Agricultural Investments on Preserved Farms

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  - Joshua Duke (U. of Delaware)
Policy rationale for study

- PDR/PACE programs preserve land “for” agriculture, not “in” agriculture
- Policy makers prefer that owners of preserved farms be “actively engaged” in agriculture
  - Local food supply
  - Land stewardship
  - Critical mass / maintain agricultural supply networks

ARE THEY?

PREMISE: Investment in the agricultural operation is evidence that owners are “actively engaged”

QUESTION 1: Do owners of preserved farms make agricultural investments?

- in equipment
- in buildings
- in conservation
- in irrigation
QUESTION 2: Do “lifestyle farmers” who own preserved farms do less investment than commercial farmers?

- Are they disproportionately represented in PDR programs?

QUESTION 3: Do tenant-operated preserved farms do less investment than those operated by their owners?

- Are they disproportionately represented in PDR programs?
Study design

- Surveyed 507 owners of preserved farms in New Jersey, Delaware, and Maryland
  - NJFPP
  - MALPF
  - DALPF
  - MET
  - MRLP

- 95% of these owners (484) reported at least some agricultural production in 2010

QUESTION 1: Did owners of our preserved farms make agricultural investments?
**Reason for optimism:** Program administrators enroll relatively large, commercial farms

<table>
<thead>
<tr>
<th>Owner-operated preserved farms</th>
<th>Three states, 2007 Census of Agriculture</th>
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<tbody>
<tr>
<td>Farmer occupation, ≥ $250K</td>
<td>Farmer occupation, ≥ $250K</td>
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<tr>
<td>Farmer occupation, &lt; $250K</td>
<td>Farmer occupation, &lt; $250K</td>
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<tr>
<td>Lifestyle or retired</td>
<td>Lifestyle or retired</td>
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**QUESTION 2a:** Are lifestyle and retired farmers disproportionately represented in PDR programs?

- **NO** About 44% of preserved farm sample versus 57% of all Census farms in the three states

**QUESTION 2b:** Do lifestyle farmers who own preserved farms do less investment than commercial farmers?

- **NO**
  - Only irrigation investments are less common among this group
    - Appears to be related to operation size and not to lifestyle status
QUESTION 3a: Are tenant-operated preserved farms disproportionately represented in PDR programs?

- Possibly YES.
  - 44% of our respondents were non-operators
  - 7% of 2007 Census respondents were tenants

QUESTION 3b: Do tenant-operated preserved farms do less investment than those operated by their owners?

- YES
  - True across all four types of agricultural investment
  - Consistent with the prior literature on ag. investment and innovation

Summary of findings

- “Actively engaged” standard: No obvious cause for alarm
- Preserved farms are relatively large and commercial (by design)
- Lifestyle farmers invest at the same rate as others!
- Tenancy (absentee ownership?) a cause for concern
  - Legal as a selection filter? Desirable? Enforceable on second generation owners?
Discussion.

THANK YOU