

An Investigation Into the Needs and Concerns of Young Pennsylvania Farmers

A report by
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Introduction

Pennsylvania has a long and distinguished history as a farming state. This legacy, however, is in a state of transition as farmers are getting older and fewer young people are interested in becoming farmers. In fact, there are twice as many farmers over the age of 65 as there are farmers under the age of 35.

The inability of young farmers to access capital and the increase in development pressures in many parts of the commonwealth are also contributing to the loss of working farms. A challenge for Pennsylvania is to identify ways to encourage young individuals to choose farming as a career, to help these individuals obtain appropriate financing for their business, and to allow them to make a reasonable living.

This research project, which was conducted in 2003, examined issues that impact young Pennsylvania farmers as they enter farming and attempt to achieve long-term economic viability in farming. The research team conducted a series of key informant interviews, issued a mail survey, and analyzed the results.

Key Informant Interviews

The researchers identified 10 individuals as key informants including farmers, representatives from farming-related organizations, and individuals involved in developing state-level policy decisions regarding agriculture.

Participants were asked to identify the current and future issues impacting young Pennsylvania farmers and to offer advice to young farmers and other young people who were considering farming.

Key Themes

Several issues and themes arose from discussions with key informants as follows:

- **Economics** - Young farmers typically face considerable economic hurdles to enter into farming. Even when a farm is handed down, a young farmer may have to buy more land, equipment, livestock, and/or supplies. A young farmer may also have to pay inheritance taxes, health insurance, and liability insurance. Financial hurdles are even more difficult for a young person who is not inheriting a farm. Maintaining the economic viability of the farming operation is also difficult. Oil prices increase operating costs that cannot simply be passed on to the consumer. The dairy industry has been particularly hard hit because operating costs are increasing at the same time milk prices are stagnating. Another issue complicating financial operations is that commodity prices for agricultural products are set at a national level and Pennsylvania's smaller producers do not fare as well financially because they don't have the economies of scale of their Midwest counterparts. For those wishing to expand operations to achieve



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economies of scale, local regulations and the high cost of land in some areas of the state can be hindering factors. Finally, there are strong economic incentives associated with selling the farm and leaving farming. For older farmers with no identified successor and those whose land offers the financial security needed for retirement, selling their farms for development becomes a viable option.

- **Access to Capital and Other Resources** - Every respondent addressed the increasing difficulty of being able to purchase additional land and equipment. Access to affordable and appropriate financing is especially difficult for young farmers lacking experience and collateral. Some respondents commented about the need for a “one-stop shopping” resource where a farmer or potential farmer could access information regarding assistance and advice concerning finances, getting started, or expanding. Participants said that current efforts may be well intended but appear to overlap in mission and are not easy to access. (Note: The survey was completed before the establishment of the Pennsylvania Department of Agriculture’s Center for Farm Transitions.) An important component of access to resources is the difficulty farmers are having in finding a network of resources critical to the operation of their business. There are fewer milk trucks available to pick up milk at dairy operations; fewer butchers and other processors; and fewer equipment repair shops, large-animal veterinarians, feed and seed stores, and other resources.

- **Niche Marketing** - Respondents addressed the need for farmers to be flexible in their thinking and approach to farming. They suggested that farmers find ways to develop and produce a product for which a consumer would be willing to pay a higher price. One respondent

indicated that farmers should redefine their business in terms of what it provides to the customer rather than the actual product that the farm produces. For example, farmers could develop value-added products and direct marketing relationships to capture a greater percentage of the consumer’s food dollar.

- **Lifestyle** - Despite the problems with overall profitability and economics, several respondents indicated there was a “draw” or “pull” toward farming that was difficult to articulate. This was particularly true with those individuals who had grown up on a farm and/or were currently farming. There is a tremendous amount of personal satisfaction involved in working the land, being an independent businessperson, providing food for others, and working with animals. The lifestyle and satisfaction associated with these aspects of farming do offer some bit of partial compensation for the long hours, hard work, and financial challenges.

- **Community Relations** - Several respondents indicated that farmers seemed to be viewed somewhat negatively by their non-farming neighbors and sometimes even by their local elected officials. In some parts of the state, farming has become a very insulated lifestyle and profession. Fewer farmers exist in some areas to help remaining farmers form a support network. Increased suburbanization of rural areas also makes it challenging as some newer residents appreciate the open spaces and beautiful landscapes, but not the noises and odors that accompany farming.

At the end of the interview, the researchers asked the respondents to indicate, on a scale of 1 to 5, where 1 is not important and 5 is very important, how important several issues are when considering a young person’s future in farming. (See Table 1) These results should not be interpreted too broadly since the key informant groups were small and the items on the list were not rotated. However, the results lend some support to the assertion that profitability and capital are key concerns to young Pennsylvania farmers.

Table 1: Important Issues When Considering a Future in Farming

Issue	Mean Rating*
Overall Profitability	4.8
Availability of Capital & Other Resources	4.1
The Use of Technology	4.0
Complying With Government Regulations	3.6
The Limited Availability of Land	3.5
The Overall Role of Government	3.4

*Values range from 1 (not important) to 5 (very important)

Advice

When respondents were asked to give advice to young farmers and other individuals who may be considering farming as a profession, there was a broad spectrum of advice for young people. Overall, these recommendations may be summarized into six key pieces of advice: develop a sound business plan; identify your consumer; educate yourself; identify your goals; limit your debt; and get involved in non-farm activities.

Mail Survey of Young Farmers

The Pennsylvania Farm Bureau’s Young Farmers and Ranchers Association and the Pennsylvania Association for

Table 2: Highest Level of Educational Attainment

Educational Level	% of Survey Respondents
Less than high school	5
High school graduate	36
Some college	13
College graduate	32
Technical school graduate	7
Some graduate school	3
Graduate school graduate	4
Total:	100

Table 3: Respondents Who Attended Specialized Classes and Training

Type of Classes And Training	% Who Took Classes/Training
In high school, classes/training in:	
- farming/agriculture	45
- business/management	54
In college, classes/training in:	
- farming/agriculture	42
- business/management	53

Table 4: 2002 Total Farm Sales

Gross Sales	% of Survey Respondents
Less than \$10,000	19
\$10,000 - \$49,999	15
\$50,000 - \$99,999	12
\$100,000 - \$249,999	27
More than \$250,000	27

Sustainable Agriculture provided the researchers access to their mailing lists. The survey was mailed to 2,010 young Pennsylvania farmers and 306 usable surveys were returned. Of those, 137 (or 44.8 percent) were from dairy farmers. The margin of error for the survey was approximately 4.5 percent, indicating that the values reported are within plus or minus 4.5 percent of actual values.

The farmers who participated in the study were not evenly distributed among the six regions of the state, with 39.5 percent of participants living in south central Pennsylvania.

Farmer Characteristics

The participants were, on average, 31 years old, with the youngest respondent being 20 years old and the oldest 35 years old. About 85 percent of the respondents were male and 15 percent were female. Sixty-five percent were married and 33 percent were single or never married. Fifty-two percent had children and the average number of children living at home was 1.27.

In terms of their educational background, 36 percent of respondents were high school graduates and 32 percent were college graduates. (See Table 2) A large proportion of respondents took high school level classes and/or training in farming/agriculture (45 percent) and business/management (54 percent). A large proportion of those who went to college took classes in farming/agriculture (42 percent) and business/management (53 percent). (See Table 3)

The median number of acres that young farmers own is 70 and the median number of acres that young farmers operate is 200. Including the farmer, the median number

Table 4a: 2002 Total Farm Sales by Age of Respondent

Gross Sales	% of Younger Respondents	% of Older Respondents
Less than \$10,000	16	23
\$10,000 - \$49,999	14	15
\$50,000 - \$99,999	11	12
\$100,000 - \$249,999	26	28
More than \$250,000	33	22

Younger respondents were born from 1973 to 1984 and older respondents were born from 1968 to 1972.

of full-time workers on the farm was 1.0; the median number of part-time workers was 1.0; and the median number of family or unpaid workers was 2.0.

Farm Sales

The respondents provided information on gross sales for the farm for 2002. (See Table 4) Fifty-four percent of respondents reported gross sales in excess of \$100,000 in 2002.

Table 4a depicts sales according to respondents' age group: younger respondents were born from 1973 to 1984 and older respondents were born from 1968 to 1972.

Farm Ownership

Almost 58 percent of respondents owned their own farm, while 42 percent did not. For the farm owners, 45 percent described their farm-business arrangement as a sole proprietorship (45 percent) and most acquired the farm by purchasing it from a relative (42 percent). (See Table 5)

Table 5a shows ownership of the farm by respondent age group.

Working and Operating Arrangements

For those farmers who did not own their own farm, most operate and work on the farm. Ownership remains a challenge as 45 percent indicated it would take longer than five years to acquire their own farm and 11 percent indicated they would probably never be able to acquire their own farm (See Table 6).

Farming Issues

Survey participants were asked to rank various issues as they related to the farmers' future in farming. Table 7

Table 5: Ownership of the Farm

Ownership	% of Survey Respondents
Farm-business arrangement:	
- sole proprietorship	45
- partnership	41
- other	14
Total:	100
How farm was acquired:	
- inherited	34
- through marriage	3
- purchased from a relative	42
- purchased from someone farmer knew	8
- purchased from someone farmer didn't know	13
Total:	100

Table 5a: Farm Ownership by Respondent Age

Ownership	% of Younger Respondents	% of Older Respondents
Farm-business arrangement:		
- sole proprietorship	50	34
- partnership	37	48
- other	13	18
Total:	100	100
How farm was acquired:		
- inherited	26	48
- through marriage	5	2
- purchased from a relative	45	33
- purchased from someone farmer knew	11	5
- purchased from someone farmer didn't know	13	12
Total:	100	100

Younger respondents were born from 1973 to 1984 and older respondents were born from 1968 to 1972.

Table 6: Working Arrangements and Plans to Acquire a Farm

Business Arrangement/ Plans to Acquire Farm	% of Survey Respondents
Farm-business arrangement*:	
- operate farm	48
- work on farm full time	40
- work on farm part time	16
- other	10
Future plans to acquire a farm:	
- 0 – 1 year	6
- 1 – 2 years	11
- 2 – 5 years	27
- more than 5 years	45
- never	11
Total:	100

*The sum of the percentages in this grouping is greater than 100 because several respondents indicated they both operated and worked on the farm full time.

illustrates the top five issues mentioned by the respondents. Interestingly, the top ranked issues related to the lifestyle of farming, followed by issues related to the economics of farming. The least important issues were: local regulations regarding noise (2.88), local regulations regarding waste (3.61) and local regulations on expansion of the business (3.67).

Economic Difficulties

When asked about their own economic successes or difficulties in farming, farmers reported that there were far more difficulties than successes. Table 8 shows the top five reasons for economic difficulties as identified by the respondents.

Opportunities and Threats

The respondents were also asked to identify potential opportunities regarding their own future in farming. By far, farmers identified the increasing public awareness of the value of local food sources as the biggest opportunity. (See Table 9)

The respondents identified the following issues as threats: affordability of equipment and other capital (4.15), increasing land prices (4.08), increasing taxes (4.07), getting a fair price for products (4.04) and suburban sprawl (3.93).

Assistance Programs

Young Pennsylvania farmers have limited knowledge about some of the assistance programs that are available to them, such as Clean and Green, the Small Business First Program and the Next Generation Farmer Loan Program.

Respondent enrollment figures for these and other programs are presented in Table 10.

Table 7: Top 5 Issues of Importance

Issue	Average*
The satisfaction of working with animals/crops	4.70
The freedom of being my own business person	4.69
Getting a good price for my product	4.66
Overall profitability of the farm	4.62
Making a living at farming	4.59

*Values range from 1 (not important) to 5 (very important)

Table 8: Reasons for Economic Difficulties

Issue	Average*
The difficulty of getting a good price for my products	4.06
The high cost of new equipment	3.90
The weather	3.90
The high cost of new improvements to the operation	3.82
High cost of supplies	3.75

*Values range from 1 (not important) to 5 (very important)

Table 9: Potential Opportunities Regarding Respondents' Future in Farming

Issue	Average*
Increasing public awareness of the value of local food sources	3.68
New technologies on nutrient management	3.38
Direct marketing	3.33
Selling products to local markets	3.32
New technologies on soil management	3.31
Integrated pest management	3.29
New technologies on plant/animal breeding (not genetic engineering)	3.22
Educational programs	3.18
Farmers co-ops	3.10
Precision farming	3.09
New state-funded programs	3.09
Niche marketing	3.06
Selling products to nearby cities	3.00
New county-funded programs	2.99
Contract farming	2.87
Genetically modified plants/animals	2.84
Farmers' markets	2.76
Other issues	2.70
Selling products to other states	2.53
Selling to ethnic populations	2.45
Selling to other countries	2.33
Organic farming	2.31
Selling to schools and other institutions	2.29

*Values range from 1 (not likely to be an opportunity) to 5 (very likely to be an opportunity)

Table 10: Respondent Enrollment in Programs

Assistance Program	% Who Have Heard of Program*
The Clean-and-Green Program (Act 319 & Act 515)	81
The Agricultural Conservation Easement Purchase Program	65
Agriculture Security Areas	64
Municipal Agricultural Zoning Districts	45
Transferable Development Rights (TDR) Programs	31
Small Business First Program	29
Next Generation Farmer Loan Program	27
Machinery and Equipment Loan Fund	17

*Respondents may be enrolled in more than one program.

Conclusion

Both the qualitative and the quantitative portions of this study indicate that the most important issue on the minds of young Pennsylvania farmers is the overall profitability of the farm, as 84 percent experienced moderate to severe economic difficulties in the previous year. Young farmers believe they are being squeezed in both directions as they are having difficulty in getting a good price for their products and paying high prices for land, supplies, equipment, and capital.

However, young Pennsylvania farmers also realize the valuable benefits associated with the lifestyle of farming. In particular, farmers enjoyed working with animals and crops and derived satisfaction from being their own independent businessperson.

In looking toward the future, young farmers believe several threats face them, including the affordability of equipment and other capital, increasing land prices, increasing taxes, getting a fair price for their products, and suburban sprawl. However, young farmers are also somewhat optimistic as they look toward the future and realize several opportunities, including increasing public awareness of the value of local food sources, direct marketing, selling products to local markets, new technologies on nutrient management, and new technologies on soil management.

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