

# U.S. Farms — Large and small

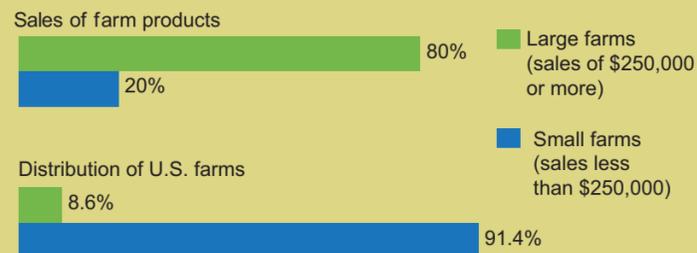


Most farms are small, selling less than \$250,000 of farm products per year. Small farms also own most farm assets—including farmland—and receive three-fourths of payments from conservation-related farm programs. Sales, in contrast, are concentrated among large farms, especially the 37,300 “million-dollar farms” selling at least \$1 million of farm products per year. The share of sales by million-dollar farms has grown, doubling since the early 1980s.

High profit margins give larger farms a competitive advantage, which explains the shift of production to million-dollar farms. Many small farms stay in the business because the farm household receives enough off-farm income so that their livelihood does not depend on farming. Only \$1,000 of farm sales is necessary to be defined as a farm. Thus many small farms are more like rural residences than farm businesses.

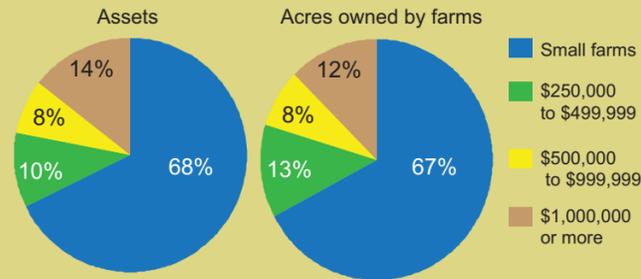
## Distribution of farms and sales of farm products, 2007

Farms with sales of at least \$250,000 make up only 9% of farms, but account for 80% of total sales. Ninety-one percent of all farms are small, but large farms sell 80% of all farm products. Many small farms actually are rural residences. Nevertheless, small farms account for one-fourth or more of the production of specific commodities, including grains and oilseeds, hay, tobacco, and beef.



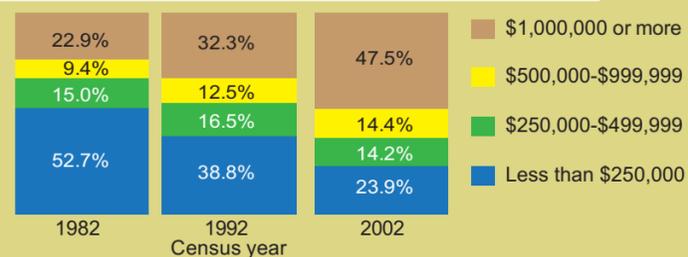
## Share of farm assets and acres owned by farms, 2007

Small farms hold most farm assets (including land). Small farms still play a role in U.S. agriculture. They hold two-thirds of farm assets and a similar share of the land owned by farms. They also receive a significant share of farm program payments—76% of conservation-related payments and 35% of commodity-related payments.



## Farm product sales, by constant-dollar sales class (2002 dollars), 1982-2002

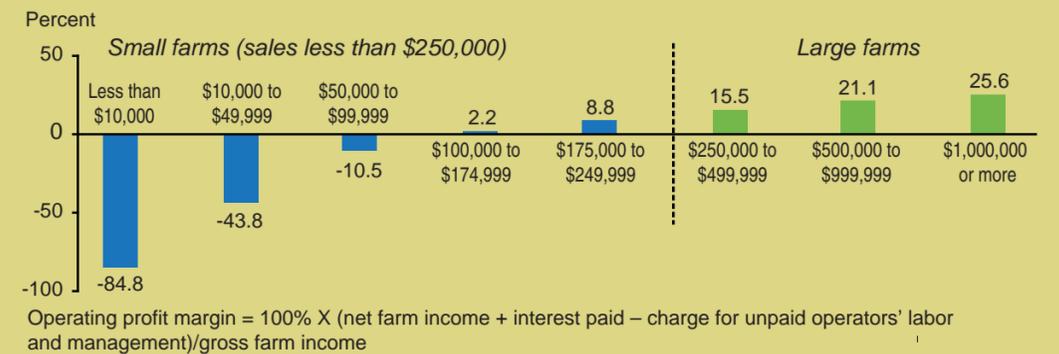
Million-dollar farms' share of sales has grown since the early 1980s. Million-dollar farms' share of farm product sales doubled from 23 percent in 1982 to 48% in 2002. Million-dollar farms now produce at least half of specialty crops, beef, hogs, milk, and poultry.



## Operating profit margin, 2007

Operating profit margins increase with sales

Average operating profit margins are negative until sales exceed \$100,000. Higher average profit margins give larger farms a competitive advantage that helps explain the upward shift in production.



## Average income of farm operator households, 2007

Total operator household income increases with sales for large farms

Households operating small farms typically rely on off-farm income for their living. They produce little or no product and may lose money farming.

