

A Decade of Change in Texas Agriculture

The Structure of Texas Agriculture

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The number of farms in Texas has increased by 8 percent since 1997, according to the most recent *Census of Agriculture* reports. Produced by the U.S. Department of Agriculture (USDA), the census data include the number and size of farms in Texas and how they are organized. Analysis of the census data shows trends regarding the structure of Texas agriculture:

A farm is any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the census year.

- The number of farms in Texas has risen from 228,926 farms in 2002 to 247,437 farms in 2007, the year of the most recent census.
- Texas has more large farms and more small farms than in 2002 but 1,800 fewer medium-sized farms.
- Farms that generate annual gross sales of \$24,999 or less represent 83 percent of all the farms in the state but generate just 4.1 percent of the gross sales.
- The farms with annual gross sales of \$250,000 or more represented just 4.2 percent of all farms in the state but generate 85 percent of the gross sales.

Number and size of farms

For census purposes, the USDA defines a *farm* as any place from which \$1,000 or more of agricultural products

were produced and sold, or normally would have been sold, during the census year. Using this definition, the *Census of Agriculture* estimates that Texas had 247,437 farms in 2007 (Table 1).

This number is an 8 percent increase over the 228,000 farms in 1997 and 2002. In 2007, these farms operated 130.3 million acres, which is comparable to the acreage in 2002 but is down 2.6 percent from the 133.9 million acres reported in 1997.

Higher commodity prices in 2007 helped boost the average market value of agriculture products sold per farm to \$84,874, up from about \$61,000 in 2002 and 1997. Gross income includes the sale of crops and livestock, and government payments. The term **gross sales** is used throughout this report as a shorter descriptor for **market value of agricultural products sold**. The term **gross income means market value of agricultural products sold plus government payments**.

Table 1. Farm structure statistics for Texas, 1997, 2002, and 2007.

Farm parameter	2007	2002	1997
Number of farms	247,437	228,926	228,173
Land in farms (acres)	130,398,753	129,877,666	133,956,359
Average gross sales per farm	\$84,874	\$61,744	\$61,427

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Table 2 provides more detail, including the number of farms, percentage of farms, and acreage information for farms by seven economic classifications (gross sales). Most of the increase in the number of farms is in the smallest gross sales category—those with gross sales of less than \$1,000—which increased from 64,572 farms in 2002 to more than 86,279 in 2007.

Likewise, the number of farms in the \$500,000 to \$999,999 range increased from 1,881 to 3,167, while the number of farms with gross sales of \$1 million or more doubled, from 1,482 to 2,879.

Another indicator of farm size is acreage. In Figure 1, the number of farms in Texas is distributed across seven acreage ranges for 1997, 2002, and 2007. Most of the change in acreage distribution occurs in the ranges of 1 to 9 acres and 10 to 49 acres. The number of farms with 1 to 9 acres increased from 13,669 in 2002 to 21,024 in 2007. The increase of 7,355 farms over that 5-year period was 53 percent. In the same period, farms in the 10-to-49-acre range increased from 61,015 to 72,837—an increase of 11,822 farms, or 19 percent.

Most of the increase in the number of small farms is probably because of the increasing popularity of living on a small-acreage farm, as well as some modifications by USDA to improve the accuracy of counting small farms in the census.

The number of farms in the 180-to-499-acres range has declined slightly since 1997, with most of the decrease occurring by 2002 (Fig. 1).

The number of farms of 500 to 1,999 acres also decreased, by just over 1,500 farms (10.2 percent) relative to 2002. The likely reasons for this decline include some farm operators scaling back the size of their operations for economic reasons and relying more on off-farm income, and some farmland being developed for residential and commercial use.

The number of farms with 2,000 or more acres increased from 10,513 in 2002 to 11,012 in 2007, an increase of 499 farms, or 4.7 percent. This increase can most likely be attributed to some farm operations expanding to remain competitive and take advantage of economies of scale.

Farms by economic classification

The number of farms by economic classification for 1997, 2002, and 2007 is presented in Figure 2 using the data in Table 2. In Figure 2, some of the gross sales ranges have been consolidated for ease of readability.

The number of farms in the lower income range—less than \$5,000—increased significantly compared to 2002 and 1997. The number of farms with less than \$5,000 in gross sales rose from 99,186 in 1997 to 145,517 in 2007, an increase of 47 percent.

Farms with gross sales of \$24,999 or less represented 83 percent of all farms in 2007; this percentage remained basically unchanged since 1997. The number of farms with gross sales between \$100,000 and \$499,000 increased slightly from 2002 to 2007 (11,300 to 11,500), but was less than the 13,500 farms in this range in 1997.

Table 2. Farms and land in farms, Texas, 2002 and 2007.

Economic classification (gross sales)	Farms (number)		Farms (percent)		Land in farms (acres)		Average size of farm (acres)	
	2007	2002	2007	2002	2007	2002	2007	2002
All farms	247,437	228,926	100	100	130,398,753	129,877,666	527	567
\$1,000,000 or more	2,879	1,482	1.2	0.6	16,810,758	11,270,181	5,839	7,605
\$500,000–\$999,999	3,167	1,881	1.3	0.8	13,814,237	9,438,965	4,362	5,018
\$100,000–\$499,999	11,534	11,301	4.6	5.0	34,559,740	36,255,330	2,996	3,208
\$25,000–\$99,999	23,984	21,996	9.6	9.6	25,373,318	29,415,834	1,058	1,337
\$5,000–\$24,999	60,356	57,840	24.4	25.3	17,933,790	21,599,670	297	373
\$1,000–\$4,999	59,238	69,854	24.0	30.5	5,874,063	8,591,593	99	123
Less than \$1,000	86,279	64,572	34.9	28.2	16,032,847	13,306,093	186	206

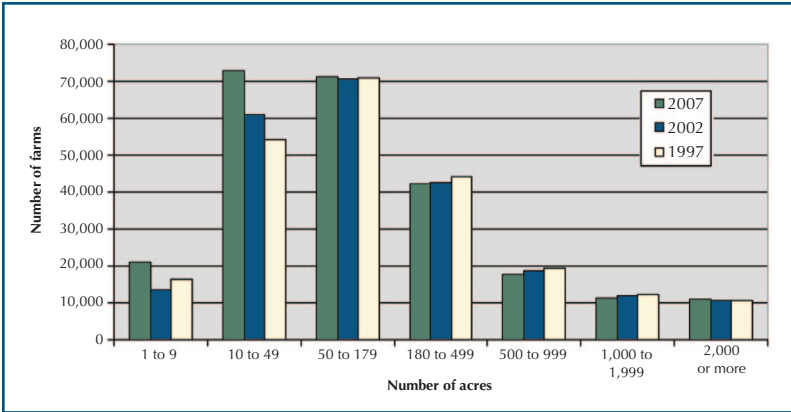


Figure 1. Number of farms by size, measured in land area, Texas, 1997, 2002, and 2007.

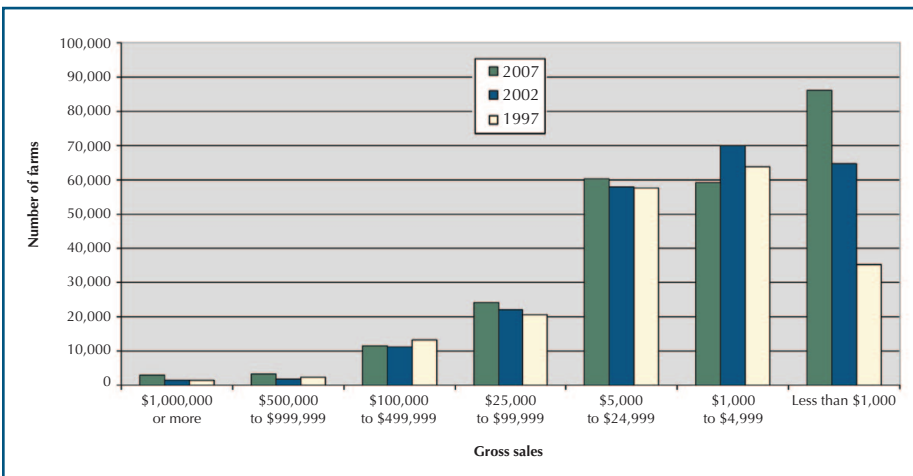


Figure 2. Number of farms by size, measured by gross sales, Texas, 1997, 2002, and 2007.

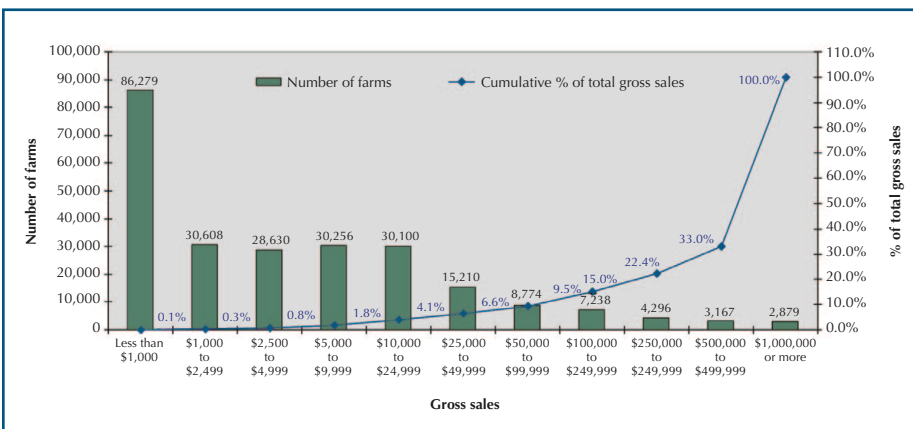


Figure 3. Cumulative distribution of total gross sales by gross sales size category, Texas, 2007.

The number of farms in the largest income range (\$500,000 or more) increased from 3,363 in 2002 to 6,046 farms in 2007 (3,817 in 1997). These larger farms represented 2.4 percent of all farms in 2007.

Another important characteristic is the source of gross sales. In 2007, gross sales—the market value of agricultural products sold, not including government payments—in Texas was estimated at \$21 billion, with 69 percent of the income coming from livestock production and 31 percent from crop production.

4 percent of farms generate 85 percent of gross sales

The distribution of gross sales across farm size categories for 2007 is illustrated in Figure 3. The bars represent the number of farms in each gross sales range, while the line plots the cumulative distribution of gross farm sales. For each bar, the corresponding percentage represents the percentage or share of gross sales generated by all the farms in that size range and below (to the left). Therefore, each percentage plotted on the chart is cumulative.

For example, the 86,270 farms (34 percent of all farms) in the lowest gross sales range generated just 0.1 percent of total gross sales. For the next range (\$1,000 to \$2,499), 0.3 percent of all gross farm income was generated by 116,887 farms (86,279 + 30,608). Likewise, there are 205,873 farms that generate annual gross sales of \$24,999 or less. These farms represent 83 percent of all farms in the state, but generate just 4.1 percent of the gross sales in the state.

The 10,342 farms with annual gross sales of \$250,000 or more represent just 4.2 percent of all the farms in the state, but these farms generate 85 percent (100 percent minus 15 percent) of gross sales. The 2,879 farms with gross

Table 3. Types of business organization by gross sales size category, Texas, 2007.

Type of organization	Gross sales size categories							
	\$1,000,000 or more	\$500,000 to \$999,999	\$100,000 to \$499,999	\$25,000 to \$99,999	\$5,000 to \$24,999	\$1,000 to \$4,999	Less than \$1,000	All farms
Family or individual (sole proprietorship)	52.6%	64.9%	72.9%	82.6%	89.9%	93.3%	89.1%	88.2%
Partnership	30.3%	20.3%	16.2%	12.2%	7.8%	5.0%	7.7%	8.3%
Corporation, family held	11.9%	13.0%	8.7%	3.7%	1.3%	0.8%	1.2%	2.0%
Corporation, other than family held	3.8%	0.9%	1.0%	0.4%	0.2%	0.1%	0.3%	0.3%
Other: cooperative, estate or trust, institutional, etc.	1.4%	0.9%	1.3%	1.1%	0.9%	0.7%	1.8%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

sales of \$1 million or more are responsible for 67 percent of the gross farm income generated across the state, compared with 59.5 percent in 2002.

Organizational structure

Farms in Texas operate under several types of business structures (Table 3). The most common is a sole proprietorship, which was reported by 88.2 percent of all farms in the state. Sole proprietorships are more common in the middle-to-lower end of the gross sales scale.

The use of a partnership varies by farm size as well, with 8.3 percent of all farms operating as partnerships. Among farms with gross sales of \$1 million or more, 30 percent are organized as partnerships.

Corporations are more common for larger farms. Of farms with gross sales of \$500,000 or more, about 14 to 16 percent conduct business as corporations; most of these are family-held corporations. Just over 1 percent of the farms in Texas are organized as other business forms, such as cooperatives, estates, or trusts.

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