

NEBRASKA COOPERATIVES

Eastern Nebraska Farming Demographic Trends: What Will Future Farming Operations Look Like?

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The US Agricultural Census describes farming trends at the county level. Trends indicate many future farming operations will (1) be of larger size, (2) sales in the 19-county area will be from a shrinking number of operations, (3) be operated by aging operators, and (4) be transferred to a shrinking pool of young operators.

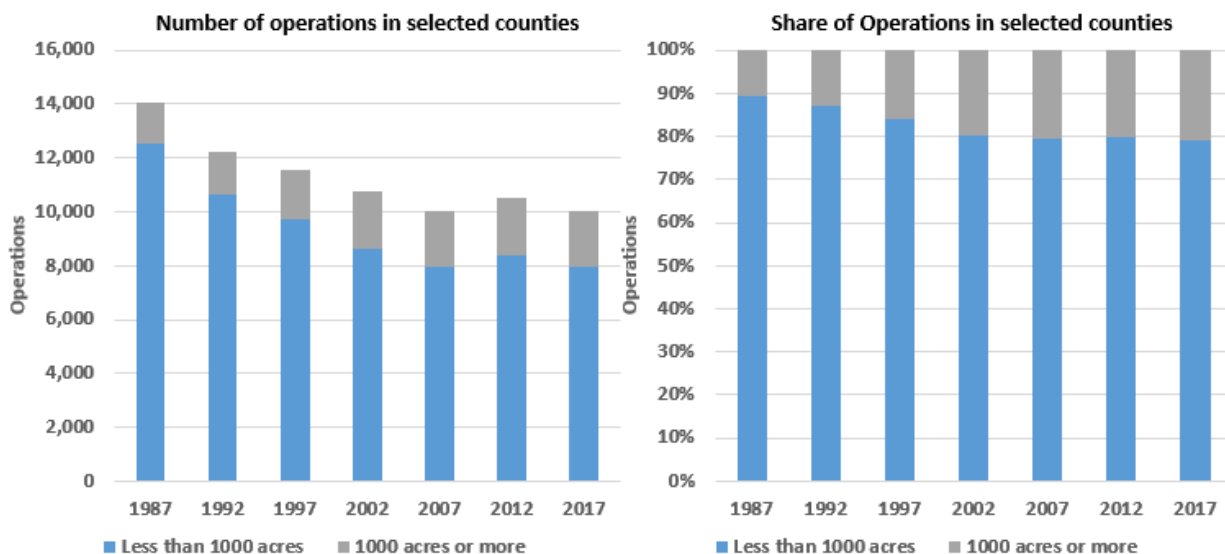
In the following, 19 Nebraska counties are considered: Adams, Buffalo, Clay, Fillmore, Franklin, Gosper, Hall, Hamilton, Howard, Jefferson, Kearney, Merrick, Nuckolls, Polk, Saline, Seward, Sherman, Thayer, and York.

19-county Farm Size Distribution

Fewer operations exist in the 19-county area than 30 years ago. In 1987 there were about 14,000 operations; there are 10,000 today. Farmed acreage has remained roughly constant at 6 million acres. The average operation size, as a result, has grown from 469 acres in 1987 to 669 acres in 2017 (the most recent Census). Average operation size has increased more slowly since 2002.

County-level Census data categorizes farm size, with the largest category being “1000 acres or more”. The operation size distribution is changing in the 19-county area. Today, about 20% of all acres are in 1000+ acre operations as compared with just over 10% 30 years ago (Figure 1). Size is also categorized in the Census based on dollars of sales, with the largest category being “\$100,000 or more”. About 50% of operations in the 19-county area in 2017 have sales of \$100,000 or more. About 20% of operations generate 50% of sales.

Figure 1. Operations Smaller or Larger than 1000 Acres



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Agricultural Sales Share

Total agricultural sales in the 19-county area have been a steady share of statewide sales. In 2017, the 19-county area generated 22% of all sales. These sales were generated on 14% of statewide acres and 23% of asset (land and machinery) value.

Sales shares of various commodities, however, have changed since 1987 within the 19-county area.

Corn: In 2017, the 19-county area generated 32% of all Nebraska “corn for grain” sales, down from 37% in 1987. 27% of Nebraska corn operations are in the 19-county area (slide 9). In general, Nebraska corn sales are growing faster outside the 19-county area than within it during the 1987 to 2017 period.

Soybeans: In 2017, the 19-county area generated 29% of all Nebraska soybean sales, an increase from 21% in 1987. 26% of Nebraska soybean operations are in the 19-county area. In general, Nebraska soybean sales are increasing faster inside the 19-county area than outside it during the 1987-2017 period.

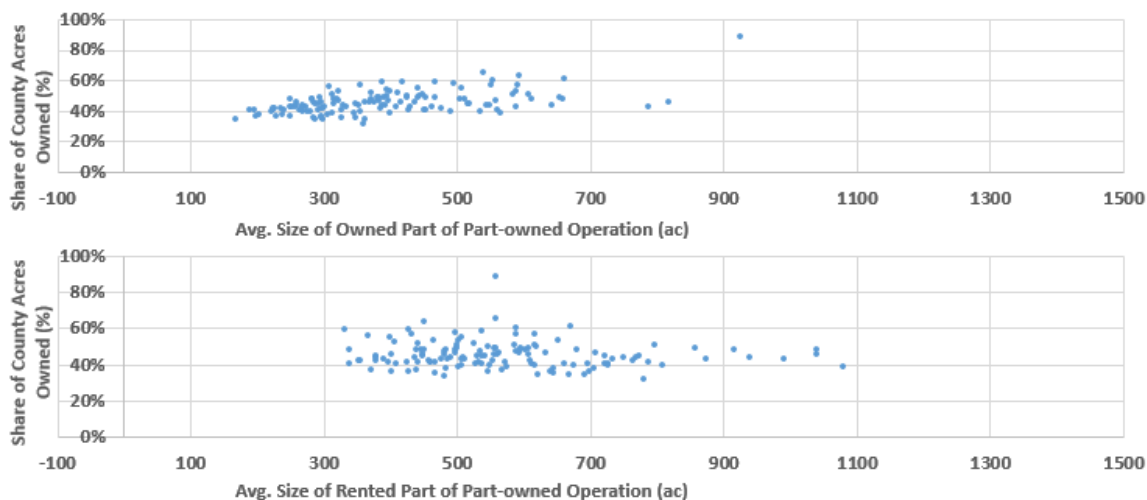
Cattle and calves: In 2017, the 19-county area generated 16% of all Nebraska “cattle and calves” sales, a decrease from 19% in 1987. 20% of Nebraska cattle and calf operations are in the 19-county area. Nebraska cattle and calf sales are increasing faster outside the 19-county area than within it during the 30 year period.

Swine: In 2017, the 19-county area generated 10% of all Nebraska swine sales, a decrease from 22% (slide 12). Nebraska swine sales are increasing faster outside the 19-county area than within it during the 30 year period.

Farms in the 19-county area generate 21% of Nebraska input purchase sales. The volume of total input expenses increases 24%, on average, every five years.

Regional Land Ownership Tenure and Operation Size

Figure 2. Owned and Rented Operation Size and Relationship to Share of Land Owned in County



The share of acreage held in wholly owned operations has decreased from approximately 20% of all acres in 1987, to 16% (980,000 ac) of acres in 2017. Acreage in part-

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owned operations has increased. The owned part of these operations increased to 30% of all acres (1.8M ac) in the area, the rented part increased to 41% of acres (2.5M ac). Tenancy acreage declined to 13% in 2017, down from 19% in 1987. These changes follow, roughly, the statewide trends in land tenure.

Average operation size and land tenure are related. Figure 2 shows that as more land is owned in a county the average part-owned operation grows in acreage – another indicator of land ownership concentration. The average size of the rented part of a part-owned operation in the area is larger (681 ac) than the owned part (495 ac) of part-rented operations in 2017.

Nebraska Farm Operator Age Distribution

The average principal operator today in the region is about seven years older (55 years of age) than in 1987. This is about 4 years younger than the state average age. Nearly 60% of operators in the 19-county area are over 55 years old, similar to trends statewide. In 1987, 40% were over 55. There is decline in the number of operators under age 44, but these are 25% of operators in the 19-county area, the most since 2007.

New Farmers

About 3300 new operators (10 years or less on any farm) are in the region, running 2400 operations and 13% of all acres (1.1M ac).

In many counties within the area there are very few young producers. Typical counties in the 19-county area have less than 100 young producers, and the number is recently increasing in the 19-county area. 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. The sales share of operations in the 19-county area is holding steady during the 1987-2017 period, as compared with all Nebraska agriculture sales. Land in the area will be transferred to larger operations via rental or land sales in partnerships or family-owned corporations. 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.