spending should be used sparingly, and similarly about one-fourth felt they should be used a lot. One-third felt taxes on services should not be used much

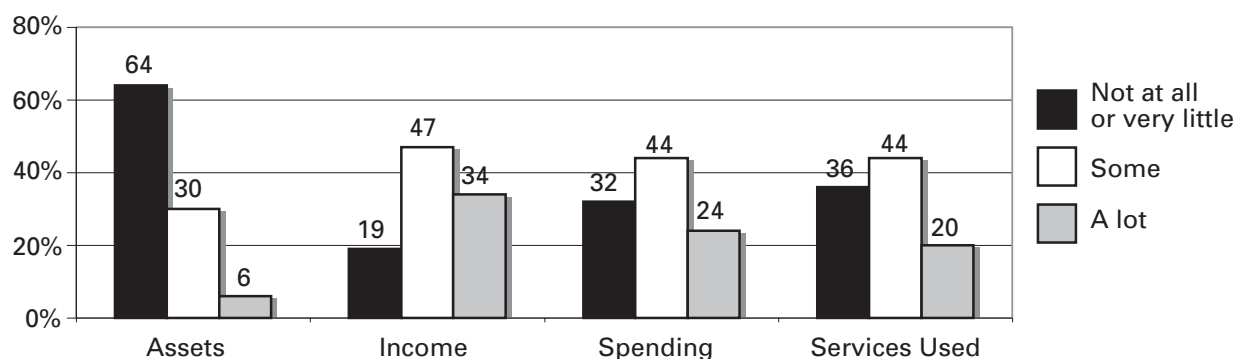
by school districts compared to 16 percent who felt they should be used extensively.

Funding recommendations for city governments and county governments by Iowa farmers (Figures 9 and 10) resembled each other closely. About one-third felt cities and counties should receive very little or no revenue from asset taxes whereas 12 percent felt this type of

**Figure 11: Farmers' Opinions on How the State Government Should Obtain Funding**



**Figure 12: Farmers' Opinions on How the Federal Government Should Obtain Funding**



revenue should be used a lot for city government and 13 percent felt it should be used a lot for county government. Thirty-six percent felt income taxes should be used sparingly by both city and county governments, and similar percentages of respondents (16 and 15 percent respectively) felt they should be used a lot. About one in four felt taxes on spending and taxes on services should be used very little or not at all, and similar percentages felt they should be used a lot.

When asked how the State of Iowa should finance its budget, Iowa farmers were notably less supportive of taxes on assets compared to local government bodies. As seen in Figure 11, 55 percent of farmers felt the state should obtain very little or no revenue from taxes on assets while only six percent felt it should receive a lot from this source. One-fifth opposed state taxes on income while over one-fourth (28 percent) felt they could be used a lot. Simi-

larly, 22 percent did not support state taxes on spending, but 27 percent supported such taxes a lot. Twenty-nine percent felt taxes on services should be used very little or not at all by the state as opposed to the 22 percent who felt they could be used a lot.

Iowa farmers were also not supportive of taxes on assets by the federal government. In addition, they were much more focused on the use of income taxes as opposed to taxes on spending or services. Nearly two-thirds farmers opposed, while only 6 percent strongly supported, taxes on assets by the federal government. Only 19 percent felt taxes on income should be used very little or not at all compared to 34 percent who felt this type of tax could be used a lot. Taxes on spending and services used received less support. One-third opposed these types of taxes compared to the one-fourth who strongly supported them.

**Table 5: Farmers' Opinions on the Feasibility of Selected Iowa Water Quality Goals**

	<b>Defi- nitely or Perhaps Possible</b>	<b>Not Sure</b>	<b>Definitely Not or Per- haps Not Possible</b>
	<b>Percent</b>		
Reduce overall water contamination from large industrial plants	83	11	6
Reduce the amount and frequency of water contamination from confinement hog facilities	77	13	9
Reduce water contamination from <u>residential</u> fertilizer and chemical applications	73	15	12
Reduce improper waste discharges from small businesses	69	20	11
Increase research on better water protection and restoration technologies	68	22	10
Build local support for water quality improvement activities	68	22	10
See increased recreational use from cleaner lakes and rivers	65	26	10
Reduce water contamination from agricultural chemical applications	64	20	17
Create a comprehensive water quality management plan that covers all major sources of water pollution	61	23	17
Access increased federal support for water quality improvement in Iowa	61	23	16
Increase permit fees and fines in order to pay for better water quality protection programs	59	24	17
Strengthen Iowa's water quality standards and inspections	57	28	15
Dedicate more state funding to protect water quality	56	25	19
Clean up all water bodies currently classified as "impaired" by 2010	50	24	27
Establish an effective, coordinated citizen group to oversee some aspects of water quality protection	47	31	21
Place stronger restrictions on septic and sewer systems	43	32	25

## Water Quality Issues

The Iowa Water Summit, held in the fall of 2003, produced multiple recommendations for improving water quality in the state. Farmers were asked to rate the potential for accomplishing many of these recommendations. As seen in Table 5, 50 percent or more of the respondents felt most of the recommendations were perhaps or

definitely possible. No more than 27 percent felt any recommendation was perhaps not or definitely not possible. Among all the statements presented to them, the largest percentage of Iowa farmers (83 percent) felt that reducing overall water contamination from large industrial plants was possible to accomplish. Slightly fewer (77 percent) felt it would be possible to reduce the amount

and frequency of water contamination from confinement hog facilities. Slightly less than three of four felt some possibility of reducing water pollution resulting from residential chemical applications. Sixty-nine percent felt we could reduce improper waste discharges from small businesses. About the same percentage felt it would be possible to increase research on better water protection and restoration technologies and to build local support for water quality improvement activities. About two-thirds of farmers thought it would be possible to see increased recreational use of cleaner rivers and lakes.

Although about 75 percent of farmers (as noted above) felt water pollution from residential chemical applications could be reduced, fewer (64 percent) felt pollution from agricultural chemical applications could be reduced. Sixty-

one percent felt it would be possible to create a comprehensive water quality management plan that covers all major sources of water pollution and to access increased federal support for water quality improvement in the state. Three of five felt increasing permit fees and fines in order to pay for better water quality protection programs was a possibility, and only slightly fewer felt it would be possible to strengthen water quality standards and inspections and to dedicate more state funding to water quality protection.

The Iowa Water Summit's key goal was to clean up all water bodies currently classified as "impaired" by 2010. One-half of farmers polled felt this had some possibility. Fewer than half felt it was possible to establish an effective citizen oversight group or to strengthen septic/sewage system regulations.

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Prepared by Peter Korsching, professor of Sociology; Paul Lasley, professor of Sociology and extension sociologist; and David Roelfs. Leslie Daub and Del Marks provided valuable layout assistance to the questionnaire and this report. The Iowa Department of Land Stewardship, Division of Statistics, assisted in the data collection.

File: Communities 9-3

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