

NEBRASKA COOPERATIVES

Nebraska Farming Demographic Trends: What Will Future Nebraska Farmers Look Like?

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The US Agricultural Census describes four key Nebraska farming trends. Future operations will (1) be of larger or smaller size, (2) generate most sales from a shrinking number of operations, (3) be operated by aging operators, and (4) be transferred to a shrinking pool of young operators.

Nebraska Farm Size Distribution

Fewer operations exist in Nebraska than 30 years ago. In 1987 there were about 61,000 operations; there are 47,000 today. Farmed acreage has remained roughly constant at 45 million acres. The average operation size, as a result, has grown from 750 acres in 1987 to 971 acres in 2017 (the most recent Census). Average operation size increased more rapidly in recent years.

The operation size distribution is changing. Today, about 65% of all acres are in 2000+ acre operations as compared with 35% 30 years ago. The largest growth in acres are in operations of \$1 million or more in sales, increasing from 2 million acres in 1987 to 15 million acres today. About 20% of operations farm 80% of acres. The share of operations with less than 180 acres has increased over time – these do not depend on extensive farm sales as household income. Trends in operation size have implications for cooperatives to attract and reward loyalty from relatively small and large operations.

Nebraska Agricultural Sales Concentration

Nebraska agricultural sales are concentrating into a smaller number of farming operations. Today, 925 farms, about 2% of operations, account for 50% of Nebraska farm sales. In 1987, 20% of acres, land value, buildings and machinery produced half of all sales. Today, about 10% of all acres and assets do.

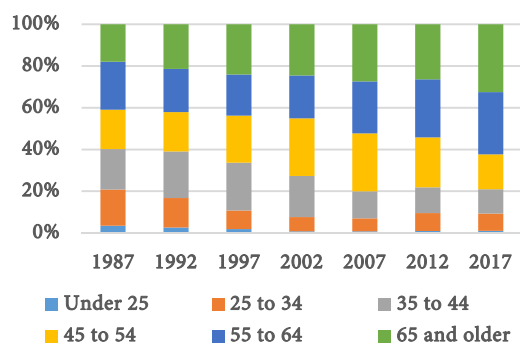
Grain and cattle sales illustrate sales concentration trends. Currently, 3% (756 operations) of grain and oilseed operations account for 15% of all grain and oilseed sales, with the average farm in this group generating \$1.6 million in sales. 3% of cattle operations (659 operations) account for 76% of Nebraska cattle sales, operations in this group generating an average \$12 million in sales.

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Farms generating 50% of sales purchase less than 50% of inputs. These farms account for about 15% of fertilizer, chemical and petroleum purchases. Concentration in farm sales has implications for how cooperatives meet the needs of fewer, larger farms.

Nebraska Farm Operator Age Distribution

Figure 1. Nebraska Farm Operator Age Distribution, 1987-2017



The average principal operator today is ten years older (59 years of age) than in 1987. Figure 1 shows that over 60% of Nebraska principal operators are over 55 years old. In 1987, 40% were over 55. There is also an apparent permanent decline in the number of principal producers under age 44.

An increasing fraction of acres is operated by producers 55 and over. In 1987 40% of acres were operated by this group; in 2017 it's 60%. Individuals aged 35 to 44 operate about half the acres they did 30 years ago. These trends have implications for age-based equity redemption programs in cooperatives and for how land is transferred across generations.

New Nebraska Farmers

About 16,000 Nebraska operators have been in production for 10 years or less. Most are 44 years old or younger. Currently about 40% of farm operators are female.

In many counties there are very few new producers. Typical Nebraska counties have less than 100 new producers, and the number is declining. This suggests the importance for cooperatives to get to know future leaders of farm communities.

Summary

Future Nebraska farms, over the next several years, will be larger and managed by older operators. Some of this land will be transferred to larger operations via rental or land sales. Nebraska agricultural cooperatives will develop relationships with future farmers who operate larger operations and are looking to transfer land to via rental and land sales, potentially to younger farmers.