Contributions by Spouses of Farm Operators

Spouses contribute to the economic performance of farms and the well-being of farm households through a variety of activities both on and off the farm. In addition to helping with day-to-day operations, spouses join in management decisions, especially those related to longer term financial commitments. Spouses also work off-farm for reasons other than earning extra income, including providing benefits such as health insurance. Still, the need to generate additional income was their primary reason for off-farm work, especially on small farms.

Spouses of farm operators contribute to their households in a number of ways, but only a portion of these contributions is measurable. For example, spouses regularly raise children and run the farm household, but these activities are not easily quantified. Some of the work that spouses perform can be measured, however, which reveals the variety and depth of the spouses' contributions to their households' economic well-being. Spouses' contributions to farm businesses and households can be viewed as contributions by women, because over 90 percent of operator spouses are female.

This section uses data from the ARMS. The analysis in this section is limited to the 90 percent of farm households that answered questions about participation of the spouse and operator in work both on or off the farm. ARMS collects data on spouse contributions through work on or off the farm as well as the degree of involvement of the spouse in day-to-day and longer term farm decisions. In addition, analysis of ARMS data gives some insight into both the spouse's and operator's reasons for working off the farm, and ARMS shows how off-farm income is spent. Spouses' contributions through off-farm work are often significant, and their reasons for working off the farm often differ from those of the operators.⁴

Off-farm work is commonly recognized as the area where the spouse spends a sizable portion of time, which is confirmed by ARMS data (table 8). Farm spouses as a group spent 65 percent of their working hours off the farm in 1996 and 35 percent on the farm. Operators did just the opposite, spending 65 percent of their working hours on the farm and only 35 percent off the farm. Nevertheless, spouses make a contribution to the farm business by working on the farm and making management decisions.

Onfarm Work

On average, spouses of farm operators spent much less time working on the farm in 1996 than the operators themselves. Spouses worked an overall average of 366 hours on the farm, compared with 1,525 hours for the operators. There was some variation among typology groups, but the average number of hours for spouses was relatively low in each group, ranging from just over 100 hours for spouses of limited-resource and retired farmers to more than 500 hours for the spouse of farming-occupation, large, and very large farmers. In contrast, only retired operators and residential/lifestyle operators devoted fewer than 1,000 hours to farming.

As one would expect from their relatively low number of hours of work spent on the farm, spouses provided only 17 percent of the total labor used on family farms (fig. 10). Regardless of the typology group, the largest portion of total hours spent on the farm was provided by the operator. Nevertheless, spouses provided a slightly larger portion of work hours than hired laborers.

Onfarm Wages

Wages paid by the farm to spouses were fairly low. Average wages to spouses were highest for spouses on very large farms (\$2,100 per year) and large farms (\$1,800), with smaller amounts going to spouses in the other groups (table 8). The modest wages of spouses reflected the fact that they spend a limited

⁴Most data in this section are from the 1996 ARMS, but reasons for working off the farm, how income from off-farm jobs was spent, and spouse involvement in specific farm management decisions came from the 1994 Farm Costs and Returns Survey (FCRS), a predecessor to the ARMS survey.

Table 8-Operator and spouse hours of work, by farm typology group, 1996

		Sm	nall family far	Large family	Very large family	All family			
Item	Limited- resource ²	Retire- ment ³	Residential/ lifestyle ³	Farming- occupation ³		farms ¹	farms ¹	farms	
				Low-sales	High-sales				
				N	umber				
Farm operator households	268,412	240,958	509,647	419,895	178,371	88,950	52,946	1,759,178	
Operator:									
A			ı	Hours per ye	ar per househ	nold			
Average hours worked: Onfarm ⁴	1 101	627	976	1 065	2 962	2 120	2 9 4 5	1 505	
Off-farm	1,181 531	637 *83	876 2,022	1,965 390	2,863 457	3,139 143	2,845 *165	1,525 830	
On-laim	331	03	2,022	390	437	143	100	630	
				F	Percent				
Share of total hours worked:									
Onfarm:	69.0	88.5	30.2	83.5	86.2	95.7	94.5	64.8	
Off-farm:	31.0	*11.5	69.8	16.5	13.8	4.3	*5.5	35.2	
				Dollars per y	ear per house	ehold			
Average annual farm wages	d	d	**10	*97	*1,108	2,741	6,730	481	
Spouse:									
Spouse.	Hours per year per household								
Average hours worked:			•	rouro por yo	ar por modeon	1014			
Onfarm ⁴	*107	104	260	545	769	689	556	366	
Off-farm	*180	233	1,182	678	698	717	626	690	
	Percent								
Share of total hours worked:				,	0.00111				
Onfarm:	37.4	30.8	18.0	44.6	52.4	49.0	47.0	34.6	
Off-farm:	62.6	69.2	82.0	55.4	47.6	51.0	53.0	65.4	
	Dollars per year per household								
	Bonaro por your per nouse					<i>31101</i> 0			
Average annual farm wages	d	d	52	*118	746	*1,812	2,126	278	
5						•	•		

d = Data suppressed due to insufficient observations or because the standard error was greater than 75 percent.

Source: USDA, Economic Research Service, 1996 Agricultural Resource Management Study, version 1.

^{* =} Standard error is between 25 and 50 percent of the estimate.

^{** =} Standard error is between 51 and 75 percent of the estimate

¹Small family farms have sales less than \$250,000. Large family farms have sales between \$250,000 and \$499,999. Very large family farms have sales of \$500,000 or more.

²Limited-resource farms have household income less than \$20,000, farm assets less than \$150,000, and sales less than \$100,000.

³Small farms other than limited-resource farms are classified according to the major occupation of their operators. Operators of retirement farms are retired. Operators of residential/lifestyle farms report a nonfarm occupation. Operators of farming-occupation farms report farming as their major occupation. Farming-occupation farms are further divided into low-sales (sales less than \$100,000) and high-sales (sales between \$100,000 and \$249,999).

⁴Includes paid and unpaid labor.

Figure 10

Percent distribution of hours worked on farm, by farm typology group, 1996

Operators account for a larger share of farm work than either the spouse or hired workers, regardless of typology group

		<i>(</i> S	Small fan ales less ti	nily farms han \$250,00	Other i fari			
Share of hours provided by:	Limited- resource	Retirement	Residential/ lifestyle	Farming- occupation/ low-sales	Farming- occupation/ high-sales	Large	Very large	All family farms
Operator	86.3	74.0	65.6	70.4	68.8	69.8	71.6	71.0
Spouse	*8.3	11.6	19.8	18.9	18.5	15.2	13.9	16.9
Hired workers	*5.3	*14.4	14.6	10.8	12.7	15.0	14.5	12.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{* =} Standard error is between 25 and 50 percent of the estimate.

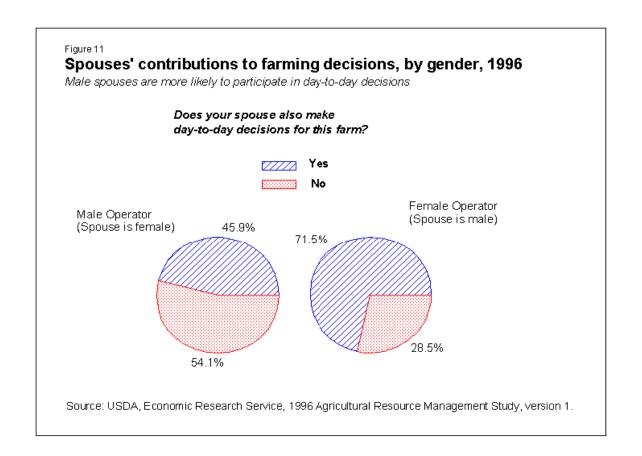
Source: USDA, Economic Research Service, 1996 Agricultural Resource Management Study, version 1.

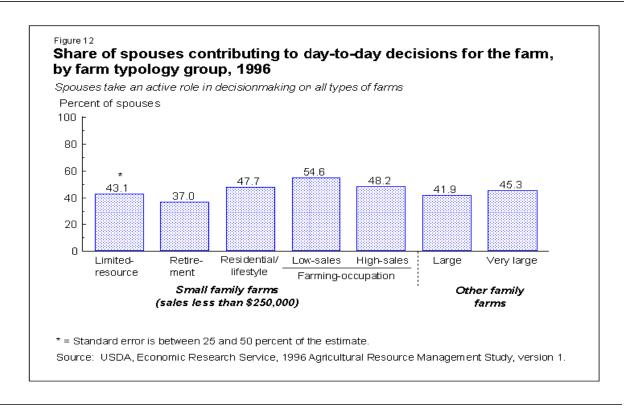
number of hours on farm-related work and spent a large portion of their time working off the farm and performing unremunerated work.

Paying spouses for their onfarm work may seem redundant, but it has a number of advantages and can make good business sense. Paying the spouse for onfarm work is considered a business expense which reduces the amount of taxable business income, which may reduce the household's income tax payment. In addition to providing the spouse with ready cash, this paycheck provides the basis for Social Security contributions which become a benefit to the spouse in the future. (For information on tax policies relevant to farmers, see the section "Federal Tax Policies Affecting Farmers.")

Spouse Involvement in Farm Decisionmaking

Although farm spouses averaged relatively few hours working on the farm, they made an important contribution to the farm business through decisionmaking. About 47 percent of all operators who responded to the ARMS survey question regarding the decisionmaking process indicated that the spouse participated in day-to-day decisions about the farm. On a gender basis, 46 percent of male operators reported that their spouses participated in day-to-day farming decisions, while 71 percent of female operators reported their spouses contributed to these decisions (fig. 11). Within each typology group, between one-third and one-half of the spouses participated in daily decisions (fig. 12).



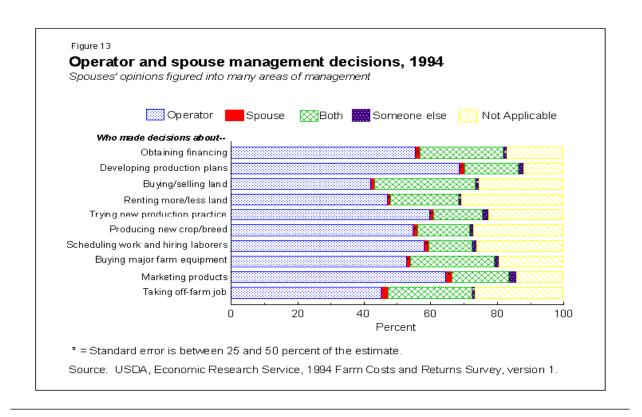


In addition to day-to-day operating decisions, spouses made farm management decisions, especially in combination with the operator (fig. 13). Many long-term financial decisions—obtaining financing, buying or selling land, and buying major farm equipment—were made jointly with both the spouse and operator contributing input. Taking an off-farm job was another area where the spouse made decisions in conjunction with the operator.

Off-Farm Work

For all farm households, farm spouses averaged 690 hours of off-farm work per year, somewhat less than the 830-hour average for operators (table 8). Spouses worked more off the farm than operators, however, in certain typology groups. For example, spouses on low-sales small farms, high-sales small farms, large farms, and very large farms averaged more hours of off-farm work than the operators. Operators in these groups averaged between 2,000 and 3,000 hours of farm work and had little time left over for off-farm work.

Spouses' average hours of off-farm work varied widely among the typology groups. Spouses of residential/lifestyle farm operators worked off the farm the most, an average of 1,182 hours per year, accounting for 82 percent of their working hours. The picture was similar for residential/lifestyle operators, who averaged 2,022 hours off the farm, accounting for 70 percent of their working hours. At the other extreme, spouses on limited-resource and retirement farms spent an average of about 200 hours working off the farm. Spouses in the remaining groups spent between 600 and 700 hours on off-farm work, and they divided their work time more or less evenly between farm and off-farm work.



Off-Farm Wages

Farm households relied heavily on off-farm jobs. In 1996, 55 percent of all farm households reported the operator, spouse, or both worked off the farm (fig. 14). This estimate understates participation in off-farm work, because data on work by household members other than the operator and spouse are not available.

Table 9 details the effects of off-farm wages on farm household income. It shows average annual off-farm wages, farm earnings, and total household income for various combinations of off-farm work by the operator and spouse. By comparing the household income of households with and without operators or spouses who worked off-farm, the effects of that work can be gauged. Note that when neither the spouse nor operator worked off-farm, there was still a modest amount of off-farm wages earned by household members other than the operator and spouse. Work by household members other than spouse or operator may also help explain the relative high wage and salary income reported by households with retirement farms.

Total operator household income was higher when some combination of operator and spouse worked off the farm than when neither operator nor spouse worked off the farm. There were two exceptions to this rule, however. First, average annual household income on very large family farms was higher when neither the operator nor spouse worked off the farm than when only the spouse worked off the farm or when both spouse and operator worked off the farm. In this case, having both the operator and spouse concentrate on farming led to higher farm earnings. Alternatively, the farm may have been of such size that neither the operator nor the spouse needed to or had enough available time to work off-farm.

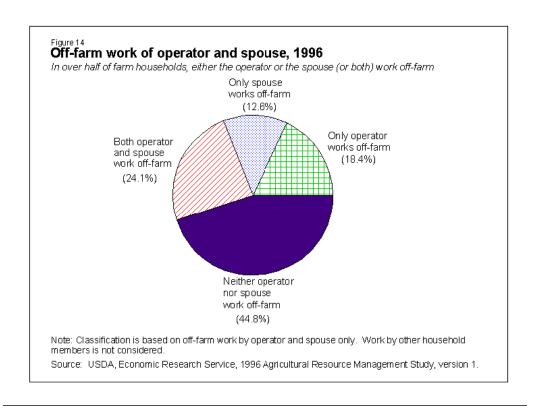


Table 9-Household income, by off-farm work of operator and spouse and by small farm typology, 1996

	Small family farms ¹						Very large family	All family
Item	Limited- resource ²	Retire- ment ³	Residential/ lifestyle ³	Farming- occupation ³		family farms ¹	farms ¹	farms
			-	Low-sales	High-sales			
-	Number							
Farm operator households Off-farm work by: ⁴	268,412	240,958	509,647	419,895	178,371	88,950	52,946	1,759,178
Operator only	64,624	d	179,380	50,732	*27,504	2,529	*2,902	338,392
Spouse only	d	*29,557	d	102,312	44,519	34,249	15,776	232,377
Both	23,246	d	326,519	67,192	*25,213	*5,656	2,490	454,958
Neither	d	196,038	d	199,659	81,135	46,516	31,778	733,451
		Dollars per househol						
Annual off-farm wages and salaries ⁵	*5,259	*11,886	57,971	16,316	18,394	13,467	17,429	26,190
Off-farm work by:4	40.570	20.200	40.005	40.707	10.011	20.000	40.000	22.040
Operator only	13,573	32,362	46,065	18,737	19,914	20,062	46,828	33,016
Spouse only	d 16 677	53,040	d 64.054	27,787	22,914	22,970	31,361	29,154
Both	16,677	42,516	64,854	26,285	58,248	43,946	55,184	55,789
Neither	d	3,836	d	6,469	3,014	2,405	4,869	3,742
Annual farm earnings ⁶ Off-farm work by:⁴	*-2,960	d	-4,719	d	26,530	49,536	145,572	7,561
Operator only	-6,064	-1,419	-5,029	-3,108	47,106	28,815	175,589	*1,215
Spouse only	d	-3,221	d	-5,493	31,067	51,926	83,025	16,324
Both	-6,018	-3,161	-4,604	5,452	16,974	47,118	69,857	*-930
Neither	d	**1,854	d	**-1,151	20,034	49,196	179,815	12,980
Total household income ⁷	10,021	41,238	72,477	32,781	58,990	71,319	179,351	50,984
Off-farm work by:4								
Operator only	10,465	89,987	65,948	26,598	96,733	71,527	257,779	54,403
Spouse only	d	93,310	d	41,988	59,560	81,125	121,214	62,289
Both	12,031	65,136	76,571	40,765	78,944	109,253	146,640	68,790
Neither	d	30,155	d	26,947	39,681	59,476	203,614	34,780

d = Data suppressed due to insufficient observations or because the standard error was greater than 75 percent. * = Standard error is between 25 and 50 percent of the estimate. ** = Standard error is between 51 and 75 percent of the estimate

¹Small family farms have sales less than \$250,000. Large family farms have sales between \$250,000 and \$499,999. Very large family farms have sales of \$500,000 or more.

²Limited-resource farms have household income less than \$20,000, farm assets less than \$150,000, and sales less than \$100,000.

³Small farms other than limited-resource farms are classified according to the major occupation of their operators. Operators of retirement farms are retired. Operators of residential/lifestyle farms report a nonfarm occupation. Operators of farming-occupation farms report farming as their major occupation. Farming-occupation farms are further divided into low-sales (sales less than \$100,000) and high-sales (sales between \$100,000 and \$249,999).

⁴Classification is based on off-farm work by operator and spouse only. Work by other household members is not considered.

⁵Average wages and salaries may include the wages and salaries of household members other than the operator and spouse.

⁶Includes the operator household's share of farm business income (net cash farm income less depreciation), wages paid to the operator and other household income, net rental income from renting farmland, net income from another farm business, and commodities paid to household members for farm work.

⁷Includes off-farm wages and salaries and farm earnings, shown above. Total household income also includes the net income of any nonfarm businesses, interest and dividends, and all other cash off-farm income, which are not shown separately.

Source: USDA, Economic Research Service, 1996 Agricultural Resource Management Study, version 1.

Second, average annual household income on low-sales small farms was about equal when neither the operator nor spouse worked off the farm and when only the operator worked off the farm. Most of the income for low-sales farms with neither the operator nor spouse working off-farm came from unearned off-farm income, such as dividends, interest, and retirement programs (not shown). Low-sales farmers reported farming as their major occupation, but a relatively large share of them were at least 65 years old (see "Attributes of Small and Large Farms"). Many of these older farmers and their spouses received Social Security and other retirement income, even if they reported farming as their occupation.

Reasons for Working Off the Farm

Not surprisingly, "need the money" was overwhelmingly the most important reason for working off the farm for both operators and spouses (fig. 15). However, a higher percentage of operators (85 percent) gave this reason than spouses (78 percent). Spouses were more likely to work off the farm for the purposes of acquiring health insurance (6 percent for spouses versus 2 percent for operators) and keeping up skills (5 percent versus 2 percent). Meeting people and fringe benefits were also more important to spouses than to operators.

Needing money was also the leading reason given by spouses and operators in each typology group (fig. 16). The importance of this reason, however, varied somewhat. The highest percentages of operators and spouses gave this answer on limited-resource farms (85 percent) and residential/lifestyle farms (86 percent). This seems reasonable, since households operating limited-resource farms need-by definition-additional income, and operators of residential/lifestyle farms by definition rely on a nonfarm major occupation.

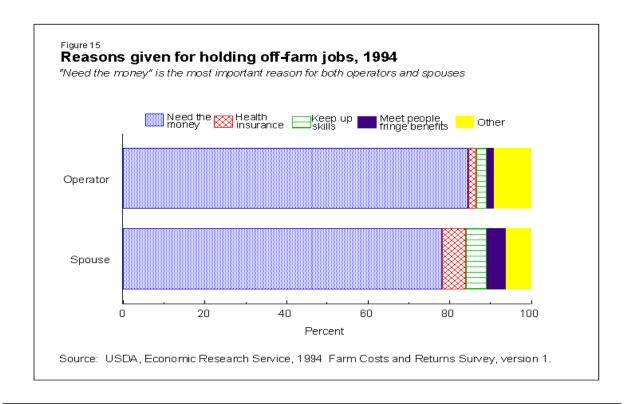


Figure 16

Reasons given for holding off-farm jobs, by farm typology group, 1994

Small family farme

"Need the money" is less important for those with retirement, large, and very large farms

		Omer tamily farms					
Reasons:	Limited- resource	Retirement	Residential/ lifestyle		Farming- occupation/ high-sales	Large	Very large
Need the money	85.3	63.5	86.2	75.6	70.0	61.7	58.9
Health insurance	*2.1	**3.5	*2.5	6.6	9.5	*8.6	*5.0
Keep up skills	*2.9	*13.5	*2.8	*3.4	*5.6	*7.2	10.5
Meet people, fringe benefits	d	d	*1.9	*5.2	*6.0	*7.8	*10.7
Other things	d	d	6.6	9.2	8.9	14.7	15.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{* =} Standard error is between 25 and 50 percent of the estimate.

Source: USDA, Economic Research Service, 1994 Farm Costs and Returns Survey, version 1.

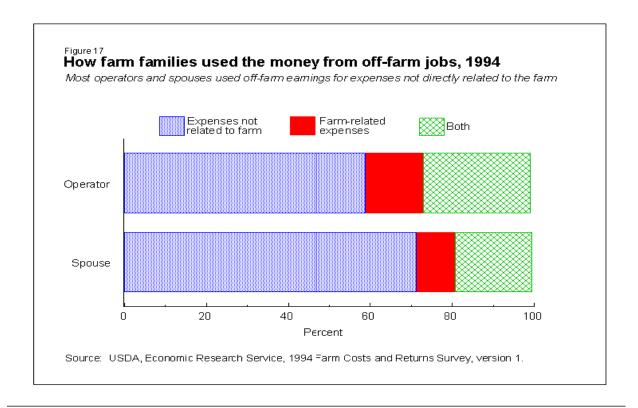
In contrast, less than two-thirds of operators and spouses on retirement, large, and very large family farms reported needing money as their most important motivation for working off-farm. As pointed out in "Farm Household Income and Wealth," households operating retirement farms rely heavily on unearned income, such as Social Security. Reliance on unearned income means they are less likely to be concerned about work-related income. Households operating large and very large farms rely less on off-farm income than other farm households and have an average household income above the average for all U.S. households. Thus, they are less likely than other farm households to need income from off-farm work. Or, alternatively, they may not be able to find suitable off-farm employment in their locality.

How the Money Was Used

Because most operators and spouses gave needing money as the most important reason for working off the farm, it would be useful to see how the additional income was used. Contrary to conventional wisdom, most farm operators and spouses did not work off the farm to directly support their farming business. Only 14 percent of operators and 9 percent of spouses said that they worked off the farm solely to offset farm- or ranch-related expenses (fig. 17). Larger percentages worked off the farm to partially support farm expenses (26 percent of operators and 19 percent of spouses). Most worked off the farm for reasons not related to the farm business, which could include anything from buying groceries to funding a retirement account.

^{** =} Standard error is between 51 and 75 percent of the estimate.

d = Data suppressed due to insufficient observations.



The share of operators and spouses who reported using the money for nonfarm purposes varied among the typology groups. Only two-fifths of operators used off-farm income for nonfarm purposes in the low- and high-sales groups. In contrast, virtually all spouses of retired operators reported spending for purposes not related to the farm (fig. 18).

Summary

Spouses' contributions to farm households are varied. Their contributions alone, and in combination with the operators, produce a combination of work on and off the farm that benefits farm households. It is this mix of talents and labor that the spouse brings to the farming household, along with those of the operator, that makes the family farm.

Generally speaking, the highest total farm household income is reached when the spouse alone, or in combination with the operator, works off the farm. While both operator and spouse work off the farm mostly for the money, the spouse is more likely to include other reasons such as health insurance, keeping up skills, and meeting people. Both spouse and operator are most likely to spend the money from off-farm work for something other than the farm.

The spouse usually works on the farm less than the operator. Nevertheless, spouses still provide 17 percent of work hours on family farms, slightly more than hired laborers. In addition, spouses participate in key management decisions that guide the farm on a daily basis and in the long run.

Percent of operators and spouses using money from off-farm jobs for expenses not directly related to the farm, by farm typology group, 1994

Spouses on retirement farms were most likely to spend for nonfarm purposes



^{* =} Standard error is between 25 and 50 percent of the estimate.

Source: USDA, Economic Research Service, 1994 Agricultural Resource Management Study, version 1.