

Farm and Nonfarm Income of Farm Families In Western Oklahoma—1956

**Larry J. Connor
William F. Lagrone
W. B. Back**

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CONTENTS

| | |
|---|----|
| Procedure | 4 |
| Sources and Amount of Off-farm Work and Nonfarm Income | 6 |
| Relation of Sources and Amount of Income to Classification of Farm Families | 8 |
| Relation of Size of Farm, Age of Operator and Source of Family Income | 10 |
| Relation of Type of Farming and Income Classes | 11 |
| Relation of Net Worth to Income Classes | 11 |
| Expected Changes in Occupation and Resource Use by the Operators | 12 |
| Relation of Land Ownership and Net Worth to Age and Income Classes | 13 |
| Farm Resources Controlled by Farm Operators with Non- farm Sources of Income | 14 |
| Implications of Relationship of Off-farm Income and Economic Adjustments by Farm Operators | 15 |
| Summary | 16 |
| Appendix Tables | 18 |

**Agricultural Experiment Station
Oklahoma State University, Stillwater
and
Farm Economics Research Division
Agricultural Research Service
U. S. Department of Agriculture**

Farm and Nonfarm Income of Farm Families in Western Oklahoma, 1956

Larry J. Connor¹, William F. Lagrone¹, and W. B. Back²

In recent years, farm families in the nation and in Oklahoma have received increasing amounts of income from nonfarm sources. The aggregate off-farm income of farm-operator families in the United States in 1955 was an estimated \$8 billion compared with \$11.3 billion realized net money and non-money income from farming.³ Of the \$8 billion off-farm income, about \$7 billion was from nonfarm sources, mainly work income, and about \$1 billion was from such sources as work on other farms and rental of farm real estate.

Census data for eight counties in the commercial agricultural area of western Oklahoma revealed that the number of farm operators reporting off-farm work increased about 30 percent from 1939 to 1954, while the total number of farmers decreased about 27 percent (Table 1). In this 15-year period, the proportion of farmers reporting off-farm work increased from 24 to 43 percent.

The purpose of this study was to determine the sources, amount and possible implications of nonfarm income and off-farm work of farm families in the commercial farming areas of western Oklahoma.⁴ Specific objectives were:

¹Agricultural Economists, Farm Economics Research Division, Agricultural Research Service, U. S. Department of Agriculture.

²Professor of Agricultural Economics, Oklahoma State University.

³These estimates were prepared by the Agricultural Marketing Service, U. S. Department of Agriculture, in connection with a special survey of farm family income and expenditures conducted with the cooperation of the Bureau of the Census, and reported in the United States Department of Commerce, Bureau of Census, 1954 *Census of Agriculture, Part-time Farming*, Volume III, Part 9, Ch. VIII, Washington, 1956.

⁴The terms, *off-farm work income*, *other off-farm sources of income*, *off-farm income*, *net farm income*, and *cash income of families* are encountered frequently in this publication. The following definitions apply for these terms:

1. *Off-farm work income* includes all income received by the farm family (other than on the farm unit) which involves the use of operator or family labor.

2. *Other off-farm sources of income* includes all income received by the operator and family from sources that do not involve the use of operator or family labor.

3. *Off-farm income*, or nonfarm income, includes all income received from off-farm work and other off-farm sources.

4. *Net farm income* includes all net income received from farming operations on the farm unit, including government price support payments, and conservation payments.

5. *Cash income of families* includes all off-farm income plus the net cash farm income received from the farm unit.

Table 1.—Number and Percentage of Farmers With Income From Off-farm Work in Eight Selected Western Oklahoma Counties¹

| Item -- | Year | | | |
|---|--------|--------|--------|--------|
| | 1939 | 1944 | 1949 | 1954 |
| Number of farmers | 16,941 | 15,351 | 14,004 | 12,342 |
| Reporting off-farm work: | | | | |
| Number of farmers | 4,071 | 3,135 | 5,266 | 5,282 |
| Percentage of total farmers | 24.0 | 20.4 | 37.6 | 42.8 |
| Reporting 100 days or more off-farm work by operator: | | | | |
| Number of farmers | 1,564 | 1,352 | 2,026 | 2,561 |
| Percentage of total farmers | 9.2 | 8.8 | 14.5 | 20.8 |

¹Source: United States Department of Commerce, Bureau of Census, United States Census of Agriculture, 1940, 1945, 1950 and 1954. The eight selected counties were: Beaver, Custer, Ellis, Woodward, Grant, Kingfisher, Comanche, and Washita.

1. To determine the present sources and amounts of off-farm work and nonfarm income of farm families in western Oklahoma.
2. To determine the relationship of off-farm income to selected farm characteristics, selected personal attributes of farm operators and their families, and changes in employment plans and farm size expected by the farm operator during the next two or three years.
3. To determine the aggregate importance of farm resources controlled by farm operators with different proportions of family income received from off-farm sources.
4. To appraise the effect of off-farm income on farming adjustment opportunities and problems.

Procedure

This study was based on an analysis of data obtained in a Great Plains Survey of Farm Tenure, Land Market, and Farm Finance. The survey was conducted in the summer of 1957 in eight western Oklahoma counties by the Farm Economics Research Division, Agricultural Research Service of the United States Department of Agriculture (Figure 1). The survey contained much information about off-farm work by farm operators and other family members, and about other sources of nonfarm income.

Data pertaining to off-farm work and nonfarm income were first classified according to the components of the cash income of farm operators and their families. The off-farm family income was then summarized under four broad headings:

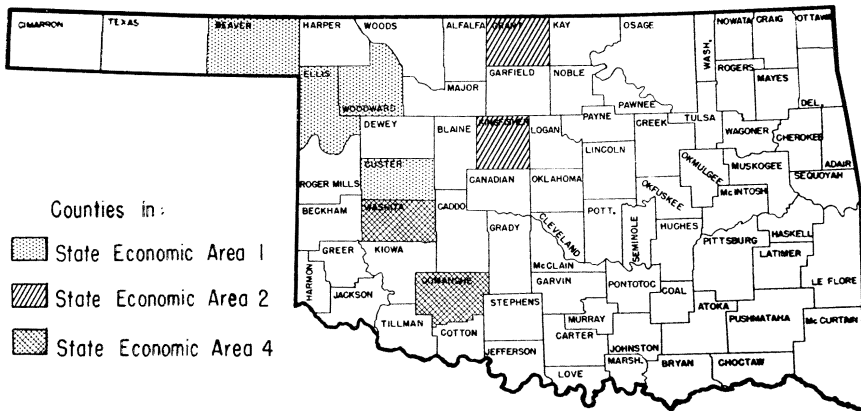


Figure 1. Economic Areas and Counties included in this study.

1. Income received from off-farm work by operators.
2. Income received from off-farm work by other family members.
3. Income from other off-farm sources.
4. Total off-farm cash income received by operator and family (the sum of 1, 2, 3). No account was taken of possible costs of deriving the off-farm income.⁵

The cash income of the family was then determined by adding the net farm income to the total off-farm cash income received by the operator and his family.

Farm families were divided into 10 income classes, five each for farms with less than \$5,000 gross farm receipts and those with more than \$5,000 gross farm receipts (Table 2). Farmers in each of the two gross farm income groups were divided according to the percentage of cash income of the family received from off-farm sources. Farmers receiving more than 50 percent and those receiving from 50 to 10 percent of their income from off-farm sources were further divided according to their major source of off-farm income (work or other off-farm sources). Farmers in the less than 10 percent group were not divided by sources of off-farm income, as this group represented mainly full-time farmers. Much of the analysis consisted of a tabulation of farm resources and family characteristics by these income classes.

⁵No data was available to determine these costs such as transportation to off-farm jobs, etc.

Table 2.—Classification of Farms Into Income Source Classes for Two Levels of Gross Farm Receipts

| Off-farm Income as Percentage of Cash Income of Family | Major Off-Farm Source | Income Class (Identification Number) | |
|--|------------------------|---------------------------------------|---------------------------------------|
| | | Less than \$5,000 gross farm receipts | More than \$5,000 gross farm receipts |
| More than 50 percent | Off-farm work | 1 | 6 |
| More than 50 percent | Other off-farm sources | 2 | 7 |
| 10 to 50 percent | Off-farm work | 3 | 8 |
| 10 to 50 percent | Other off-farm sources | 4 | 9 |
| Less than 10 percent | 1 | 5 | 10 |

¹Farms in the less than 10 percent group were not further divided according to the major off-farm source.

Sources and Amounts of Off-Farm Work and Nonfarm Income

Off-farm income was reported by 351 of the 404 farm families in the survey (Table 3). The average off-farm income per farm in the survey amounted to \$1,669, of which \$976 was off-farm work income and \$693 was from nonwork sources.

Off-farm work by the operator or other family members was reported by 191 of the 404 surveyed or 47 percent of the farms. The average income reported for off-farm work by the 191 families amounted to \$2,065, or an average of \$976 for all 404 farms included in the survey. Off-farm work by the operator was the major source of this income.

Approximately 23 percent of the farm operators in the survey worked off their own farms for more than 100 days, eight percent worked from 50 to 100 days, nine percent worked less than 50 days, and about 57 percent did no work off their own farms (Table 4). Wages and salaries from nonfarm work was the major source of this income. The principal types of off-farm work performed by operators were (1) work in construction such as road work and carpentry, (2) work in service industries such as service stations and lumber yards, and (3) work in agriculturally related industries such as cotton gins and grain elevators.

Off-farm work income by other family members was reported by about one-sixth of the operators in the survey. The average off-farm work income by other family members was \$1,236 per farm reporting or averaging about \$200 per farm for the sample. Nonfarm work was the major source of this income. Only 11 operators reported work on other farms by family members other than the operator.

Table 3.—Summary of Off-Farm Income of Farm Operators And Families in Western Oklahoma

| Source of Off-Farm Income | Farms Reporting Source ¹ | Percentage of Total Farms in Survey ² | Average Income Per Farm Reporting Source | Average Income Per Farm In Survey |
|---|-------------------------------------|--|--|-----------------------------------|
| | Number | Percent | Dollars | Dollars |
| Off-farm work income: | 191 | 47.3 | 2,065 | 976 |
| Operator: | 161 | 39.9 | 1,951 | 778 |
| Laborers on other farms | 7 | 1.7 | 314 | 5 |
| Customwork, etc., on other farms | 11 | 2.7 | 710 | 19 |
| Wages and salaries from nonfarm work | 140 | 34.7 | 1,898 | 658 |
| Nonfarm business activities involving operator's labor | 8 | 2.0 | 4,803 | 95 |
| Other family members: | 65 | 16.1 | 1,236 | 199 |
| Work on other farms | 11 | 2.7 | 437 | 12 |
| Nonfarm work | 56 | 13.9 | 1,348 | 187 |
| Other off-farm sources of income: | 313 | 77.5 | 894 | 693 |
| Other farms owned or operated | 20 | 5.0 | 1,200 | 59 |
| Other real estate | 20 | 5.0 | 1,911 | 95 |
| Royalties and mineral leases | 210 | 52.0 | 443 | 230 |
| Interest and dividends | 163 | 40.3 | 145 | 58 |
| Inheritance, gifts, and beneficiaries of insurance policies | 14 | 3.5 | 1,706 | 59 |
| Military, social security, pensions, allowances, or grants | 32 | 7.9 | 1,022 | 81 |
| Other sources of income | 17 | 4.2 | 2,612 | 110 |
| Off-farm income (total) | 361 | 89.4 | 1,868 | 1,669 |

¹Number reporting source do not add to total as some operators or family members had more than one source.

²The number of farms in the survey was 404.

Table 4.—Distribution of Farms by Number of Days Operator Worked Off Farm in 1956

| Days | Total Worked Off Farm | |
|------------------|-----------------------|---------|
| | Number | Percent |
| No off-farm work | 232 | 57 |
| Under 50 days | 35 | 9 |
| 50 to 100 days | 34 | 8 |
| Over 100 days | 92 | 23 |
| No report | 11 | 3 |
| Total sample | 404 | 100 |

Table 5.—Distribution of Farm Operators by Source of Off-Farm Income¹

| Source of Off-farm Income | Farm Operators ² | |
|---|-----------------------------|---------|
| | Number | Percent |
| Operators with no off-farm work income: | | |
| No other off-farm sources of income | 40 | 10.8 |
| Other off-farm sources of income | 179 | 48.2 |
| Operators with off-farm work income: | | |
| No other off-farm sources of income | 44 | 11.9 |
| Other off-farm sources of income | 108 | 29.1 |

¹Includes all income received by the farm operator from sources other than the farm unit.

²Includes only the 371 farms classified.

Of the 404 farmers in the survey, 313, or nearly four out of five, received income from nonwork sources. The average income for farmers reporting these sources was about \$900 and the average per farmer in the survey was about \$700. Royalties and mineral leases, and interest and dividends were the most common sources. Royalties and mineral leases were reported by 52 percent of the farms in the survey. The average income per farm from this source, \$230, was the largest in the survey of off-farm income sources other than work (Table 3). Interest and dividends were reported by about 40 percent of the farmers. Farms reporting other off-farm sources ranged from 3.5 percent of the total for inheritance, gifts, and beneficiaries of insurance policies to 7.9 percent of the total for military, social security, pensions, allowances, or grants.

Of the 371 farms classified,⁶ only 11 percent of the farm operators had no off-farm income (Table 5). Approximately half of the farm operators had some income from other off-farm sources but no off-farm work income. About 30 percent of the operators received income from off-farm work and other off-farm sources.

Relation of Sources and Amounts of Income to Classification of Farm Families

The total cash income per family for the 371 families averaged \$3,783 (Table 6). The components of this income were as follows: net farm income, \$2,105; off-farm work income, \$978; and other off-farm sources of income, \$700. Off-farm income thus comprised about 44 percent of the total cash income of the families.

One hundred forty-three families, or 38 percent of the total, received more than 50 percent of their cash income from off-farm sources

⁶Thirty-three of the 404 farms in the sample were not classified because of either no net cash farm income reported or inconsistencies between the gross farm receipts and net farm incomes.

(classes 1, 2, 6, and 7). Off-farm work was the major off-farm source for 91 of these 143 farmers. Approximately 30 percent, or 111, of the 371 families received from 50 to 10 percent of their cash income from off-farm sources (classes 3, 4, 7, and 8). In contrast to those families in the more than 50 percent group, other off-farm sources of income were listed as the major off-farm source by a majority of these operators. Seventy of these 111 families had income from sources other than work as the major off-farm source of income. About 30 percent, or 117 farm families, received less than 10 percent of their cash income from off-farm sources (classes 5 and 10).

The families receiving more than 50 percent of their cash income from off-farm sources had relatively low net farm incomes. The 14 farms that had more than \$5,000 gross farm receipts and received more than 50 percent of their cash income from off-farm sources (Income Class 7) had a negative net cash farm income. Many of these were livestock farms and were located in the three northwestern counties of Oklahoma. Otherwise, relatively large net cash farm incomes were obtained by the operators who had more than \$5,000 gross farm receipts and who received less than 50 percent of their income from off-farm sources. Income class 8 had the largest cash income per family and income class 5 had the smallest for this item.

Table 6.—Income Per Family by Sources and by Classification Of Farm Families¹

| Income Class | Number of Farms | Average Income Per Family From: | | | |
|---------------------------------------|-----------------|---------------------------------|---------------|------------------------|-------------------|
| | | Net Farm Income | Off-Farm Work | Other Off-Farm Sources | Total Cash Income |
| | Number | Dollars | Dollars | Dollars | Dollars |
| Less than \$5,000 gross farm receipts | | | | | |
| 1 | 68 | 440 | 3,068 | 352 | 3,860 |
| 2 | 38 | 498 | 506 | 3,372 | 4,376 |
| 3 | 18 | 1,788 | 735 | 102 | 2,625 |
| 4 | 30 | 1,210 | 9 | 426 | 1,645 |
| 5 | 35 | 1,209 | 9 | 41 | 1,259 |
| More than \$5,000 gross farm receipts | | | | | |
| 6 | 23 | 1,611 | 3,419 | 236 | 5,266 |
| 7 | 14 | —54 | 145 | 2,054 | 2,145 |
| 8 | 23 | 4,035 | 1,555 | 162 | 5,752 |
| 9 | 40 | 3,910 | 77 | 1,035 | 5,022 |
| 10 | 82 | 4,097 | 18 | 148 | 4,263 |
| All farms ² | 371 | 2,105 | 978 | 700 | 3,783 |
| Percent of total | -- | 55.7 | 25.8 | 18.5 | 100.0 |

¹For further detail of the distribution of off-farm income, see Appendix Table 1.

²Thirty-three farms in the survey were excluded because of no report for the net cash farm income or because of inconsistencies between the gross farm receipts and net cash farm income reported.

Of the 371 farms in the income analysis, 182 had gross farm receipts of \$5,000 or more. Of the families receiving more than 50 percent of their cash income from off-farm sources, about 26 percent had more than \$5,000 gross farm receipts. Seventy percent of the families which received less than 10 percent of their income from off-farm sources had more than \$5,000 gross farm receipts.

Relation of Size of Farm, Age of Operator, And Source of Family Income

The total acreage of cropland per farm differed significantly between the gross farm income groups (Table 7). The average size of farm and number of acres of cropland were all larger for classes 6 through 10. However, an analysis of variance of farm sizes among income classes within each gross farm receipts group did not reveal significant differences.

Nevertheless, classes 1 and 3, with the smallest average size of farm for the group with less than \$5,000 gross farm receipts, and classes 6 and 8, with the smallest average size for the larger gross farm receipts group, had off-farm work income as the major off-farm income source. The largest average sizes of farms under each gross farm receipts division were usually in the classes with other off-farm income as the major off-farm source. Classes 4 and 9 had the largest average size of farm for their respective gross farm receipts group.

Table 7.—Average Size of Farm, Acres of Cropland, and Age of Operator, by Income Classes

| Income Class ¹ | Average Size of Farm ² | Average Number of Acres of Cropland per Farm ² | Average Age of Operator ² |
|--|-----------------------------------|---|--------------------------------------|
| | Acres | Acres | Years |
| Less than \$5,000 gross farm receipts | | | |
| 1 | 246 | 123 | 44 |
| 2 | 290 | 148 | 55 |
| 3 | 267 | 171 | 47 |
| 4 | 303 | 193 | 55 |
| 5 | 294 | 161 | 51 |
| More than \$5,000 gross farm receipts | | | |
| 6 | 514 | 348 | 41 |
| 7 | 865 | 501 | 53 |
| 8 | 564 | 376 | 43 |
| 9 | 996 | 413 | 48 |
| 10 | 593 | 378 | 48 |
| All Farms | 478 | 269 | 48 |

¹See Table 2 for definition of income classes.

²Analysis of variance revealed a significant difference between income classes. F value was significant at .99 level.

A significant difference in ages of farm operators by income classes also was revealed by statistical analysis. Operators in the classes receiving more than 10 percent of their cash income from off-farm sources, with off-farm work as the major off-farm source, had the lowest average ages. Operators in classes with the major off-farm source as other off-farm income had the highest average ages. The lowest average age of operators for any income class was 41 years for class 6.

Relation of Type of Farming and Income Classes

Except for income class 7, the classes with gross farm receipts of \$5,000 or more contained higher percentages of cash grain farms than did the other classes (Table 8). This can be attributed partly to the large wheat farms located in the northern part of the state, particularly in Grant and Kingfisher counties. More than 86 percent of the farms in class 8 were small-grain farms. Farms in the classes with less than \$5,000 gross farm receipts usually contained fewer cash grain farms than did the other classes. Income classes 1 and 2 had high percentages of livestock farms, and classes 3 and 4 had a number of general farms. More than 25 percent of the farms in income class 5 were cotton farms.

Relation of Net Worth to Income Classes

Total farm assets, total assets, total debts, and net worth per farm varied widely among income classes (Table 9). The differences in these

Table 8.—Percentage Distribution of Farms by Type and Income Class¹

| Income Class ² | Cash Grain | Cotton | Dairy or Poultry ³ | Livestock Other Than Dairy or Poultry | General ⁴ |
|---------------------------------------|------------|--------|-------------------------------|---------------------------------------|----------------------|
| Less than \$5,000 gross farm receipts | | | | | |
| 1 | 39.4 | 10.6 | 7.6 | 34.8 | 7.6 |
| 2 | 25.0 | 6.2 | 18.8 | 37.5 | 12.5 |
| 3 | 50.0 | 5.6 | 5.6 | 11.1 | 27.7 |
| 4 | 56.6 | 6.7 | 3.3 | 16.7 | 16.7 |
| 5 | 42.9 | 25.7 | 11.4 | 14.3 | 5.7 |
| More than \$5,000 gross farm receipts | | | | | |
| 6 | 65.2 | 8.7 | 8.7 | 8.7 | 8.7 |
| 7 | 42.9 | 0 | 7.1 | 28.6 | 21.4 |
| 8 | 86.4 | 0 | 4.5 | 9.1 | 0 |
| 9 | 60.0 | 10.0 | 7.5 | 20.0 | 2.5 |
| 10 | 59.8 | 6.1 | 7.3 | 12.2 | 14.6 |
| All farms | 51.9 | 8.8 | 8.3 | 20.2 | 10.8 |

¹Nine farms omitted because of no report or included in census economic classes 8 and 9 (see Appendix Table 2).

²See Table 2 for definition of income classes.

³Includes 5 poultry and 25 dairy farms.

⁴Includes 2 fruit and nut farms.

Table 9. — Assets, Debts, and Net Worth by Income Classes (Dollars)

| Income Class ¹ | Average Farm Assets | | | Average Nonfarm Assets | Average Total Assets | Average Total Debts | Average Net Worth | |
|--|---------------------|-----------|-------|------------------------|----------------------|---------------------|-------------------|--------|
| | Land | Livestock | Other | | | | | Total |
| Less than \$5,000 gross farm receipts | | | | | | | | |
| 1 | 12,001 | 1,682 | 2,844 | 16,527 | 7,098 | 23,625 | 3,396 | 20,229 |
| 2 | 20,015 | 1,786 | 2,632 | 24,433 | 19,342 | 43,775 | 3,143 | 40,632 |
| 3 | 13,572 | 1,628 | 3,668 | 18,868 | 4,536 | 23,404 | 2,113 | 21,291 |
| 4 | 25,099 | 1,799 | 4,052 | 30,950 | 7,128 | 38,078 | 3,258 | 34,820 |
| 5 | 11,782 | 1,526 | 2,373 | 15,681 | 3,205 | 18,886 | 2,235 | 16,651 |
| More than \$5,000 gross farm receipts | | | | | | | | |
| 6 | 23,509 | 2,429 | 6,506 | 32,444 | 9,220 | 41,664 | 5,935 | 35,729 |
| 7 | 55,286 | 4,856 | 7,520 | 67,662 | 15,507 | 83,169 | 8,992 | 74,177 |
| 8 | 22,565 | 3,656 | 7,182 | 33,403 | 10,827 | 44,230 | 7,452 | 36,778 |
| 9 | 57,287 | 7,587 | 9,076 | 73,950 | 16,268 | 90,218 | 7,800 | 82,418 |
| 10 | 26,981 | 3,809 | 6,790 | 37,580 | 6,682 | 44,182 | 6,035 | 38,147 |
| All farms | 25,141 | 3,090 | 5,180 | 33,411 | 9,221 | 42,632 | 4,859 | 37,763 |

¹See Table 2 for definition of income classes.

attributes were prominent between the groups with less and those with more than \$5,000 gross farm receipts. Operators in classes 6 through 10 usually had higher average total farm assets, total assets, total debts, and net worths than did the operators in any of the first five classes. In each division of the income classes by the gross farm receipts, the classes that had other off-farm sources as the major source of off-farm income mostly contained higher average total farm assets, total assets, and net worths than did the classes with off-farm work as the major off-farm source. Operators in income class 9 averaged higher in total farm assets, total assets and net worth, while those in class 5, the small full-time farms, had the lower values for these items. The largest indebtedness per farm occurred in income class 7 and the smallest in income class 3.

Expected Changes in Occupation and Resource Use By the Operators

The younger farmers with less than \$5,000 gross farm income (classes 1 through 5) planned more adjustments in off-farm work or farm enlargement than did the older farmers (Table 10). About 20 percent of the farm operators of less than 45 years of age had plans of off-farm work, whereas about 10 percent of the operators between the ages of 45 and 64 planned off-farm work.⁷ More than 35 percent of the younger

⁷Farm operators 65 years of age and older were excluded in the tabulation of occupation and farm enlargement plans.

Table 10.—Plans of Farm Operators for Off-Farm Work and Farm Enlargement by Income Classes and Age Groups

| Income Class | Number of Farm Operators by Age Group | | Proportion of Operators by Age Group | | | |
|--------------|---------------------------------------|----------|--------------------------------------|----------|-----------------------|----------|
| | Under 45 | 45 to 64 | Plan Off-Farm Work ¹ | | Plan Farm Enlargement | |
| | Number | | Under 45 | 45 to 64 | Under 45 | 45 to 64 |
| | | | Percent | | Percent | |
| 1 | 36 | 29 | 19.4 | 13.8 | 33.3 | 17.2 |
| 2 | 9 | 16 | 44.4 | 12.5 | 33.3 | 31.3 |
| 3 | 11 | 4 | 18.2 | 0.0 | 36.4 | 0.0 |
| 4 | 6 | 21 | 0.0 | 14.3 | 66.7 | 19.0 |
| 5 | 9 | 22 | 0.0 | 0.0 | 22.2 | 13.6 |
| Classes 1-5 | 71 | 92 | 18.3 | 9.8 | 35.2 | 18.5 |
| 6 | 14 | 9 | 14.3 | 22.2 | 35.7 | 22.2 |
| 7 | 3 | 11 | 0.0 | 0.0 | 66.7 | 9.1 |
| 8 | 11 | 12 | 18.2 | 25.0 | 36.4 | 16.7 |
| 9 | 16 | 22 | 0.0 | 0.0 | 43.8 | 31.8 |
| 10 | 34 | 42 | 5.0 | 2.4 | 38.2 | 16.7 |
| Classes 6-10 | 78 | 96 | 7.7 | 6.3 | 39.7 | 19.8 |
| Classes 1-10 | 149 | 188 | 12.8 | 8.0 | 37.6 | 19.1 |

¹Includes either part-time or full-time off-farm work.

farmers planned farm enlargement compared with about 18 percent for the older group. The small, full-time farmers (income class 5) did not plan to engage in additional off-farm work, regardless of age. There was little relation between the off-farm work plans and age of operators for farms with more than \$5,000 gross income (income classes 6 through 10). The younger farmers did plan more farm enlargement, however. Operators in income classes 7 and 9, who depended upon nonwork income as the major off-farm source, indicated no interest in additional off-farm work.

Relation of Land Ownership and Net Worth To Age and Income Classes

The younger farm operators with less than \$5,000 gross farm income had a larger average size of farm than did the older group, but they owned a smaller percentage of the land they operated and had a smaller average net worth (Table 11). In particular, the young, full-time farmers (income class 5) were low in equity and in net worth. These same relationships generally held true for farmers with more than \$5,000 gross farm income. An exception pertained to the average size of farm. The older farmers operated larger acreages for these classes. Considering all farms, the equity and average net worth of the older operators were almost double that of the younger group.

Table 11.—Land Ownership and Net Worth in Relation to Income Classes and Age Groups

| Income Class | Average Size of Farm By Age of Operator | | Ratio of Land Owned To Land Operated by Age of Operator | | Average Net Worth By Age of Operator | |
|--------------|---|----------|---|----------|--------------------------------------|----------|
| | Under 45 | 45 to 64 | Under 45 | 45 to 64 | Under 45 | 45 to 64 |
| | Acres | | Percent | | Dollars | |
| 1 | 288 | 222 | 38.7 | 60.4 | 18,340 | 20,889 |
| 2 | 295 | 399 | 23.3 | 73.4 | 47,175 | 49,569 |
| 3 | 315 | 198 | 20.2 | 34.1 | 17,395 | 23,181 |
| 4 | 407 | 287 | 57.4 | 89.2 | 31,384 | 35,902 |
| 5 | 554 | 218 | 12.0 | 74.0 | 8,560 | 21,204 |
| Classes 1-5 | 306 | 266 | 29.6 | 72.7 | 21,155 | 29,478 |
| 6 | 495 | 544 | 40.5 | 49.4 | 30,888 | 40,425 |
| 7 | 573 | 944 | 37.2 | 83.5 | 30,531 | 85,062 |
| 8 | 584 | 546 | 21.2 | 39.9 | 21,582 | 50,585 |
| 9 | 516 | 1,396 | 53.2 | 51.7 | 42,444 | 114,869 |
| 10 | 569 | 611 | 17.9 | 49.7 | 20,624 | 51,873 |
| Classes 6-10 | 547 | 815 | 29.7 | 54.1 | 27,546 | 68,288 |
| Classes 1-10 | 432 | 546 | 29.7 | 58.6 | 24,550 | 48,777 |

Farm Resources Controlled by Farm Operators With Nonfarm Sources of Income

Farmers receiving more than 50 percent of their cash income from off-farm sources controlled 29 percent of the total farmland and cropland in the survey (Table 12). For this group (income classes 1, 2, 6, and 7), the average size of farm and the average number of acres of cropland were smaller than in the other groups.

The group receiving from 10 to 50 percent of their cash income from off-farm sources (income classes 3, 4, 8 and 9) controlled about 38

Table 12.—Distribution of Farms and Farm Acreages According to Proportion of Cash Income Received from Off-Farm Sources

| Proportion of Cash Income Received From Off-Farm Sources | Number of Farms | Proportion of Total Farm Acreage | Average Size of Farm | Proportion of Total Cropland Acreage | Average Acreage of Cropland |
|--|-----------------|----------------------------------|----------------------|--------------------------------------|-----------------------------|
| (Percent) | Number | Percent | Acres | Percent | Acres |
| More than 50 | 143 | 29.1 | 361 | 29.1 | 203 |
| 50 to 10 | 111 | 37.7 | 601 | 34.2 | 307 |
| Less than 10 | 117 | 33.2 | 503 | 36.7 | 313 |
| All Farms | 371 | 100.0 | 478 | 100.0 | 269 |

percent of the total farmland. The average size of farm for this group, about 600 acres, was also the largest. However, the group receiving less than 10 percent of their cash income from off-farm sources (the full-time farmers in classes 5 and 10) controlled the largest percentage of cropland and also had the highest average number of acres of cropland. Farms of this group averaged slightly above 500 acres.

Implications of Relationship of Off-Farm Income And Economic Adjustments by Farm Operators

Farm operators in western Oklahoma have been faced with reduced acreages of cash crops per area of cropland through wheat and cotton acreage allotments. Also, more total land suited to cropping is required per operator now than formerly to maintain the desired and allowable acreages of these two principal cash crops, due to allotments being tied to the land. A lack of profitable alternatives to these crops from the standpoint of income potential has intensified this problem. Periods of drought and other adverse weather limit opportunities for increasing income from farming. Variability of farm income from year to year in the area is closely related to weather variability. Rising production costs in relation to farm product prices are still another limitation to maintaining or improving levels of living through farming.

Alternatives or combinations of alternatives are available to farm operators and their families who seek additional income. One is enlarging the size of the farm business by renting or buying additional land. This alternative will depend on the availability of farmland for sale or rent in the area, the possession of sufficient capital or access to credit, and the ability of the operator to increase income with increase in size of farm.

A second alternative for maintaining or increasing income is that of increasing the efficiency of production. Larger and improved types of machinery are available to reduce labor requirements and thus permit larger acreages to be handled per man, but additional capital will be needed to acquire them. Other ways of increasing efficiency of production may be greater use of fertilizer, irrigation, and other improved production practices.

A third alternative for maintaining or increasing income is that of off-farm employment to supplement income from farming.

Off-farm work by the operator and family members usually consists of seasonal work, either farm or nonfarm, or year around off-farm employment. Income from off-farm work sources has provided important financial help to farm operators in western Oklahoma during periods of drought and other adverse weather.

These alternatives are not necessarily mutually exclusive. An increase in off-farm work may be accompanied by an increase in size of operation,

or in efficiency, or both. Or, off-farm work may be increased without an adjustment in size of operation or a change in efficiency.

Sources of off-farm income other than work include royalties and mineral leases, interest and dividends, and social security, welfare and pension payments. These latter, of course, are of special importance to aged and retired operators.

Within any class of farms in this study, it appears that in the future the younger farm operators will be the ones most likely to adjust to off-farm work and to enlarge their farms. The percentage of farm operators under 45 years of age who indicated farm-enlargement plans was nearly double that of the older group, on both small and large farms. Also, the percentage of young farmers on small farms who indicated off-farm work plans was nearly double that of the older operators of small farms.

Farmers with low equities in assets operated and/or low net worths probably will do more adjusting through off-farm work than by farm enlargement. Adjustment into off-farm work appears probable among the farm operators who have less than \$5,000 in gross farm receipts. Operators of these smaller farms indicated greater interest in increasing off-farm employment than did the operators of larger farms. This type of adjustment will be easier than farm enlargement for the operators of smaller farms because of their capital limitations, and the limitations of land for rent within the area. However, these same operators might later enlarge their farms with the aid of the supplemental income gained by off-farm employment.

Operators with high equities and/or net worths will probably do more adjusting by investing in nonfarm enterprises or by buying additional farmland.

Finally, those small-scale but full time farm operators of all ages and types of farms who decline to adjust by either off-farm employment or farm enlargement are not apt to improve their income status at all.

Summary

The purpose of this study was to determine the amounts and characteristics of off-farm work and nonfarm income of farm operators and their families in the commercial farming areas of western Oklahoma. The study was based on an analysis of data of a survey of 404 farm families in eight western Oklahoma counties.

About 90 percent of the farm families in the survey reported some off-farm income. The average cash income per family was \$3,783. The components of this income were as follows: net farm income, \$2,105; gross off-farm work income, \$978; and other off-farm sources of income, \$700. Off-farm income thus comprised about 44 percent of the cash income of these farm families.

Off-farm work by the farm operator was the leading source of off-farm income. Forty percent of the farm operators in the survey had income from off-farm work. Approximately 23 percent of the operators worked off their farms over 100 days per year. Off-farm work was more prevalent among the younger farm operators and those with low equities in assets managed, low net worths or small farms. Off-farm work by farmers in western Oklahoma is not new. It appears to be increasing with time as a means of increasing farm family incomes.

Other off-farm sources of income contributed to the family income of many farm families, particularly those of the older operators. About three-fourths of the farm families reported other off-farm sources of income, with royalties and mineral leases as the major source.

Farm operators who received more than 50 percent of their cash income from off-farm sources controlled about 30 percent of the total land resources in the survey. Farmers who received little or no off-farm income controlled slightly more than one-third of the total farmland and cropland.

It is suggested that the equity in assets operated and net worth of the individual farm operator greatly influences the type of adjustment he may pursue. Farm operators with limited resources may best increase their income through off-farm employment. Those with more adequate resources may increase the size of their farm operations and thereby enhance their income.

APPENDIX TABLES

Appendix Table 1.—Percentage Distribution of Farm Families Within Income Classes by Source and Amount of Off-Farm Income

| Income Class ¹ | Off-Farm Work Income ² | | | Income from Other Off-Farm Sources ² | | |
|--|-----------------------------------|-------------|------------------|---|-------------|------------------|
| | Less than \$100 | \$100-\$999 | \$1,000 and over | Less than \$100 | \$100-\$999 | \$1,000 and over |
| Less than \$5,000 gross farm receipts | | | | | | |
| 1 | 1.5 | 10.3 | 88.2 | 52.9 | 39.7 | 7.4 |
| 2 | 65.8 | 18.4 | 15.8 | 0.0 | 26.3 | 73.7 |
| 3 | 11.1 | 61.1 | 27.8 | 61.1 | 38.9 | 0.0 |
| 4 | 93.3 | 6.7 | 0.0 | 0.0 | 96.7 | 3.3 |
| 5 | 97.1 | 2.9 | 0.0 | 82.9 | 17.1 | 0.0 |
| More than \$5,000 gross farm receipts | | | | | | |
| 6 | 0.0 | 0.0 | 100.0 | 47.8 | 47.8 | 4.4 |
| 7 | 85.6 | 7.2 | 7.2 | 0.0 | 50.0 | 50.0 |
| 8 | 0.0 | 39.1 | 60.9 | 39.1 | 60.9 | 0.0 |
| 9 | 75.0 | 25.0 | 0.0 | 0.0 | 67.5 | 32.5 |
| 10 | 90.2 | 9.8 | 0.0 | 50.0 | 50.0 | 0.0 |
| Total | 55.5 | 15.1 | 29.4 | 36.9 | 48.2 | 14.9 |

¹See Table 2. income class.

²See Table 6 for average off-farm work income and other off-farm income per

Appendix Table 2. Percentage Distribution of Farms by Census, Economic Classes and Cash Family Income Classes

| Income Class | Commercial | | | | | | Noncommercial | | | Average Gross Farm Sales |
|---------------------------------------|----------------------------|----------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------------------|-----------------|----------|--------------------------|
| | \$25,000 and Over in Sales | \$10,000 to \$24,999 | \$5,000 to \$9,999 | \$2,500 to \$4,999 | \$1,200 to \$2,499 | \$250 to \$1,199 ¹ | \$250 to \$1,199 ² | Less than \$250 | Abnormal | |
| Less than \$5,000 gross farm receipts | | | | | | | | | | Dollars |
| 1 | 0 | 0 | 0 | 35.3 | 29.4 | 5.9 | 17.6 | 11.8 | 0 | 2,011 |
| 2 | 0 | 0 | 0 | 33.3 | 36.1 | 5.6 | 11.1 | 11.1 | 2.8 | 1,921 |
| 3 | 0 | 0 | 0 | 72.3 | 27.7 | 0 | 0 | 0 | 0 | 3,560 |
| 4 | 0 | 0 | 0 | 60.0 | 30.0 | 10.0 | 0 | 0 | 0 | 2,983 |
| 5 | 0 | 0 | 0 | 65.7 | 20.0 | 11.5 | 0 | 2.8 | 0 | 2,867 |
| More than \$5,000 gross farm receipts | | | | | | | | | | |
| 6 | 0 | 13.0 | 87.0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,433 |
| 7 | 0 | 7.1 | 92.9 | 0 | 0 | 0 | 0 | 0 | 0 | 7,040 |
| 8 | 0 | 36.4 | 63.6 | 0 | 0 | 0 | 0 | 0 | 0 | 10,109 |
| 9 | 5.0 | 40.0 | 55.0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,695 |
| 10 | 6.1 | 46.3 | 47.6 | 0 | 0 | 0 | 0 | 0 | 0 | 12,402 |
| All Farms | 1.9 | 17.9 | 29.3 | 24.5 | 14.7 | 3.5 | 4.4 | 3.5 | 0.3 | 6,609 |

¹Off-farm work—none, no report, or less than 100 days.

²100 days or more off-farm work, or nonfarm income of farmer and family greater than value of farm products sold.