Ag Decision Maker

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2009 Farm and Rural Life Poll: the next generation of farmers

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The Iowa Farm and Rural Life Poll is an annual survey that collects and disseminates information on issues of importance to rural communities across Iowa and the Midwest. Conducted every year since its establishment in 1982, the Farm Poll is the longest-running survey of its kind in the nation.

Next generation of farmers

The farm population is aging nationwide, and Iowa farmers are no exception. As more farmers approach or reach retirement age, questions about retirement and farm succession plans increase in importance. The 2008 Farm Poll found that 42 percent of farmers planned to retire in the next five years. Among those farmers who planned to retire, only 56 percent had identified a successor. The 2009 Farm Poll asked participants about farm succession issues, including opinions about how their children chose their career paths, what factors figured into their own decisions to become farmers, and beliefs regarding different programs and initiatives that support beginning farmers.

Farmers were asked if they had adult children, and whether or not any of those children were farmers. Seventy-three percent of respondents indicated that they had adult children over 18 and not in school. Among those farmers who had adult children, 33 percent had at least one child who was currently farming. Of those, ten percent had multiple children who were farmers. Twenty-seven percent had at least one son who farmed and 11 percent had at least one daughter who farmed. The 735 farmers who were over 55—approaching retirement age—had 350 children who farmed, a proportion (48 percent) that represents less than half of the number that will be needed to replace the current generation of farmers as they retire.

Factors influencing children's decisions to farm

We asked participants about the reasons and motivations that had factored into their children's decisions to enter farming. The first set of questions focused on adult children who chose to farm. Farmers were provided with a series of reasons that could have figured into their children's decisions to choose farming as their occupation and asked to rate their importance on a five-point scale from "not important at all" to "very important."

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Handbook updates

For those of you subscribing to the handbook, the following updates are included.

Iowa Corn and Soybean County Yields – A1-14 (4 pages)

Cash Corn and Soybean Prices – A2-11 (4 pages)

2010 Iowa Farm Custom Rate Survey – A3-10 (2 pages)

Monthly Swine Farrow to Finish Returns – B1-31 (2 pages)

Monthly Returns from Finishing Feeder Pigs – B1-34 (1 page)

Monthly Cattle Feeding Returns – B1-36 (2 pages)

Please add these files to your handbook and remove the out-of-date material.

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Inside . . .

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The motivation that received the highest rating was love of farming, with 80 percent of farmers indicating that it was either important or very important in their children's decisions to become farmers (Table 1). Following in importance were quality of life considerations and having grown up wanting to farm. Seventy-two percent of farmers rated these factors as having been important or very important criteria in their children's decisions to farm. Ability to be their own boss (68 percent), desire to stay close to home (56 percent), desire to carry on family tradition (55 percent), and family ability to help get them started (55 percent) were also rated as important or very important by a majority of Farm Poll participants.

Several reasons were seen as relatively unimportant. Lack of other options was viewed as the least important factor, with 70 percent of farmers indicating that this item was unimportant or not important at all in their children's decisions to farm (Table 2). Fairly high percentages rated the following factors as unimportant or not important at all: family expectations to farm (58 percent), a spouse's desire to farm (57 percent), low stress compared to other occupations (48 percent), and better income than other options (43 percent).

Taken together, these responses indicate that parents of children who farm believe that cultural and lifestyle factors weighed more heavily in their children's decisions to farm than did economic criteria.

Factors influencing children's decisions to choose another career

Having examined some of the reasons that influenced children's choice to farm, we now turn to children who decided not to farm. Farm Poll participants with adult children who had not entered farming were asked to rate the importance of factors that may have motivated their children to select another occupation over farming.

In contrast to the factors influencing the decision to farm, most of the reasons that were rated as most important in the choice of a non-farm career were economic. The dominant reason, by far, was that other occupations provided better income. Seventy-five percent of farmers indicated that this reason had been either important or very important in shaping their children's decisions to go into a field other than farming (Table 3). Following in importance were inability to afford the necessary equipment, land, livestock and other factors of production (52 percent important or very important), high land rents (50 percent important or very important), high risk (45 percent important or very important), and low farm profits (43 percent important or very important). Among non-economic reasons, lack of interest in farming was the only one that approached 50 percent; 46 percent of farmers believed that lack of interest in farming was either important or very important in their children's decision-making processes. Thirty-nine percent cited lack of interest on behalf of their children's spouses as having played an important or very important role.

Other reasons are notable for their relative lack of importance in their children's selection of non-farm professions. Conventional wisdom suggests that the level of manual labor involved in farming and the perceived isolation of rural life combine to discourage young people from entering farming. Farm Poll data do not support that view. Sixty-two percent of farmers cited that the labor demands of farming did not figure into their kids' decisions not to farm, and 61 percent felt that disinterest in rural living was a non-factor (Table 3). Family expectations to find another occupation was also rated low on the importance scale, with 49 percent of farmers indicating that it was either unimportant or not important at all.

Factors influencing participants' decisions to choose farming

A final set of questions focused on the Farm Poll participants themselves, and the factors that motivated them to choose farming as a career. Love of farming and quality of life topped the list, with 81 and 75 percent of participants expressing that these reasons had been either important or very important in their decisions to farm (Table 4). The ability to be their own boss and a desire to farm while growing up also figured prominently, with around three-quarters of

Table 1. Factors influencing children's decisions to farm: High importance

	Not at All Important		Somewhat Important		Very Important
	—Percentage—				
Love of farming	2	2	17	29	51
Quality of life	2	2	24	36	36
Grew up wanting to farm	5	4	19	30	42
Could be their own boss	5	4	22	38	30
Desire to stay close to home	9	11	24	34	22
Desire to carry on family tradition	8	8	29	29	26

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Table 2. Factors influencing children's decisions to farm: Low importance

	Not at All Important		Somewhat Important		Very Important
	—Percentage—				
Lack of other options	45	25	21	7	3
Family expectations to farm	29	29	25	9	8
Their spouse wanted to farm	38	19	19	14	11
Farming is less stressful than other occupations	19	29	33	15	4
Better income than other options	16	27	37	14	6

respondents scoring these factors as important or very important. Somewhat less significant, but still rated important or very important by approximately half of participants, were a desire to stay close to home (56 percent), a desire to carry on family tradition (54 percent), and family ability to help get them started (48 percent).

Several factors were rated relatively low on the importance scale. Sixty-four percent of Farm Poll participants rated having a spouse who wanted to farm as unimportant or not at all important in their decision to choose farming. Similarly, the absence of options aside from farming and family expectations to farm were regarded as unimportant by over 50 percent of participants. Levels of stress and income relative to other occupations also ranked low on the importance scale, with 48 and 44 percent of Farm Poll participants indicating that these factors had little influence over their choice of farming as an occupation.

On the whole, results suggest that for those individuals who chose farming as their career, cultural and lifestyle factors were the predominant reasons underlying that choice. Whether regarding their own decisions to farm, or their children's decisions, love of farming and quality of life issues were fundamental. On the other hand, for those children who did not choose to farm, parents' assessments clearly point to economic factors as the most important decision criteria, whether in the form of economic barriers to farm entry or better income opportunities elsewhere.

Programs to support beginning farmers

Beginning farmers face numerous challenges as they build their farm operations, and there are a number of organizations and programs that can help them to pursue their farming goals. We asked farmers to assess the need for several current and potential programs. Support was found to be strong for all of these initiatives, but especially so for programs that specifically target beginning farmers. Over 80 percent of farmers rated the expansion of loan programs for beginning farmers and programs that link beginning farmers with retiring farmers as either needed or critically needed (Table 5). Large percentages of farmers also indicated that mentoring programs that connect beginning farm families with established farm families (77 percent),

Table 3. Factors influencing children's decisions to choose another career

	Not at All Important		Somewhat Important		Very Important
	—Percentage—				
Other occupations provided better income	7	4	13	25	50
They could not afford to buy the necessary equipment, land, crop inputs, livestock, etc	20	10	19	15	37
Land rents were too high	24	10	16	20	30
They were not interested in farming	21	12	22	19	27
There is too much risk in farming	21	11	23	21	24
Rental land was not available	26	11	18	15	30
Farm profits are too low	22	10	25	17	26
Their spouse was not interested in farming	32	11	17	14	25
Family expectations to find another occupation	32	17	25	14	12
They were not interested in living in the country	44	17	18	11	10
Farming requires too much manual labor	40	22	19	10	9

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expansion of beginning farmer tax credit programs (76 percent), outreach programs that link absentee landowners with beginning farmers (75 percent), and succession planning assistance for established farmers (74 percent) are needed or critically needed.

Potential initiatives that were not specific to beginning farmers also received high levels of endorsement as either needed or critically needed: farmer-led value-added agriculture initiatives (75 percent), development of markets for alternative crops (73 percent), and training in the production and marketing of non-traditional crops (65 percent). Overall, these results point to overwhelming support for a broad array of beginning farmer programs.

Survey information

Iowa State University Extension, the Iowa Agriculture and Home Economics Experiment Station, and the Iowa Department of Agriculture and Land Stewardship are all partners in the Farm Poll effort. The information gathered through the Farm Poll is used to inform the development and improvement of research and extension programs and is used by local, state and national leaders in their decision-making processes. We thank the many farmers who responded to this

Table 4. Factors influencing Farm Poll participants' decisions to choose farming

	Not at All Important		Somewhat Important		Very Important
	—Percentage—				
Love of farming	2	3	14	26	55
Quality of life	3	3	20	31	44
Could be my own boss	4	4	17	34	41
Grew up wanting to farm	4	6	15	25	49
Desire to stay close to home	10	10	24	29	27
Desire to carry on family tradition	12	11	23	21	33
My family was able to help me get started	23	9	20	24	24
Family expectations to farm	36	20	22	14	9
Farming is less stressful than other occupations	23	25	32	14	7
My spouse wanted to farm	47	17	17	11	8
Better income than other options	17	27	39	11	6
Lack of other options	41	20	25	9	5

Table 5. Need for beginning farmer support programs

	Not Needed	Uncertain	Needed	Critically Needed
	—Percentage—			
Expanded beginning farmer loan programs	7	10	46	37
Programs that link beginning farmers with retiring farmers	7	11	50	32
Mentoring programs that connect beginning farm families with established farm families	10	14	55	22
Expanded beginning farmer tax credit programs	10	14	48	28
Outreach programs that link absentee landowners with beginning farmers	11	14	50	25
Support for farmer-led value-added agriculture initiatives	9	16	52	23
Succession planning assistance for established farmers	11	14	50	24
Development of markets for alternative crops	10	17	48	25
Training programs on producing and marketing non-traditional crops for farmers' markets, restaurants, grocery stores, and institutions	17	19	48	17

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year's survey and appreciate their continued participation in the Farm Poll.

Who participates?

The 2009 Farm Poll questionnaires were mailed in January and February to a statewide panel of 2,201 farm operators. Usable surveys were received from 1,268 farmers, resulting in a 58 percent response rate. On average, Farm Poll participants were 64 years old, and had been farming for 39 years. Fifty percent of farmers reported that farm income made up more than half of their overall 2008 household income, and an additional 20 percent earned between 26 and 50 percent of their household income from farming. This report summarizes the results of the 2009 survey.

Copies of this or any other year's reports are available from your local county Extension office, the Extension Distribution Center (www.extension.iastate.edu/store), Extension Sociology (www.soc.iastate.edu/extension/farmpoll.html), or from the authors.

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2010 Iowa farm custom rate survey available

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The 2010 Iowa Farm Custom Rate Survey followed the recent trend of small, but consistent annual increases in rates. Most tillage operations showed increases of one to two percent over the average rates in the 2009 survey, while harvesting rates were up slightly less than that. Some operations showed no change or a slight decrease from the 2009 survey.

The values reported on the survey are simply the average of all the responses received for each category. The range of the highest and lowest responses received is also reported. Values are rates expected to be charged or paid, including fuel and labor. These values are intended only as a guide. There are many reasons why the rate charged in a particular situation should be above or below the average. These include the timeliness with which operations are performed, quality and special features of the machine, operator skill, size and shape of fields, number of acres contracted, and the condition of the crop for harvesting. The availability of custom operators in a given area will also affect rates.

A total of 187 people responded to this year's survey. Of this group, 30 percent indicated that they performed custom work, 18 percent indicated that they hired work done, and 52 percent indicated that they did both. New in the 2010 survey is information on straw or corn stalk baling listed both with and without wrap. The average price for diesel fuel was assumed to be $2.25 per gallon. Machinery rental rates can be estimated on the back of the survey publication.

The Ag Decision Maker offers a Decision Tool to help custom operators and other farmers estimate their own costs for specific machinery operations. The Machinery Cost Calculator (file A3-29) can be found under Crops, then Machinery in the Ag Decision Maker table of contents.

The 2010 Iowa Farm Custom Rate Survey is available at ISU Extension county offices or online as publication FM-1698 from the ISU Extension online store, or as *Information File* **A3-10, Iowa Farm Custom Rate Survey**, on the Ag Decision Maker website.

Average Farm Custom Rates Reported for Iowa

Operation	1978	1988	1998	2010
Chisel plowing, per acre	$6.00	$8.40	$9.65	$13.30
Planting, per acre	$4.40	$6.80	$8.85	$14.20
Spraying, per acre	$2.40	$3.50	$4.00	$6.10
Combining corn, per acre	$16.20	$22.00	$23.40	$29.90
Combining soybeans, per acre	$14.00	$20.60	$22.55	$28.70
Baling square bales, per bale	$.21	$.29	$.36	$.50
Custom farming, corn, per acre	$58.00	$71.00	$75.80	$102.40
Custom farming, soybeans, per acre	$50.00	$65.00	$70.65	$91.05
Machinery operating wage, per hour	$3.50	$5.10	$7.20	$11.70

Source:
Iowa State University, Iowa Farm Custom Rate Surveys, FM-1698.

Updates, continued from page 1

Internet Updates

The following updates have been added on www.extension.iastate.edu/agdm.

Historical Corn Yields by County – A1-12 (10 pages)

Historical Soybean Yields by County – A1-13 (10 pages)

Livestock Enterprise Budgets for Iowa – B1-21 (22 pages)

LGM Dairy - A Risk Management Tool for Milk Producers – B1-53 (3 pages)

Leasing Arrangements and Self-employment (Social Security) Tax – C2-41 (2 pages)

Financial Terms – C3-05 (10 pages)

Transportation Terms – C3-06 (2 pages)

How to Use Grants – C5-08 (3 pages)

Setting Your Price – C5-17 (6 pages)

Product Marketing Terms – C5-14 (7 pages)

Value-added Business Success Factors: The Role of Investor Attitudes and Expectations – C5-181 (2 pages)

Value-added Business Success Factors: The Role of Financial Structure and Performance – C5-182 (2 pages)

Value-added Business Success Factors: Strategic Planning and Implementation – C5-183 (2 pages)

Value-added Business Success Factors: Organizational Issues – C5-184 (2 pages)

Decision Tools and Current Profitability

The following tools have been added or updated on www.extension.iastate.edu/agdm.

SURE Payment Calculator – A1-44

Season Average Price Calculator – A2-15

Corn Profitability – A1-85

Soybean Profitability – A1-86

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

Returns for Farrow-to-Finish – B1-30

Returns for Weaned Pigs – B1-33

Returns for Steer Calves – B1-35

Returns for Yearling Steers – B1-35