



Program for Value-Added & Alternative Agriculture

NC State University • NC Cooperative Extension

New Resource for N.C. Farmers: \$1.2 Million Value-Added Cost Share Program

The Program for Value-Added & Alternative Agriculture, in cooperation with the N.C. Tobacco Trust Fund Commission, announces the N.C. Value-Added Cost Share (NCVACS) program, which is designed to enhance rural economic development and strengthen farm families. This new \$1.2 million effort is funded by the N.C. Tobacco Trust Fund Commission to support the development of value-added agricultural operations.

Applications for the fall 2009 NCVACS are now available online at www.ncvalueadded.org. There is a tight window for submissions with applications due by September 1, 2009.

Residential/Lifestyle and Retirement Farms Part-time Farmers Make a Difference in N.C.

I was wondering what sort of early onset dementia I surely must have. It was a beautiful spring Saturday and I was trying to finish building a fence on the steepest part of our farm. I was working my way through a briar and rose bush thicket with the barbed wire, neither of which were sympathetic to my effort, leaving me with multiple wounds. "I could sell this land and be sitting on the beach somewhere if I had better sense," I grumbled to myself.

But like thousands of part-time farmers there was something about this lifestyle that I could not turn loose. My wife, son and I had invested countless hours and money fixing up the family farm. Albeit, part-time farmers rarely count their investment in time, and often money, since they know what implications this accounting might have on their decisions. As is often the case, we had purchased part of the farm from other family members, inherited part of the farm and were also farming my mother's farm.

As I looked beyond the barbed wire and rose bushes (I think there may be a country song about this), I took in the beautiful, unspoiled scenery and the green fields where I'd have the satisfaction of seeing a herd of cattle grazing within the week. My wife was enthusiastically planting her large garden and my son was working the calves he would show later in the spring. OK, dementia or whatever, I could never get this kind of satisfaction sitting on the beach or hitting a little white ball around some manicured field.

I think my story is a pretty common one among part-time farmers across North Carolina. Of North Carolina's 52,913 farms in the 2007 Census of Agriculture, 28,669 of the operators (54 percent) listed something other than farm-

ing as their primary occupation. These part-time farmers were part of a larger group of small farms (defined by USDA as having annual sales of less than \$250,000) that made up 85 percent (45,191) of the number of farms in North Carolina. Of these part-time farms, 17,917 classified themselves as small family residential/lifestyle farms. Another 11,712 were classified as retirement farms. USDA defined residential lifestyle farms as farms whose operators reported that their major occupation was something other than farming. Retirement farms were those whose operators were retired.

In 2007, the market value of agricultural products sold and government payments to farms in North Carolina was \$10.3 billion. Part-time residential/lifestyle farms were 2.7 percent of the state total; about \$279 million. These small part-time farms raise a wide variety of crops and livestock. For example, North Carolina is not a big cattle state with about \$288 million in total sales, but residential/lifestyle farms accounted for 32 percent of cattle sales. These farms owned 49 percent of the 942,000 acres of pasture and 58 percent of the hay balers in the state.

But North Carolina's part-time farms raise more than cattle. Total North Carolina sales of vegetables, melons, potatoes and sweet potatoes were \$334 million in 2007 with most coming from very large farms. Residential/lifestyle and retirement farms had 6.6 percent of sales, or \$22 million. About 8 percent of the state's \$7.7 million in organic product sales were attributed to these part-time farms. Out of 602 farms listing agritourism as an income source, nearly half (294) were residential/lifestyle and retirement farms. In fact, residential/lifestyle and

retirement farms grow a small portion of just about every commodity grown in North Carolina. For example, in 2007 they sold \$22 million in nursery, greenhouse, floriculture and sod products.

How do these residential/lifestyle and retirement farms fare with regard to income? Average sales per farm is small at \$8,671 for residential/lifestyle farms and \$12,187 for retirement farms. (USDA's definition of a farm is at least \$1,000 in annual sales of agricultural products.) Net cash farm income for retirement farms

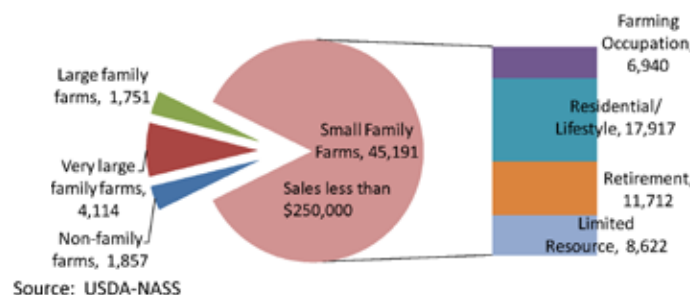
BOOKMARK IT!

Value-Added & Alternative Agriculture business toolkits, enterprise budgets, marketing handbooks, videos, PowerPoint presentations and more. www.ncvalueadded.org

Fresh Produce Safety commodity-specific guidance, information on audits, food safety plans and good agricultural practices, and training updates. www.ncfreshproducesafety.org



Type of Farm: Number of Farms in N.C.
N.C. had 52,913 farms in 2007



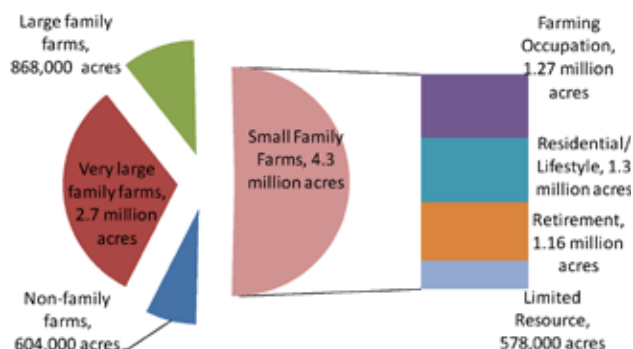


USDA Definitions of Farm Types

| Farm Type | Definition |
|--|--|
| Small Farm-Limited Resource | Gross farm sales not more than \$155,200 and household income at or below the national poverty level for a family of four. |
| Small Farm-Retirement | Less than \$250,000 gross sales Small farms whose operators report they are retired. |
| Small Farm-Residential/Lifestyle | Less than \$250,000 gross sales Small farms whose operators report a major occupation other than farming. |
| Small Farm-Farming Occupation Lower Sales | Small family farms whose operators report farming as their major occupation: Gross sales less than \$100,000. |
| Small Farm-Farming Occupation Higher Sales | Small family farms whose operators report farming as their major occupation: Gross sales between \$100,000 and \$249,999. |
| Large Family Farm | Gross sales between \$250,000 and \$499,999. |
| Very Large Family Farm | Gross sales of \$500,000 or more. |
| Non-family Farm | Ownership by non-related individuals. |

Type of Farm: Land in Farms in N.C.

N.C. had 8.47 million acres of farm land in 2007



Source: USDA-NASS

is barely positive at an average of \$301 per farm. Net cash farm income for residential/lifestyle farms is negative, averaging -\$2,766 per farm. Since net cash farm income does not include a charge for management and labor, these farm owners spend their time and labor on the farm because they enjoy it. This is especially true for residential/lifestyle farms since they also subsidize their farm with non-farm income to the tune of an average of almost \$3,000 per year.

Residential/lifestyle farms may not make up a large portion of sales of agricultural products, but they do own a large portion of North Carolina's farm land. Of the 8.47 million acres of farm land, residential/lifestyle and retirement farms owned 2.14 million, about 29 percent. This means that these small part-time farms play an important role in farmland preservation efforts.

Many of these residential/lifestyle and retirement farms have chosen to keep family land in farming and/or have invested substantial amounts of their equity in farmland. While others invest in the stock market or other financial instruments as a store of wealth, farmers often hold most of their wealth in the form of land. A majority of these small farms are in the Piedmont and mountains, often close to high growth, urban areas. Thus, any well intended land preservation policies must consider the potentially adverse effects on farm families. Otherwise these farm families will bear a disproportionate share of the cost of preserving open space which benefits the public in general.

So when you take a stroll or drive down a country lane, while you're enjoying the bucolic scenes, think of the farmers caring for the land. It may very well be a part-timer or retiree who is putting a lot of sweat and financial equity into preserving that scenery.

*By Dr. Blake Brown, Director,
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New Web Resources Available

These resources have recently been added to www.ncvalueadded.org:

- The one-stop shop Strawberry Growers Information Portals include management, production and marketing information.
- A Cooperative Development section, funded by a grant from the USDA Rural Development program, features information on starting a cooperative, cooperative feasibility studies, cooperative membership and other cooperative resources.
- An updated Farmers Market section includes specific areas for consumers, vendors and market organizers.
- The Produce Lady has a new blog, www.theproducelady.wordpress.com, and her videos are now on YouTube at www.youtube.com/theproducelady. The Produce Lady program has been featured recently in *The Packer*, a national publication for the produce industry, and numerous media outlets statewide.
- The Business Management section of the Web site features the Business Development Files, developed to assist growers interested in starting or expanding an agricultural business. They can be accessed by Cooperative Extension personnel to use with clientele. Find them in the Agents Only section.
- The N.C. Fresh Produce Safety Web site, www.ncfreshproducesafety.org, recently posted information on the N.C. Department of Agriculture and Consumer Services Water Analysis Cost Share program, along with other helpful items.

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Our multidisciplinary team builds partnerships and educational resources to help North Carolina agriculture be more profitable.

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