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## SP743-A Farm Numbers in Tennessee

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# Farm Numbers in Tennessee

A look at recent Census of Agriculture data for Tennessee as it relates to farm tenure and succession

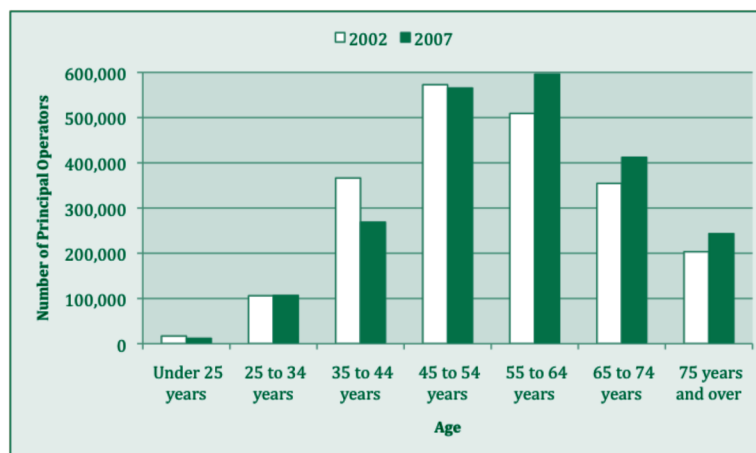


## Farmers Are Older and Farming Longer

You have almost certainly heard or read about the aging or “graying” of the U.S. farm population. For example, the average age of U.S. farmers has risen from 55.3 years in 2002 to 57.1 years in 2007. In all likelihood, the results of the 2012 Census of Agriculture will reveal further increases in the average age of farmers. While this increase is expected, an intriguing question is how this increase affects farm-succession planning. A look back at the most recent census provides insights into this question.

Between 2002 and 2007, the number of principal farm operators above the age of 55 grew 17 percent, while the number of principal operators under the age of 45 fell 21 percent (Figure 1). The increase in the average age of U.S. farmers is primarily due to the increase in the number of older farmers and the decrease in the number of younger farmers.<sup>2</sup> These trends result not only in an increasing average age of farmers, but also in an increasing amount of farmland that is controlled by older farmers. In 2007, 57 percent of U.S. farmland (over 527 million acres) was controlled by farmers over the age of 55, compared to 50 percent in 2002.

**Figure 1. Number of Principal U.S. Farm Operators by Age (2002 and 2007)**



The increasing concentration of farmland ownership among farmers over the age of 55 presents a variety of issues for the agricultural sector. First, it suggests that the successful transition of ongoing farm enterprises from the current operator to a successor is going to be an important concern for farmers in the coming years. It also suggests that farms are being transferred more slowly from one generation to the next, compared to the past. Thus, not only is succession planning becoming more important, but it is safe to assume that it is becoming more difficult as well.

<sup>1</sup>Menard, J., B.C. English, and K.L. Jensen. 2011. Economic impacts of agriculture and forestry in Tennessee. Staff Paper 11-001. (<http://aimag.ag.utk.edu/pubs/Report2009Pub.pdf>).

<sup>2</sup>Gale, Fred. 2002. The graying farm sector: Legacy of off-farm migration. Rural America 17(3). (<http://www.ers.usda.gov/publications/ruralamerica/ra173/ra173e.pdf>).

The agricultural-forestry sector is estimated to have contributed \$71.4 billion to Tennessee’s economy and to have employed over 363,500 individuals (over 10 percent of Tennessee’s workforce) in 2009.<sup>1</sup> Thus, changes in how farms are operated or how they transition from one generation to the next have important implications not only for this sector, but also for Tennessee’s economy more generally. This fact sheet examines some trends that impact farm succession.

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## Why Is Farm Succession More Difficult Now?

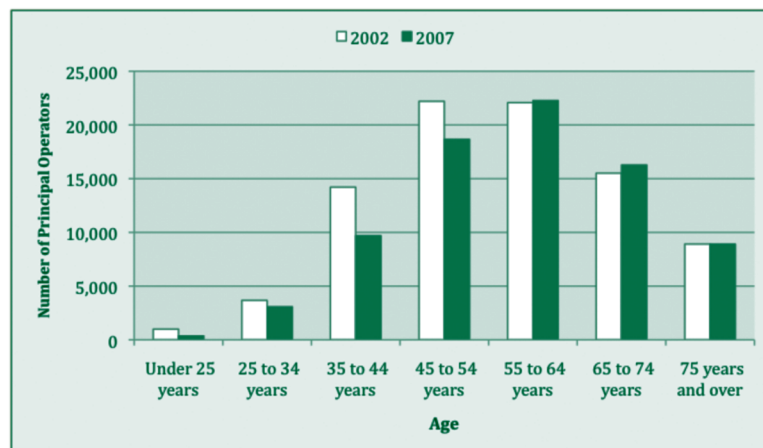
Traditionally, the family farm has operated under the assumption that the farm would pass seamlessly from one generation to the next, with the transition process beginning when the younger generation first starts helping out around the farm. With fewer children staying on the farm or returning to the farm post-education, the years of building trust and obtaining “real world” on-farm training is not occurring, which can result in a more complicated farm succession process. However, the lack of on-farm education and farm management experience is not the only possible barrier to transitioning a farm to the next generation.

Young farmers face rising costs associated with buying land, equipment, insurance and labor, which makes maintaining, expanding or altering an existing operation more difficult. Also, health care cost increases have led to some older farmers continuing to farm beyond the typical retirement age. In those cases, it is more difficult for farmers to step aside and allow a new generation to take on the farm. Lastly, the older generation, who in the past has relied on the unspoken “traditional” farm succession of farmer to son, may be relatively less willing to openly discuss farm succession within or outside their families if there are no interested family heirs to prevent possible conflicts of interest, tax implications and misinterpreted intentions from hindering the farm succession process after death.

### A Look At Tennessee

The distribution of principal farm operators across age ranges in Tennessee is similar to the U.S. numbers (Figure 2). The number of older farmers increased from 2002 to 2007, and the number of younger farmers decreased from 2002 to 2007.

**Figure 2. Number of Principal Tennessee Farm Operators by Age (2002 and 2007)**



The aging of Tennessee’s farmers implies considerable changes in farm management and ownership over the next decade. These changes pose risks to the continued operation of family farms and to the ability of new and beginning farmers to acquire farmland. In 2007, 61 percent of all Tennessee farmland was controlled by farmers who were more than 55 years old, while only 15 percent was controlled by those less than 45 years old (Table 1).

In addition to getting older, the total number of farmers in Tennessee has decreased. The number of Tennessee farms fell by 9 percent from 2002 to 2007, and the amount of farmland decreased by 6 percent over the same period (Table 2). A closer look at the statistics also shows that while the number of male principal farm operators decreased by 11 percent over that time period, the

Farm succession depends on the next generation’s willingness and capability to continue farming as much as it depends on the current generation’s willingness and capability to retire or leave the farm manager role.

number of female principal operators actually increased by 6 percent. Women over 55 years of age represent the fastest growing demographic among all farm operators in Tennessee.<sup>3</sup> These trends highlight the increasingly significant role women play in the financial management and decision-making aspects of family farms.

**Table 1. Tennessee Farmland Ownership by Age of Principal Operator (2007)**

Age Range	Percentage of Farmland Ownership	Cumulative Percentage of Farmland Ownership
Under 25	0.3%	0.3%
25-34	3.9%	4.2%
35-44	10.6%	14.8%
45-54	24.3%	39.1%
55-64	28.7%	67.8%
65 and over	32.1%	100.0%

Data source: NASS (2009)

**Table 2. Number, Average Age, Gender and Primary Occupation of Principal Operators in Tennessee (2002 and 2007)**

Item	Principal operators (2002)	Principal operators (2007)	Percent Change
Operators (number)	87,595	79,280	-9%
Land in farms (acres)	11,681,533	10,969,798	-6%
Average age of operator (years)	56.0	57.8	3%
Gender of operator (male)	78,182	69,320	-11%
Gender of operator (female)	9,413	9,960	6%
Primary occupation (farming)	44,100	30,849	-30%
Primary occupation (other)	43,495	48,431	11%

Data source: NASS (2009)

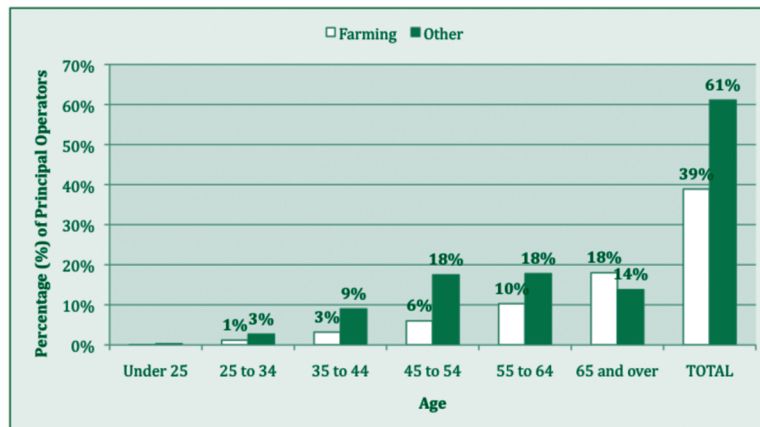
Women over 55 years of age represent the fastest growing demographic among all farm operators in Tennessee.

Another important trend is the decreasing number of Tennessee farmers for whom farming is their principal occupation. The number of Tennessee farmers who consider farming their principal occupation fell by 30 percent from 2002 to 2007. As a result, in 2007, nearly two-thirds of Tennessee's principal farm operators considered work off the farm to be their primary occupation (Figure 3 and Table 3). This percentage is even higher among principal operators who are less than 65 years old. For those above 65 years old, the trend reverses. These numbers may indicate that older farmers, though possibly retired from their off-farm employment, continue to farm into their "retirement age" years, contributing to the lack of available farming opportunities for young farmers.

Though the farm may contribute to the livelihood of the family in many important ways, primary off-farm employment provides many benefits such as potential access to additional retirement planning tools (e.g., 401[k] or 403[b] plans), health insurance and possibly a more stable source of income relative to farm revenue. The desire from all ages of principal operators to have these off-farm benefits may affect farm succession planning positively or negatively. On a positive note, farmers with off-farm employment may have off-farm retirement income that could help them transition out of farming. On the other hand, the importance of off-farm employment among farmers could mean that the farm is unable to support the current farm family, resulting in a challenging transition for another farmer or farm family entering the business.

<sup>3</sup>National Agricultural Statistics Service (NASS). 2009. Census of Agriculture, 2007. (<http://www.agcensus.usda.gov/Publications/2007/index.asp>).

**Figure 3. Tennessee Farm Ownership by Primary Occupation and Age of Principal Operator (2007)**



Data source: NASS (2009)

**Table 3. Tennessee Principal Operators by Primary Occupation, Gender and Age (2007)**

Primary Occupation	Gender	Under 25	25-34	35-44	45-54	55-64	65 and over	Total
Farming	Male	0.1%	1.1%	2.7%	5.1%	9.2%	16.1%	34.3%
	Female	0.0%	0.1%	0.5%	1.0%	1.1%	1.8%	4.6%
Other	Male	0.3%	2.4%	8.1%	15.5%	15.7%	11.1%	53.1%
	Female	0.0%	0.3%	0.9%	2.0%	2.0%	2.8%	8.0%

Data source: NASS (2009)

The future of agriculture in the U.S. and in Tennessee relies on the ability of older operators to leave farming without losing their farm to development, taxes, poor planning and/or family disputes, in conjunction with the ability of new farmers to overcome the challenge of gaining access to affordable and productive farmland. In other words, the future of agriculture depends, in part, on successful farm succession planning between current and future generations of farmers. This transition can be in the form of farmland transfers between two generations of family members or between two unrelated farmers working together to aid in the exit of one and the entry of the other. The industry depends on the continuance of programming such as the Farmland Legacy workshops, which help farmers with transitioning and estate planning, and the creation of more polices and programs for beginning farmers to help them find land and have profitable, long-lasting farm operations.

***The Tennessee Farmland Legacy Partnership  
“Planning Today for Tomorrow’s Farms”***

On Feb.16, 2010,12 organizations and Gov. Phil Bredesen officially formed the Tennessee Farmland Legacy Partnership with the purpose of serving as an authoritative resource, providing information and assistance, and encouraging both farm-level and community planning that promotes the preservation and viability of working farms in Tennessee.

The University of Tennessee is a member of this partnership and provides many resources related to farm succession and estate planning. To find out more about these resources or the partnership, visit <http://www.farmlandlegacy.org>.