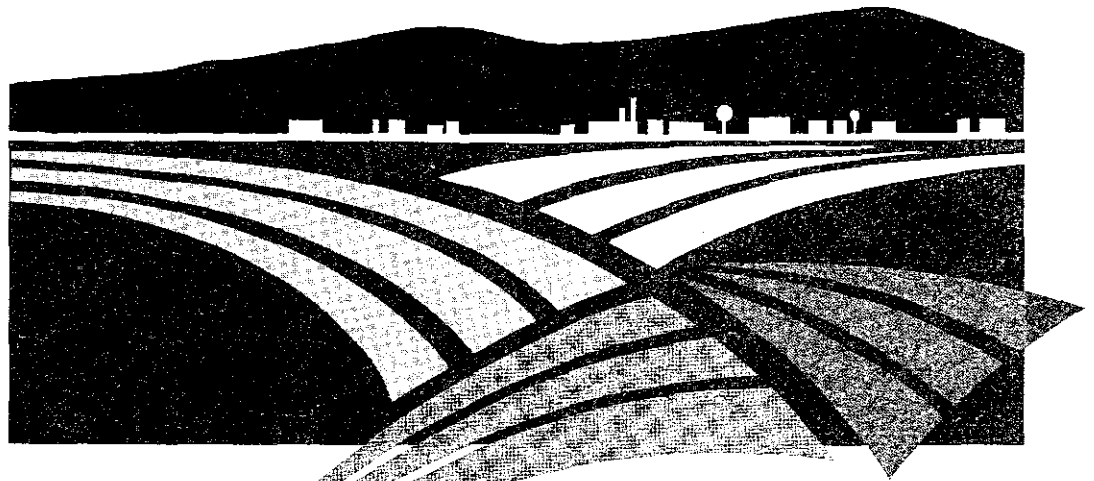


Permanent Part-time Farming in Virginia

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND	1
Data	1
Definitions of Full-time and Part-time Farms	2
PART-TIME FARMING IN VIRGINIA	3
Is Part-time Farming a Hobby?	3
Is Part-time Farming a Transition Out of Farming?	4
Is Part-time Farming a Transition into Full-time Farming?	6
How Does Part-time Farming Affect Family Income?	8
A Permanent Choice	9
DOES PART-TIME FARMING AFFECT the FARM OPERATION?	10
Linkages to Agricultural Markets	10
Linkages to Non-agricultural Markets	12
Linkages to Agricultural Policies	12
WHAT ARE the IMPLICATIONS of PART-TIME FARMING for STATE POLICY?	12
Rural Policy as Agricultural Policy	14
REFERENCES	15

EXECUTIVE SUMMARY

The majority of farms in Virginia are part-time farms. Recent data from Virginia suggest that, for the majority of farm families, off-farm work is a permanent employment decision. The number of farm-family members who work off the farm is growing. Part-time farms are neither hobby farms nor a temporary phenomenon brought on by the farm financial situation. Part-time farms produce different commodities than full-time farms. Part-time farms also have different linkages to agricultural input and output markets and to the local community. The permanence of part-time farming suggests that the best agricultural policy for Virginia may be an overall rural policy.

BACKGROUND

The majority of farms in Virginia are part-time farms. Recent national agricultural policy has been based on one of two premises about part-time farming. The first premise views part-time farming as a hobby. The second premise views part-time farming as a transitional stage between entering or leaving full-time farming. To the extent that these premises about part-time farms are incorrect—as recent evidence from Virginia shows—national agricultural policy will not address the needs of Virginia farm families.

Evidence that national agricultural policies do not, in fact, address the needs of Virginia's farm families is provided by the low overall participation in federal commodity programs. In 1987, for example, 1,088 of Virginia's 44,799 farms received 70 percent of direct government payments. This indicates that Virginia cannot rely on national agriculture policy to support its farms. Given that the majority of income for Virginia's farm families comes from off-farm jobs, the best agricultural policy for Virginia may be a comprehensive policy for all of rural Virginia.

The paper addresses the following questions about part-time farming in Virginia:

- 1) Is part-time farming a hobby?
- 2) Is part-time farming a temporary stage or is it permanent?
- 3) How does part-time farming affect family income?
- 4) How does part-time farming affect the farm operation?
- 5) What are the implications of part-time farming for state policy?

Before addressing the above questions, the data and definitions of full- and part-time farms are discussed.

Data

To gather data, the Rural Economic Analysis Program commissioned a telephone survey of Virginia farm families by the Virginia Agricultural Statistics Service. The Virginia Agricultural Statistics Service maintains the most complete list of farms in Virginia. The survey design used the *Census of Agriculture* definition of a farm: a place where agricultural production activities generate (or normally would generate) at least \$1,000 in gross sales annually (Bureau of the Census). Farms were selected from each county in the same

proportion as the number of farms in the county to the state total. Families who refused, who could not be reached after several attempts, or who were no longer farming were replaced by the next farm on the list in the same county if possible. The farm operator or the operator's spouse was interviewed concerning farm and off-farm work during 1988. Seven hundred eighty-five interviews were completed.

The 785 observations were compared to the 1987 *Census of Agriculture* to test if the sample farms were representative of Virginia's overall farm population. One year separates the census year (1987) and the survey year (1988). The variables chosen for comparison—age, acreage, off-farm employment, sex, and business organization—are not likely to be greatly affected by year-to-year variation. On the other hand, some variation in production, sales, and income is expected from year to year as a result of changing economic and weather conditions (for example, the drought that Virginia experienced during the 1987 census year), so these variables were not used in the comparison.

Overall, the sample included a somewhat older group of operators with larger acreage and less off-farm employment than reported in the 1987 *Census of Agriculture* (Table 1). Research in Pennsylvania and Massachusetts by Hallberg, Findeis, and Lass has documented that full-time farm operators tend to be older and to farm a larger acreage. Thus, the sample over-represents the full-time farm group. At the same time, the sample accurately reflects the percentage of operators who are women and the business organization of Virginia's farms.

TABLE 1. Comparison of the 1988 Virginia sample with 1987 Agricultural Census.

	Sample	Census
Average acres owned and rented	296	194
Average age of operator	56.0	54.5
% of operators working any days off the farm	41	58
% of operators who are women	8.3	8.3
% of farms owned by partnerships and corporations	11.6	12.2

Given the bias of the sample toward full-time operators with larger acreage, projection of state aggregates, such as total value of production, would be misleading. However, the objective of this research was to compare part-time with full-time farms, rather than to project state aggregates. Comparisons of the two groups are not likely to be affected by over-representation of one group. Unless otherwise noted, data used in the following discussion are drawn from this survey.

Definitions of Full-time and Part-time Farms

In this study, a farm was defined as full-time if it employed at least the operator full-time. If the farm did not provide full-time employment for the operator, it was classified as part-time. This definition is consistent with definitions of other small businesses. The operator was identified by the survey respondent and closely corresponded to the family member who worked the most hours on the farm.

Retirees operated 141 of the 785 sample farms. Retirees were excluded from the analysis

because they respond to different economic incentives. In accordance with the above definitions, 302 (47 percent) of the remaining 644 farms were defined as full-time and 342 (53 percent) as part-time (Table 2). Seventy-five operators were single and 569 were married. Forty-two single operators farmed full-time and the remaining 33 farmed part-time. Two hundred seventy-seven (47 percent) spouses worked off the farm; of these 277, 100 were married to full-time operators. Spouses of 177 part-time operators worked off the farm. (By definition, the part-time operator also worked off the farm.) On 165 part-time farms, only the operator worked off the farm. This includes the 33 single part-time operators.

TABLE 2. Numbers of full- and part-time farms in the Virginia sample.

	Number of Farms		
	Full-time Farms	Part-time Farms	Sample Total
Number of farms	302	342	644
Farms with a single operator	42	33	75
Farms where the spouse works off the farm	100	177	277

PART-TIME FARMING IN VIRGINIA

The following subsections examine two common assumptions about part-time farming: that it is a hobby, or that it is a transitional stage for leaving or entering farming.

Is Part-time Farming a Hobby?

To determine whether part-time farming is a hobby, survey respondents were asked to choose from a list the description that *best* fit their farm. Farm objectives differed among farms, but not all part-time operators were hobby farmers (Table 3).¹ Only 12 percent of part-time farms were considered a hobby, while 5 percent of *full-time* farms were considered hobbies.

TABLE 3. Farm objectives for Virginia full-time and part-time farms, 1988.

Farm Objective That Best Fits Farm	percent	
	Full-time Farms	Part-time Farms
The farm is a business that must make a profit	53	13
The farm provides a second income for the family	10	35
The farm should break even	31	40
The farm is a pastime and does not have to break even	5	12

¹All reported differences between full- and part-time farms are statistically significant at the 10-percent level or greater, unless otherwise noted.

Fifty-three percent of full-time farms were described as a business that must make a profit. (Given that this is the common image of a commercial farm, a higher percentage of full-time farms might have been expected to fall into this category.) Ten percent of full-time farms provided a second income for the family. The spouse's off-farm job generally provided the primary income for these families and the farm provided about one-third of the family's income.

The part-time farm was viewed as a business by 13 percent of respondents and as a second income by 35 percent. Altogether, then, 48 percent of part-time farmers had objectives that are explicitly profit-oriented. Profit-oriented farms, whether full-time or part-time, will respond to market signals and to policy changes more rapidly than will a hobby farm. The evidence here shows that labeling all part-time farms as hobby farms is incorrect and will lead to incorrect estimates of responses to markets and policies.

A surprisingly large number of both full- and part-time farms were expected only to break even. In some situations, such farms might be labeled hobby farms, but the objective to break even reflects, at a minimum, awareness of costs. In addition, the land may be held as a real estate investment to be sold when the opportunity arises.

Only 12 percent of part-time farms conformed to the common image of a part-time farm as a hobby farm (a pastime farm not required to break even). This group is least likely to respond to market or policy changes. But even hobby farms will respond to market signals, albeit more slowly: As the hobby becomes more expensive, people will give it up.

Is Part-time Farming a Transition Out of Farming?

Part-time farming is often considered a transition out of farming, brought on by farm financial difficulty. During the early and mid 1980s, the financial condition of the farm was often assumed to be the major factor in the number of farm families with a member working off the farm. Data from the *Census of Agriculture* for both Virginia and the United States do not bear this out. The percentage of operators working off the farm increased between 1974 and 1978 but remained stable from 1978 to 1987 during the farm financial crisis (Figure 1). Although the *Census of Agriculture* does not include other family members who work off the farm, the stability in the percentage of operators working off the farm suggests that off-farm employment is not the result of a farm financial crisis.

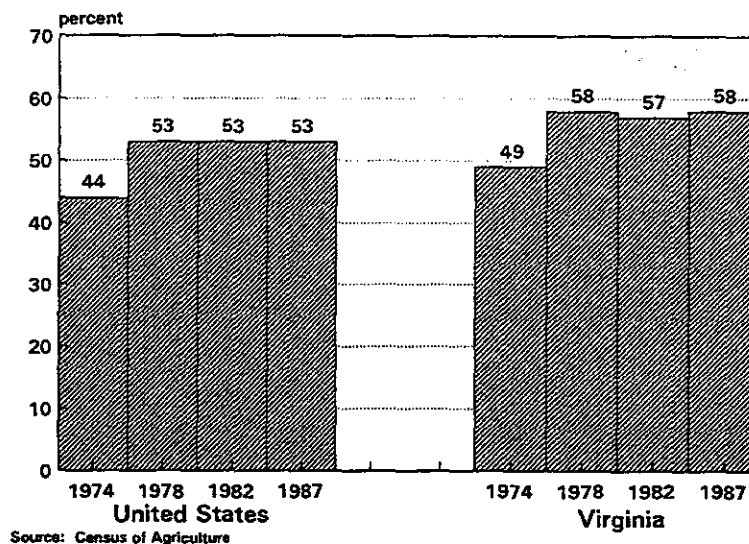


FIGURE 1. Percentage of operators working off the farm, 1974-1987.

To determine whether part-time farming is a transitional stage before leaving farming, survey respondents were asked about their debt-to-asset ratio and their plans for the next five years. Data from the Virginia farm families surveyed do not support the perception that off-farm work is a response to a farm financial crisis. In 1988, over two-thirds of the sampled farms had at least one family member working off the farm. Yet the majority of the farms—59 percent of the part-time and 53 percent of the full-time—had no farm debt in 1988 and few farms had debt-to-asset ratios of over 40 percent (Table 4). Overall, part-time farms have slightly lower debt-to-asset ratios than full-time farms, further confirming that part-time farming is not the result of a farm debt crisis.

TABLE 4. Debt-to-asset ratios of Virginia full-time and part-time farms, 1988.

Debt-to-Asset Ratio	percent	
	Full-time Farms	Part-time Farms
No debt	53	59
Debt-to-asset ratio less than 40%	35	34
Debt-to-asset ratio over 40%	12	7

Part-time farming could be a transition out of agriculture for reasons other than the farm financial condition. To address this possibility, survey respondents were asked whether they planned to continue farming for the next five years. Those who planned to leave farming were asked their reason for leaving. There was no difference between full- and part-time farms: Approximately 8 percent of each group plans to leave farming in the next five years (Table 5). Among the small number of families planning to leave farming in the next five years, the most common reason given was retirement. Also given as reasons were better income opportunities outside of farming, health, and farm debt (Table 6). Full-time and part-time farmers gave similar reasons for leaving farming, lending further support to the argument that part-time farming is not a transition out of agriculture.

TABLE 5. Plans of Virginia farmers to continue farming for five years, 1988.

Plan to Continue Farming	percent	
	Full-time Farms	Part-time Farms
Yes	92	92
No	8	8

TABLE 6. Reasons given for leaving farming within the next five years, 1988.

Reasons for Leaving Farming	Percent of Those Planning to Leave
Retirement	45
Better opportunities elsewhere	20
Health	14
Debt	7
Other reasons	14

Is Part-time Farming a Transition into Full-time Farming?

Part-time farming could be a transition into agriculture for young farmers. An off-farm job may provide beginning farmers with enough capital to move into full-time farming. To determine whether part-time farming in Virginia is a transition into full-time farming, the survey asked respondents' age, years of off-farm job experience, and their preference for off-farm working hours.

Although they tended to be younger than full-time operators, part-time farmers' average age of 53 years, combined with nearly equal years of both on-farm and off-farm experience, suggests that part-time farming is permanent, rather than a transitional stage for accumulating capital in order to farm full-time (Table 7). Part-time operators most commonly were wage employed (79 percent) (Table 8). Twenty percent of part-time operators were self-employed and an additional 1 percent were both wage- and self-employed. The self-employed operators and spouses tend to provide small-scale services to the community. The small size of these businesses may be ideally suited to small rural communities.

TABLE 7. Operators' average age and years of experience, 1988.

Plan to Continue Farming	Averages	
	Full-time Farms	Part-time Farms
Age	54	53
Years on the farm	29	26
Years of off-farm experience	11	25

TABLE 8. Wage and self-employment of operators and spouses, 1988.

	percent	
	Part-time Spouses	All Operator
Wage-employed	79	42
Self-employed	20	6
Both wage and self-employed	1	1
Do not work off the farm	0	51

Of the operators who were wage-employed, 78 percent worked full-time, 19 percent part-time, and 3 percent seasonally (Figure 2). Part-time operators appeared to be stable members of the off-farm labor force, because the majority (73 percent) of operators working off the farm indicated they were working the hours they prefer. Six percent would prefer to work more hours and 21 percent would prefer fewer hours.

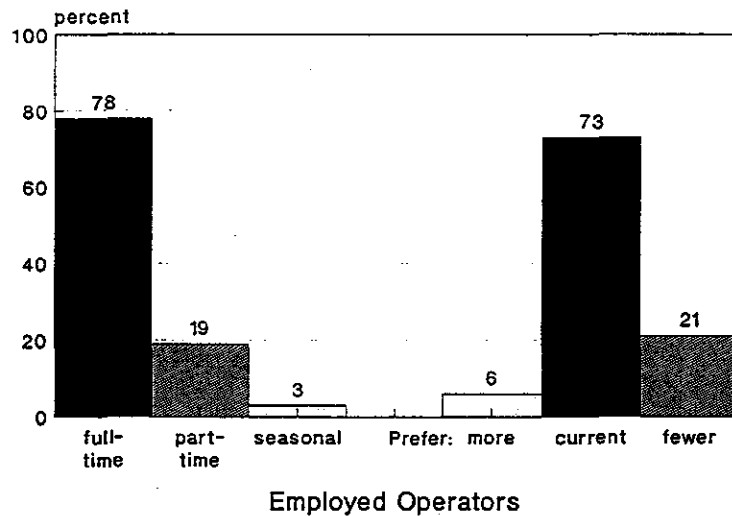


FIGURE 2. Hours of off-farm work and preferred off-farm hours of operators who are wage-employed, 1988.

Thirty-eight percent of the spouses of full-time operators, and 57 percent of the spouses of part-time operators, worked off the farm. Spouses worked, and preferred to work, hours similar to those of the operator who works off the farm. The majority of spouses who work off the farm work full-time and are working the hours they prefer (Figure 3).

Some operators and spouses would prefer fewer hours off the farm. This was most likely a reflection of the total hours per day that people work, rather than a desire to farm full-time. Full-time farm operators worked an average of 8 hours per day (Figure 4). Part-time farm operators average 11 hours per day, 7 hours off the farm and 4 hours on the farm. Spouses of full- and part-time operators worked approximately the same total hours, but allocated their time differently. Spouses of part-time operators worked 4 hours a day off the farm and fewer than 2 hours on the farm. Spouses of full-time operators worked nearly equal hours on and off the farm, a little over 2 hours a day at each. Additional hours for housework and child care were substantial, particularly for spouses.

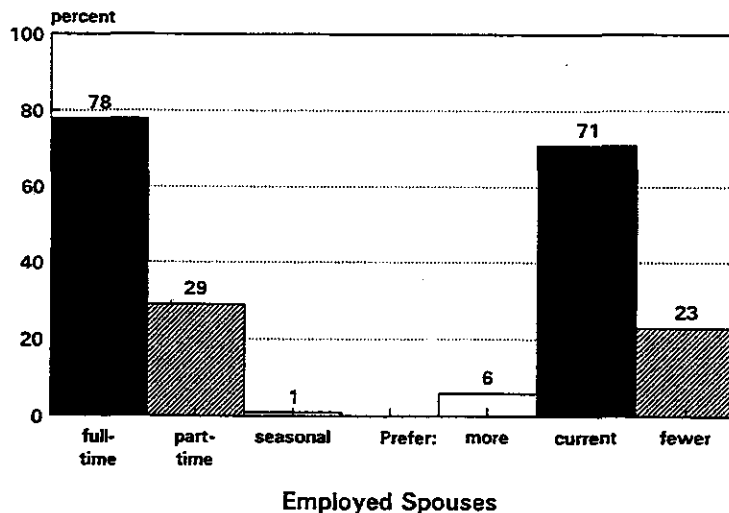


FIGURE 3. Hours of off-farm work and preferred hours of spouses who are wage-employed, 1988.

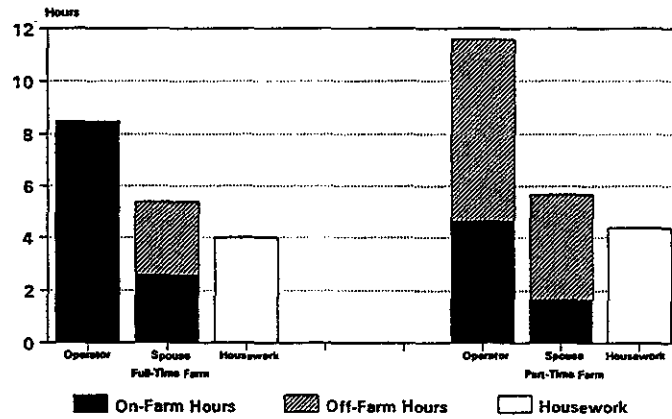


FIGURE 4. Total working hours of operators and spouses on full-time and part-time farms, 1988.

The majority of respondents who work off the farm were working the off-farm hours they preferred, or would prefer *more* off-farm hours, showing that they are stable members of the non-farm labor force. However, one in five workers would prefer shorter off-farm hours, suggesting that flexible work schedules would help meet the needs of many operators and spouses.

How Does Part-time Farming Affect Family Income?

Over the last 13 years, off-farm income has been the primary source of income for Virginia's farm families (Figure 5). During this period, farm income has varied greatly, while off-farm income has been stable or has been increasing. Thus, an off-farm income helps stabilize family income. In addition, it is clear from the survey that off-farm income actually *increases* family income. The average income for a part-time farm family was \$41,634 compared to \$33,965 for full-time farm families (Figure 6). Full-time farm families also were more likely to have family incomes below \$20,000, a cut-off line often used by the U. S. Department of Agriculture as the amount necessary for an adequate family living. Thirty percent of full-time farm families fell below this cut-off, compared to 14 percent of part-time farm families (Table 9). Of the full-time farm families with incomes below \$20,000, 32 percent had no source of income other than farming. For low-income families, even small amounts of additional or *marginal* income from the farm, or from an off-farm job, may be very important for family welfare. Even for families in the middle income range who farm for a second income, an additional \$1,000 to family income can have an impact on the family's well-being.

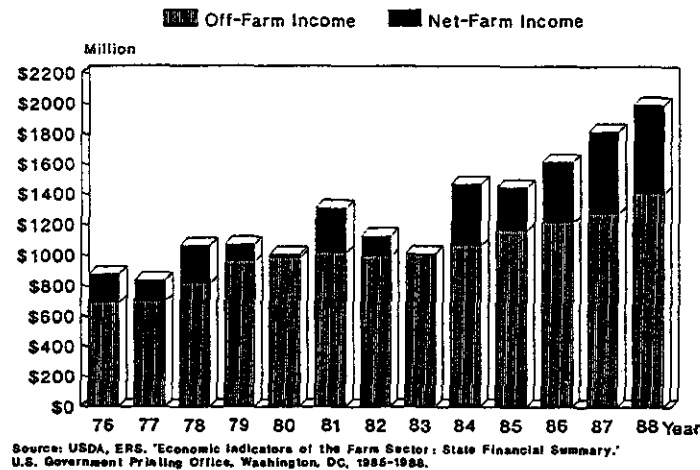


FIGURE 5. Virginia farm families' off-farm and net-farm income, 1976-1988.

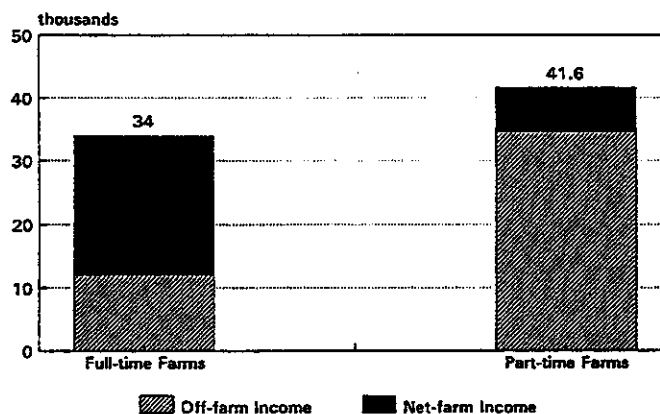


FIGURE 6. Average off-farm and net-farm income of full-time and part-time farm families, 1988.

TABLE 9. Income distribution of full-time and part-time farms.

	Full-time Farms	Part-time Farms
Average family income	\$33,965	\$41,634
Percent of families with incomes below \$20,000	30	14
Percent of families with incomes above \$80,000	8	8

A Permanent Choice

As has been shown, the survey data reveal several significant features of part-time farming in Virginia. The following are the important points brought out by the analysis and discussion thus far:

- The majority of income for Virginia farm families is provided by off-farm jobs.
- Part-time farms are more likely to provide a second income for the family than to be regarded as a hobby.
- Part-time farms have equivalent or lower debt-to-asset ratios than full-time farms.
- Equal percentages of part-time and full-time farmers plan to continue farming for the next five years, and financial problems are not commonly given as a reason for leaving farming.
- Farm income in Virginia has been very unstable for over 10 years. During that same time period, the income generated from off-farm work has remained stable, as has the percentage of operators working off the farm.

These points, along with the previous evidence presented, suggest that part-time farming combined with off-farm work is not a transitional or short-term response to a farm financial

crisis. The majority of part-time farm families have made a permanent choice to work off the farm and farm part-time.

DOES PART-TIME FARMING AFFECT the FARM OPERATION?

To determine the effects of *part-time farming* on the farm operation, this study examined how full- and part-time farms differed in their linkages to markets. A linkage is an economic interaction, or transaction, between the farm family and another business. The larger and more repetitive the transaction, the stronger the linkage. Linkages occur with both agribusiness and with non-agricultural firms. Examples of linkages to agribusiness and agricultural markets include selling commodities produced on the farm, buying inputs, and hiring farm labor. The most obvious linkage to a non-agricultural market is the off-farm work of farm family members, whether a wage job or self-employment. Purchases by farm families of consumer goods from local businesses are other linkages. Linkages create an interdependence between the farm family and the community, and policies that affect these linkages will have impacts, intended or not, on the farm family.

Linkages to Agricultural Markets

Outputs. Full- and part-time farms in the survey differed in their linkages to agricultural output markets because they differed in the commodities they produced as the primary source of income for the family. The differences were due primarily to labor requirements. A majority (55 percent) of part-time farms produced beef. Beef operations also accounted for the highest percentage of full-time farms, but this percentage (40.7 percent) was significantly smaller than for part-time farms (Table 10). Only 2.6 percent of part-time farms were dairy farms, compared to 17.6 percent of full-time farms. This is not surprising, given the inflexible labor demands of dairy and the time constraints of part-time farm families. On the other hand, a higher percentage of part-time farms produced tobacco, a crop that requires seasonal, rather than daily, labor and that can be profitable with a small acreage. Approximately equal percentages of full- and part-time farms relied upon the other commodities as their major source of farm income. Overall, part-time farm families clearly chose farm enterprises that require less labor year-round than did full-time farm families.

TABLE 10. Major farm products of full-time and part-time farms in Virginia, 1988

Type of Operation	percent	
	Full-time Farms	Part-time Farms
Beef/Cow-Calf	40.7	55.0
Dairy	17.9	2.3
Tobacco	12.3	17.2
Other Livestock	8.9	8.2
Grains	8.9	7.9
Fruit & Vegetables	4.6	1.8
Other	6.7	2.6
Total	100.0	100.0

Gross sales were examined to determine the relative strength of agricultural output linkages. Higher gross sales of full-time farms indicate stronger linkages to output markets than those for part-time farms (Figure 7).

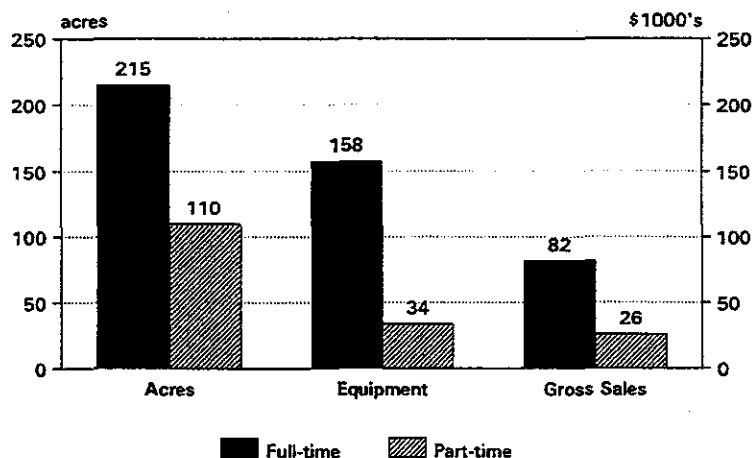


FIGURE 7. Average acreage, equipment value, and gross sales of full-time and part-time farms, 1988.

Inputs. Full-time farms also had stronger linkages than part-time farms to agricultural input markets. Full-time farms planted substantially larger acreage and had a higher value of equipment (Figure 7). Higher gross sales per acre planted imply a higher use of inputs per acre. Part-time farms have weaker linkages to farm input and output markets, but may provide the marginal volume needed to keep local agribusiness firms in business (Marousek). For example, horse owners may provide the extra volume needed to keep a farm-supply store in business.

Differences in linkages to input markets were especially visible in hired labor used by full- and part-time farms. Sixty percent of full-time farms hired labor, while 44 percent of part-time farms did (Figure 8). Among the farms that hired labor, full-time farms averaged 3,518 hours of hired labor annually, over twice as many as the 1,569 hours hired on part-time farms. The majority of part-time farms that hired labor were tobacco producers hiring seasonal labor.

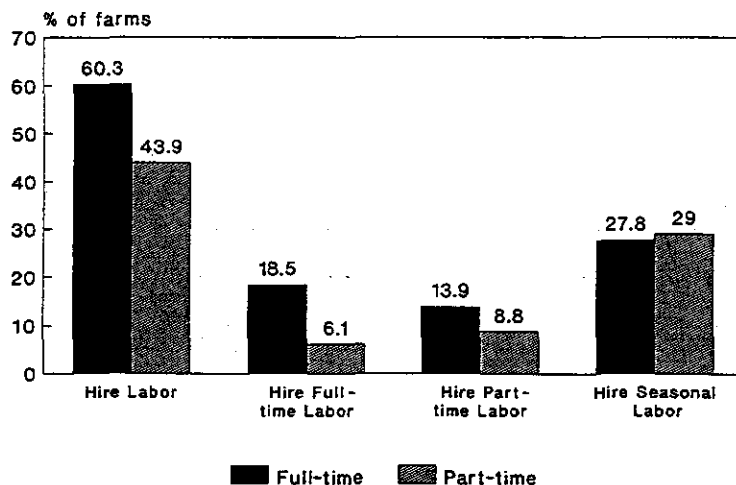


FIGURE 8. Percentage of full-time and part-time farms that hire labor, 1988.

12 Linkages to Non-agricultural Markets

Obviously, part-time farms are linked to the non-agricultural economy through the labor market. Part-time farm families are a stable source of labor in rural areas and can be used as a labor pool for attracting additional employers. Although, as the survey showed, some members of this labor pool would prefer more flexible hours, the majority are willing to work long hours off the farm. Full-time farms also have links to the local labor market because many spouses and other family members work off the farm. The linkages of part-time farming to the local economy are increased because some part-time farmers or spouses of farmers are self-employed and provide small-scale services to the community. These services may be ideally sized for the smaller, dispersed population in rural areas, and may be an important ingredient in the development of other industries in rural communities.

Linkages between farm families and consumer or retail businesses are also important. Because part-time farm families have higher incomes than do full-time farm families, they may spend more in local businesses, increasing sales and sales tax revenues. In addition, part-time farm families facing greater time constraints may purchase more time-saving services, such as take-out food, from local businesses.

Linkages to Agricultural Policies

One indicator of differences between full- and part-time farmers' responses to agricultural policy is their participation in Extension meetings (Table 11). Part-time farmers were less likely than full-time farmers to use Extension services. Forty-four percent of the part-time farmers had no Extension contact in 1988 compared with 33 percent of the full-time farmers. Nearly two-thirds (60 percent) of the full-time farmers had two or more Extension contacts during the year, while fewer than 44 percent of the part-time farmers did so.

TABLE 11. Extension participation in 1988.

	percent	
	Full-time Farms	Part-time Farms
No contact	33	44
One contact	7	12
Two or more contacts	60	44

Participation in farm commodity programs is highly concentrated among large, full-time farmers (Bureau of the Census). Of the approximately 45,000 farms in Virginia in 1987, 1,088 received 70 percent of all direct farm payments. Livestock, the major commodity of part-time farms, is not included in the commodity programs.

WHAT ARE the IMPLICATIONS of PART-TIME FARMING for STATE POLICY?

Part-time farming in Virginia as a permanent rather than a transitional state has important implications for rural and farm policies. Part-time farms and full-time farms will react differently to policy because they are working with different resources and constraints.

For example, part-time farm families work more total hours than do full-time farm families. Time constraints of part-time farm families, combined with the inability to hire labor to replace the operator's managerial labor (Alwang, *et al.*), lead to the production of different commodities and to different economic linkages for full-time and part-time farms. The shortcomings of national agricultural policy in addressing these issues can be lessons for Virginia policy design.

Programs tied to specific commodities automatically exclude all farms that do not produce that commodity. National agricultural policy is designed mainly for commodities that are not the major agricultural products of Virginia. For example, the majority of both full-time and part-time farmers in Virginia raise livestock, which is not included among the national commodity programs. In addition, part-time farmers are less likely to produce commodities supported by national agricultural programs. The tobacco program is an exception, because it does reach part-time farmers; however, the beneficiaries of the program are found only in certain regions of the state.

Even full-time Virginia farms that do produce commodities—such as wheat and corn—included in the national commodity programs face several obstacles to participation. Operators often lease land from several owners, and participation is difficult without agreement by all owners. While farmers in the Midwest may use their own proven yields, Virginia farmers must accept the assigned county yield on their base acreage; for many farmers, assigned yields are much lower than actual yields, and this reduces deficiency payments. As in other states, requirements for compliance with a farm conservation plan in national commodity programs have reduced participation by Virginia farmers. As a result of these circumstances, participation in farm commodity programs is not widespread in Virginia, and the distribution of benefits from these programs is highly concentrated.

Farm families often face two income issues: insufficient income and highly variable income. Program benefits tied to production tend to increase incomes of the largest producers—not necessarily the families with the most need. The range of family income among both full-time and part-time farm families (as seen in Table 9) indicates that farmers are not a homogeneous group. The largest full-time farms and some part-time farms generate the highest incomes. The families with the most need are found on the smaller full-time farms and some of the part-time farms. But these same families, because of the limited production on their farms, will receive lower benefits. The desirability of the current non-needs based program to support farm family income can be questioned.

Programs tied to agriculture ignore other alternatives for increasing family income or smoothing the variability in farm income. For significant numbers of both full- and part-time farms, family income is increased, and variability in farm income is smoothed, by off-farm work by a family member. Yet, increasing off-farm employment opportunities has been ignored as an instrument of farm policy.

Part-time farm families, on average, have higher and more stable incomes than do full-time farm families. Income stability might make part-time farmers more willing to take risks on the farm, such as adopting new technologies or moving to low-input sustainable agriculture.

A current policy concern is whether part-time farmers are as likely as full-time farmers to modify their farm operations to achieve environmental goals. The Chesapeake Bay Program notes that variation in cropping patterns, livestock operations, land ownership, resources, and motivations produce different incentives to farmers. The lower intensity of input use per acre for part-time farms implied by low equipment value (Figure 7) indicates that part-time farmers may already be practicing a more environmentally benign form of

agriculture. Labor availability is a major constraint facing part-time farmers. If little additional labor is required in order to conform to environmental guidelines, part-time farmers may respond to these programs in a manner similar to full-time farmers. Part-time farmers may also modify their practices if the modification requires only seasonal labor and if the modification can be profitable for small acreage operations (as is the case for tobacco). For these reasons, environmental programs should target part-time farms as well as full-time farms.

Virginia may also benefit from policy lessons learned in other states. The permanence of part-time farming runs counter to some policy assumptions. The existence of large numbers of farm families working off the farm has been equated with a transition out of or into farming. State programs for displaced farmers may be ignoring the potential for higher family income when off-farm work is combined with part-time farming rather than leaving farming completely (Maize and Bluestone). State programs providing lowcost loans and other assistance so young farmers can farm full-time may in fact be lowering the incomes of families who participate. Some states with young farmer programs (Texas, for example) have had difficulty recruiting sufficient young farmers into the program.

Significant numbers of both part-time and full-time farms are only expected to break even or are hobby farms. Many of these families may be holding the land for speculative, not agricultural, purposes; yet they benefit from agricultural-use assessment for taxation. There is evidence from other states that agricultural-use assessment does reduce the tax burden on farmers, but land assessed at use value does not necessarily remain in agricultural use for any long period of time (Marshall). In addition, lowering of taxes on one group shifts the tax burden to another group that may have higher or lower incomes. The granting of these assessments to all farms, regardless of their motivation, should be examined further. Even hobby farms will respond to economic incentives; changes in taxation may make the hobby too expensive to continue.

Rural Policy as Agricultural Policy

Rural and agricultural are not synonymous. The majority of the rural population depends on manufacturing and services for its income. Farm families make up approximately 5 percent of the rural population, so rural incomes cannot be supported mainly through farm programs. Because farm families are as much a part of the local labor market as they are of the farm-related markets, programs such as rural jobs creation may be more effective than agricultural programs in supporting the incomes of both farm and non-farm rural families. Cyclical variations in low-skilled job earnings in rural areas tend to be better determinants of rural welfare in general than farm prices or incomes. Income support pegged to local job-market conditions rather than to farm prices would affect more rural families, both farm and non-farm. Jobs with flexible hours may allow more farm families to increase their income by working off the farm.

Part-time farm families have strong linkages to the local economy. Because of their higher incomes, part-time farm families may patronize local retail services outlets more than do full-time farm families. Areas with high populations of part-time farmers may have very stable supplies of labor; large labor pools can foster growth in employment opportunities. In an economic downturn, part-time farm families are more likely to remain in the community than other families because of their tie to the land and the second income provided by the farm to fall back on. For low-income families, even a small income from the farm may be very important to the family.

Most Virginia farmers do not participate in national agricultural policy programs. Both full- and part-time farm families have strong linkages to the non-agricultural economy. These

linkages have traditionally been ignored in policy design. The results of this study show that an overall *rural* policy, one that considers all rural linkages, may be the state's best *agricultural* policy.

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