

2008 Summary Report

Introduction

Established in 1982, the Iowa Farm and Rural Life Poll is conducted through a partnership between Iowa State University Extension, the Iowa Agriculture and Home Economics Experiment Station, and the Iowa Department of Agriculture and Land Stewardship. Generally known as “The Farm Poll,” this annual survey effort collects and disseminates information on issues of importance to rural communities across Iowa and the Midwest. The Farm Poll serves to inform the development and improvement of extension and research programs and is used by local, state, and national leaders in their decision-making processes. We thank the many farm families who responded to this year’s survey and appreciate their continued participation in the poll.

Who Participates?

Questionnaires were mailed to a statewide panel of 2,081 farm operators, with reminder postcards and replacement questionnaires sent to maximize survey response rate. Usable surveys were received from 1,262 farmers, resulting in a response rate of 61 percent. Eight percent of Farm Poll participants were female, and the overall average age was 63. Forty-eight percent of participants rely on farming for more than 50 percent of household income, and an additional 21 percent derive between 26 and 50 percent of household income from a farm operation.

This report summarizes this year’s results. Copies of this or any other year’s reports are available from your local county Extension office, the Extension Distribution Center (www.extension.iastate.edu/store), Extension Sociology (www.soc.iastate.edu/extension), or from the authors.

Highlights from the 2008 Farm Poll

Quality of Life

The Farm Poll has followed perceptions of quality of life, defined as “degree of satisfaction with all aspects of your life,” in rural Iowa for over twenty-five years. Since 1982, we have asked the same set of questions every two years, tracking both ups and downs across the decades as the farm economy and other factors have buoyed or depressed farm families’ assessments of quality of life for themselves, their communities, and rural communities across the state. With grain prices on the rise for much of 2007, and modest economic growth at the state level for the year, ratings of quality of life were expected to increase as well.

Farmers were asked to assess quality of life over the past five years and expectations for the next five years for both their own families and families in their communities. When considering the previous five years, 46 percent reported improvements in their own families’ quality of life and 35 percent believed that other families in their communities had experienced similar improvements (Table 1).

These results represent a significant increase over 2006 numbers, and the largest increase in farm families' assessments of quality of life—at both the family and community levels—in a decade.

Projections about quality of life over the next five years represent expectations about how farm families and their communities will fare in the near future. Results reveal optimism: 37 percent of respondents indicated that quality of life for their families will improve, and 27 percent believe that quality of life will improve for other families in their communities (Table 1). Finally, farmers were generally positive or neutral about the overall economic prospects for rural Iowans, with 37 percent anticipating improvements over the next five years (Figure 1). This figure signifies a sharp increase from 2006, when only 19 percent believed that economic prospects would improve, and

represents the largest percentage of positive responses on this question since 1988.

Farmers' evaluations of the financial status of agriculture at the local level showed similar increases. Seventy-three percent of respondents felt that farmers in their area were experiencing no financial problems or at most only slight problems, and about the same percentage believed that local agribusiness firms and financial institutions were also in solid financial condition (Table 2). Farmers were even more positive when asked about their own farms: 84 percent indicated no problem or at most a slight problem with current financial well-being, with 59 percent reporting that finances were not a problem at all (Table 2). Taken together, these results represent the highest levels of financial confidence that farmers have expressed since the Farm Poll was initiated in 1982 (Figure 2).

Table 1. Quality of Life

	Become Somewhat or Much Worse	Remain the Same	Become Somewhat or Much Better
—Percentage—			
During the past five years, has the quality of life for your family	12	42	46
In the next five years, will the quality of life for your family	15	48	37
In the next five years, will the overall economic prospects for rural Iowans.....	33	30	37
During the past five years, has the quality of life for families in your community.....	19	46	35
In the next five years, will the quality of life for families in your community	27	46	27

Table 2. Financial Well-Being in Agriculture

How do you feel about the current financial well-being of...	Not a Problem	Slight Problem	Moderate or Serious Problem	Not Sure
—Percentage—				
Your own farm	59	25	13	3
Financial institutions in your area	53	23	16	8
Farmers in your area	43	30	21	7
Agribusiness firms in your area	42	30	21	7

Figure 1. Quality of life: percent reporting somewhat or much better

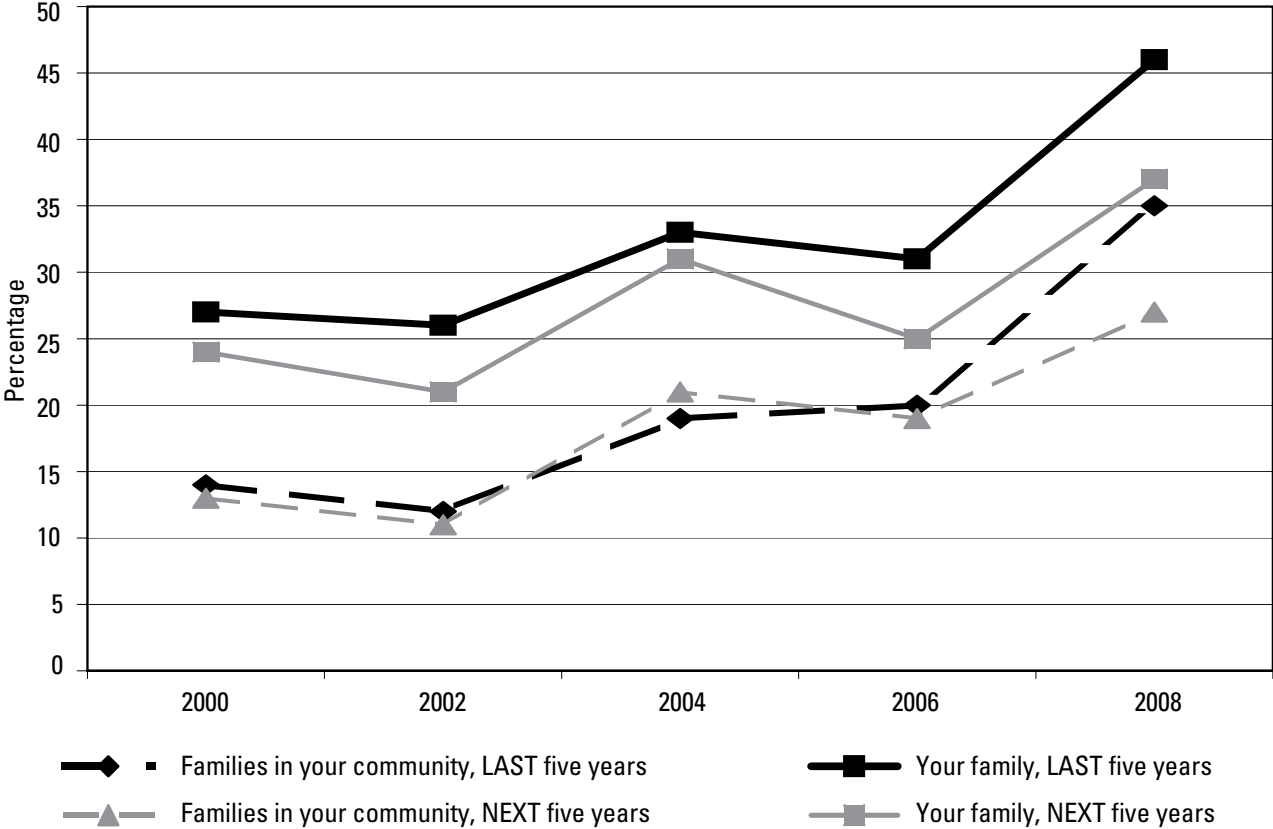
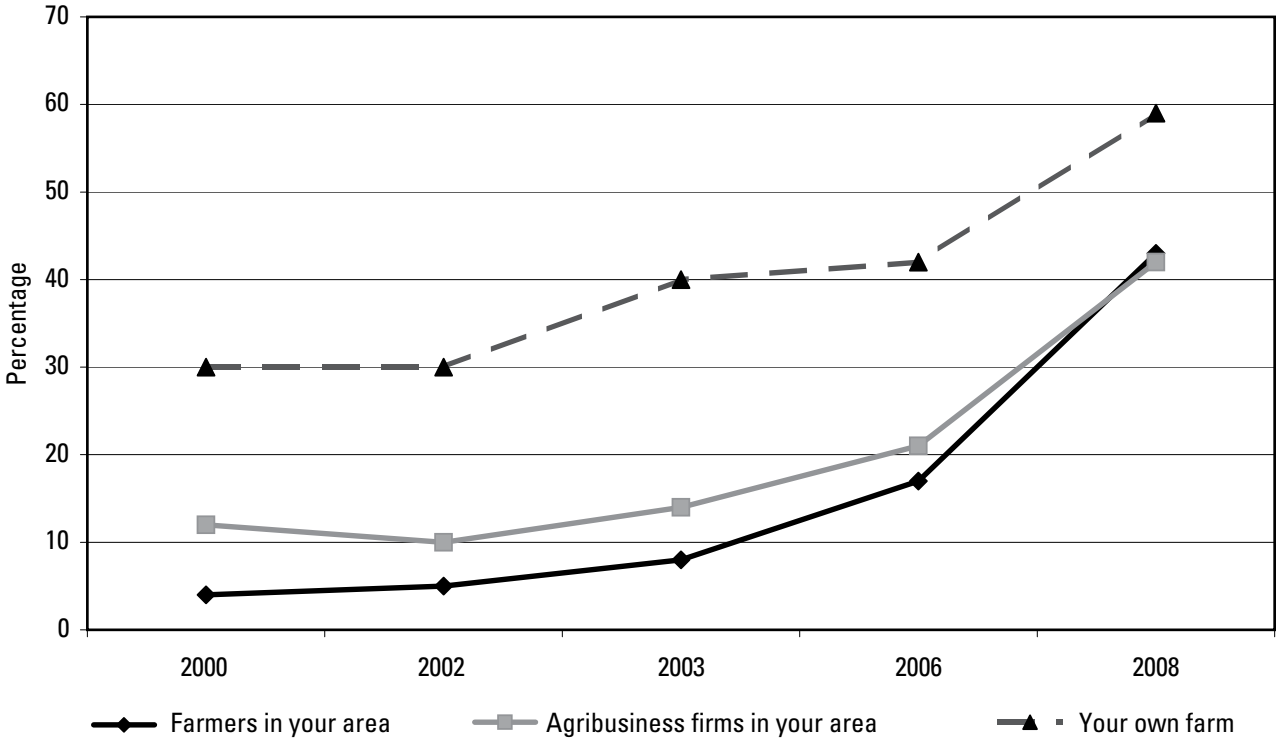


Figure 2. Financial well-being in Iowa agriculture: percent reporting no problem



A number of items on this year's survey asked farm families to rate their communities on several measures of community satisfaction and vitality. The statement "this community has more going for it than other communities in the area" garnered 35 percent agreement among farmers, while 31 percent disagreed (Table 3). Slightly under half of respondents—44 percent—agreed or strongly agreed that their communities had a bright future, while 20 percent disagreed. Nearly 60 percent of farmers agreed or strongly agreed that they couldn't think of any other community where they would rather live, and 75 percent agreed that their community would be a good place for future generations to raise their families. These results are for the most part in line with the same questions from earlier surveys, indicating that perceptions of community vitality, while mixed between positive and less positive assessments, are stable over time.

Population Changes in Rural Communities

Population change in rural areas has been a constant over the last several decades. Whether due to declines in numbers of farms and farmers, migration to urban areas in search of employment, movement of urban dwellers to rural settings in pursuit of small town or country life, or other reasons, some rural areas have seen population growth while others have experienced declines. Several sections

of the 2008 Farm Poll focused on perceptions regarding population shifts in rural Iowa and beliefs about the drivers, characteristics, and impacts of those changes.

Farmers reported having lived in their present communities for an average of 18 years. A first set of questions related to size and direction of population changes that had occurred in their communities over the previous ten years. Forty-three percent of farmers reported that their communities' population had somewhat or greatly declined, compared to 27 percent who cited increases in population (Table 4). As might be expected, related questions about movement in and out of communities point to significant migration flows in both directions: 34 percent reported that the number of people moving into their communities had increased, while 33 percent reported an increase in people moving out.

A series of questions asked for farmers' thoughts on why people have either moved into or out of their communities. In line with other research on rural population trends, survey participants reported that people moving in were attracted to the "small-town feel" of their communities (67 percent) or a desire to live in the country (66 percent) (Table 5). Other important reasons cited as motivations behind migration to rural communities were ease of travel to urban areas (59 percent), quality of school systems (56 percent), relatively low cost of living (55

Table 3. Community Attachment and Vitality

	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
— Percentage —			
This community would be a good place for future generations to raise their families	8	17	75
I can't think of any other community where I'd rather live ...	18	24	58
The future of this community looks bright.....	20	36	44
This community has more things going for it than other communities in this area.....	31	34	35

Table 4. Population Change

	Greatly or Somewhat Declined	Remained the Same	Greatly or Somewhat Increased
	–Percentage–		
Over the past 10 years, the number of people moving into my community has.....	32	34	34
Over the past 10 years, the number of people moving out of my community has	16	51	33
Over the past 10 years, the population of my community has.....	43	30	27

percent), and employment opportunities (48 percent).

Similar questions were asked about those who had left communities. While just under 50 percent of Farm Poll participants had cited employment as a reason for moving in, 65 percent agreed that *lack of* employment opportunities in their communities was an important factor in people’s decisions to move elsewhere (Table 5). A desire to live in urban areas was cited as an important determining factor by 47 percent of respondents.

Movement into and out of communities has both positive and negative impacts, and a series of questions sought to learn about how

Farm Poll participants perceive those impacts on their communities. On the whole, farmers’ assessments of impacts tended toward the negative. Forty-three percent of respondents indicated that population changes in their communities had not been good for the local economy, compared to 28 percent who believed that changes had been positive in that regard (Table 6). Thirty-nine percent disagreed that their communities had been changed for the better, while 24 percent were in agreement. Likewise, impacts on community vitality and cooperation between community members were seen as negative by 38 and 35 percent of participants, respectively.

Table 5. Reasons for Moving

	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	–Percentage–		
People have <i>moved into</i> my community because of...			
its small town feel.....	7	26	67
a desire to live in the country	9	25	66
ease of travel to urban areas	15	26	59
the quality of the school system.....	14	30	56
relatively low cost of living	15	30	55
employment opportunities	30	22	48
People <i>left</i> my community because of...			
lack of employment opportunities.....	14	21	65
a desire to live in urban areas	11	42	47
difficulty of travel to urban areas	51	31	18
the quality of the school system.....	58	31	11

Table 6. Impacts of Population Change

On the whole, the population changes in my community over the past 10 years have...	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	— Percentage —		
not made much of a difference.....	29	36	35
been good for the local economy	43	29	28
changed the community for the better	39	37	24
led to greater cooperation among community members.....	35	44	21
increased community vitality	38	41	21

Table 7. Potential Community Actions Regarding Migration

My community should...	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	— Percentage —		
be welcoming and accepting of new residents.....	4	14	82
market its sense of community	8	27	65
market its high quality of life.....	11	29	60
actively recruit people to move here	15	37	48
market itself as a retirement destination	40	38	22
market itself as a second-home destination.....	47	35	18

A final set of questions focused on opinions regarding actions related to new and potential residents of their communities. A strong majority (82 percent) of Farm Poll participants agreed that their communities should be welcoming and accepting of new residents (Table 7). Forty-eight percent believed that their communities should actively recruit people to move there. Related to recruitment of new residents, several questions addressed the appropriateness of potential marketing strategies that their communities might follow. Many respondents agreed that their communities should market their sense of community (65 percent) and high quality of life (60 percent). Much lower levels of agreement were found on whether the community should market itself as a retirement destination (22 percent) or as a second home destination (18 percent).

The Next Generation of Farmers

Farmers across the country are getting older, and Farm Poll participants, at 63 years of age on average, are no exception. As many farmers approach retirement age, the question of who will farm the land after their retirement is often raised. This year's Farm Poll found that 42 percent of farmers plan to retire sometime over the next five years. When asked whether they had identified a potential successor who would eventually take over management of the farm operation, 42 percent responded that they had selected a successor.

When asked what would happen to their farmland when they retire, numerous participants indicated that they would maintain control over the land in some way. Thirty-four percent stated that they would rent their land: seventeen percent to someone outside of the family, thirteen percent to one or more

children, and four percent to other family members (Figure 3). An additional six percent responded that they would likely never retire, bringing the total percentage of farmers who plan to retain ownership of their land to approximately 40 percent.

A similar percentage of farmers plan to relinquish at least some control over their land. The largest group indicated that they would gift their land to one or more children (19 percent) or to another family member (1 percent). Seventeen percent plan to sell their land: 10 percent to their children, six percent to an unrelated person, and one percent to another family member. Finally, six percent intend to place their land in a trust. Overall, then, around 43 percent of farmers plan to transfer ownership of their land.

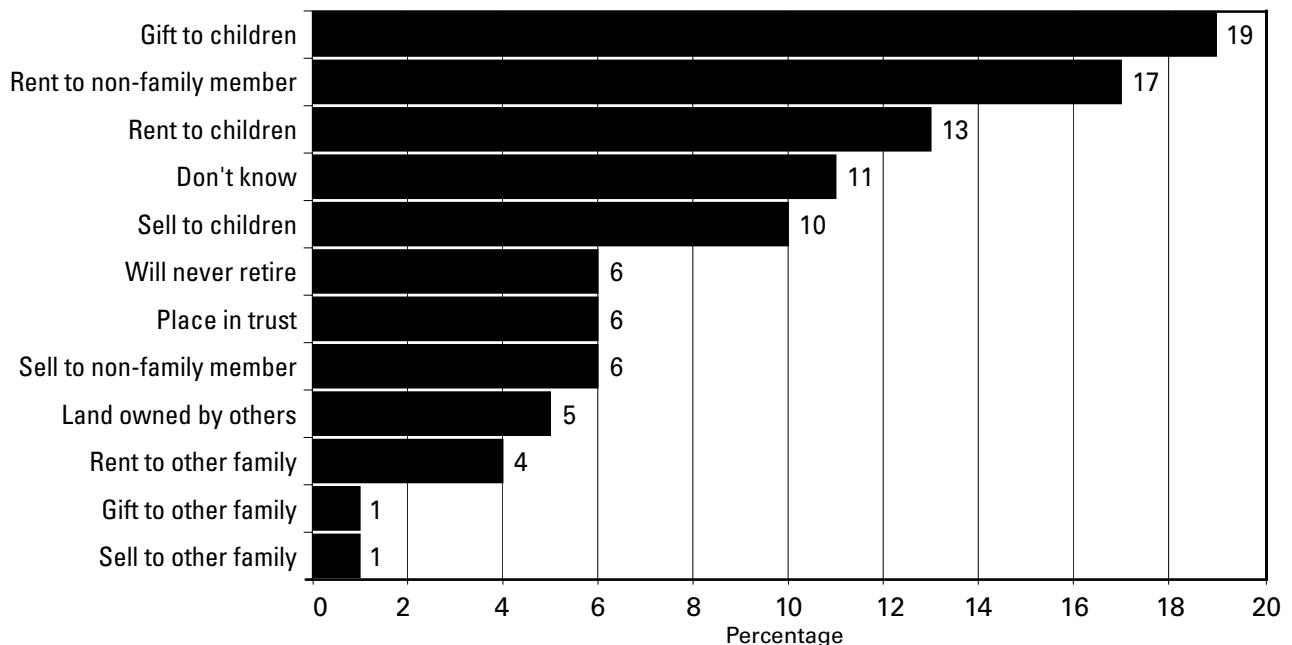
The remaining 16 percent of farmers is accounted for by the 11 percent of respondents who indicated that they had no idea what would happen to their land when they retired, and five percent who did not own most or all the land that they farmed.

Farming and the Bioeconomy

The growth of the ethanol industry and other efforts to develop biorenewable energy and products has contributed to higher grain prices and a feeling of general optimism about the current and future prospects of Iowa's agricultural sector. The 2008 Farm Poll contained a series of questions regarding how these developments might shape both farming in general and decisions about participants' own farm enterprises.

Expectations about where grain prices will head are a critical factor in farm decision making, especially decisions regarding significant investments in fixed assets such as land or machinery. Farmers were asked whether they believed grain prices would maintain current levels for the next five years and the next ten years. While 29 percent expressed some confidence that prices would continue at current levels for the next five years, only eight percent agreed that they would continue for the next ten years (Table 8). As might be expected, there was much uncertainty on these questions; nearly half

Figure 3. Plans for farmland on retirement



of the participants declined to even hazard a guess about the future direction of prices.

Several questions explored the impacts that potential growth in the bioeconomy and related increases in grain prices will have on farmers' intentions to invest in land or equipment, rent more land, or establish conservation practices. Four pairs of questions were asked. The first question in each pair asked for opinions about the general wisdom of the following actions given the current context of high grain prices: buying more land, renting more land, making a major equipment purchase, and investing in conservation practices. The second question in each pair asked farmers to rate their own intentions to take those actions themselves over the next two years.

Few farmers endorsed the idea of buying more land given current and potential conditions:

only nine percent agreed that farmers should purchase more land (Table 8). Even fewer—seven percent—indicated that they planned to buy land over the next two years. Regarding rented land, 21 percent of Farm Poll participants agreed that farmers should rent more land; however, only nine percent agreed that they intended to do so in the near term. Slightly higher percentages of respondents endorsed the idea of making a major equipment purchase: 29 percent agreed that it is a good time to make such investments, and 18 percent signaled their intentions to purchase major equipment over the next two years. On the subject of investments in conservation, participants were asked whether or not, given current profit levels, farmers could afford to incur additional expenditures for conservation practices. Fifty-eight percent agreed that farmers in general could afford to make such

Table 8. Farming and the Bioeconomy

	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	—Percentage—		
Current grain price levels will continue for the next five years	25	46	29
Current grain price levels will continue for the next 10 years	41	51	8
Given the potential growth of the bioeconomy, farmers should purchase more land	38	53	9
I plan to purchase more land over the next two years.....	73	20	7
Given the potential growth of the bioeconomy, farmers should rent more land.....	29	50	21
I plan to rent more land over the next two years.....	69	22	9
Given current grain prices, farmers should make major equipment purchases	28	43	29
I plan to make a major equipment purchase over the next two years	59	23	18
Given current profit levels, farmers can afford to make additional expenditures on conservation practices.....	13	29	58
I plan to make significant expenditures on conservation practices over the next two years.....	37	42	21
Livestock production is profitable at current grain price levels.....	67	25	8
Higher grain prices are not a concern for livestock producers because distillers grains are available from ethanol plants.....	69	24	7
If grain prices remain high, many livestock producers will go out of business.....	13	27	60

investments, and 21 percent indicated that they would make significant expenditures on conservation practices over the next two years.

Three items addressed the potential impacts of current grain price levels on livestock production. The first, “high grain prices are not a concern for livestock producers because distillers grains are available from ethanol plants” garnered significant levels of disagreement: 69 percent of Farm Poll participants disagreed compared to 7 percent in agreement (Table 8). Sixty-seven percent indicated that livestock production is not profitable at current price levels, and 60 percent agreed that if grain prices remain high, many livestock producers will shut down. Results from these three items signify that concern about the livestock industry remains high among Iowa farmers.

This year’s Farm Poll also asked farmers to speculate on the growing bioeconomy’s impact on three key factors in production costs: land values, land rental rates, and input costs. Strong majorities of participants agreed that growth in the ethanol sector and other biorenewables industries would lead to escalating land prices (81 percent), increasing land rents (87 percent), and even higher input prices (88 percent) (Table 9). While these results are not unexpected given that such costs have been on the rise for some time, they point to concerns about future farm

profitability if the prices of critical factors of production continue to increase.

Several items explored opinions regarding the bioeconomy’s impact on retirement or disengagement plans and the next generation of farmers. Twenty-three percent of participants indicated that growth in the bioeconomy would influence them to delay retirement for a few more years (Table 9). Given the rapidly increasing price of land, farmers were asked if they would be inclined to sell land earlier than they might have otherwise: only nine percent agreed that they would, with 54 percent in disagreement. While it is likely that much of that 54 percent can be attributed to farmers who had no intention of selling their land anytime soon, the result does suggest that the record high land prices that Iowa has experienced over the last several years are not inducing many farmers to rush to sell their land.

A critically important issue is the impact that the bioeconomy might have on young or beginning farmers. While bioeconomy-related increases in the costs of farming might serve as deterrents to entry, at the same time high grain prices and increases in attention paid to the farming sector might serve to attract the next generation of farmers. Several items explored this theme. Although 42 percent of Farm Poll participants agreed that bioeconomy growth would serve to

Table 9. Farming and the Bioeconomy, Part 2

	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	—Percentage—		
Lead to even higher input prices.....	3	9	88
Lead to increasing land rents	2	11	87
Lead to escalating land prices	3	16	81
Make it more difficult for young farmers to get into farming.....	8	18	74
Attract the next generation of farmers	18	40	42
Influence me to delay retirement for a few more years.....	41	36	23
Make it easier for me to pass my farm operation to my children ..	33	46	21
Make it easier for young farmers to get into farming	62	26	12
Influence me to sell my land earlier than I might otherwise	54	37	9

attract the next generation of farmers, most (62 percent) disagreed that recent developments would make it easier for young farmers to get into farming (Table 9). In fact, 74 percent agreed that it would be more difficult for young farmers to enter farming, and only 21 percent agreed that it would be easier to pass their farm on to their children.

Rented Land

Much of Iowa’s farmland is rented, a fact that has implications for the economic well-being of farmers who depend on cultivating a certain amount of rented land to make ends meet. It also has implications for soil and water quality: research has suggested that rented land generally receives less conservation attention than owned land. Fifty-one percent of Farm Poll participants reported that they rent farmland from others as part of their operation. On average, those farmers had three landlords, and rented an average of 386 acres, compared to 266 acres that they owned.

Many of the questions regarding rented land focused on landlords and landlord-tenant relationships. Farmers reported that among the landlords from whom they rented the most land, over 97 percent were individual persons (Table 10). Over 70 percent lived in the

Table 10. Who Owns the Rented Land (Landlord from whom farmers rent the most land)

A person who lives in the county.....	60%
A person who lives in an adjacent county.....	11%
A person who lives somewhere else in Iowa	8%
A person who lives outside the state....	18%
A lender or financial institution	0%
An Iowa corporation.....	2%
A corporation whose headquarters is outside of Iowa	1%
A foreign investor either an individual or corporation	0%

county or in an adjacent county, eight percent lived elsewhere in Iowa, and 18 percent lived outside the state. Only three percent of the primary landlords were corporations. Of the primary landlords who were individual persons, Farm Poll participants reported that 46 percent were former farmers, 16 percent were spouses of former farmers, and 30 percent were the heirs of a farm estate. Eight percent indicated that their primary landlords were individual investors with no family ties to the land (Table 11).

Relationships with landlords appear to be longstanding and involve substantial levels of communication. Farmers reported that, on average, they had rented from their primary landlords for nearly 18 years. Renters and landlords communicate frequently; farmers indicated that they communicate with their landlords about farming practices an average of 17 times per year, and about conservation practices around four times per year. However, only 27 percent agreed that their primary landlord participates substantially in farming decisions (Table 12). Seventy-eight percent of Farm Poll participants reported that their landlords were committed to their continuation as a tenant, and 58 percent agreed that their landlords place more importance on their relationships with their tenants than on maximizing profits from their land.

Several items asked for Farm Poll participants’ opinions about their landlords’ stewardship ethics. These questions were asked only in relation to the landlord from whom they rented the most land. On the whole, farmers believe

Table 11. Who Owns the Rented Land, Part 2 (Landlord from whom farmers rent the most land)

A former farmer.....	46%
The spouse of a former farmer.....	16%
The heir(s) of a farm estate.....	30%
An individual investor with no family ties to land.....	8%

that their landlords place importance on land stewardship and conservation. Seventy-four percent reported that their landlords care about how farming practices carried out on their land impact soil and water quality, and 72 percent maintained that their landlords have established adequate conservation practices on their land (Table 12). Forty-six percent of farmers agreed that their landlords place more importance on maintaining soil and water quality than on maximizing profits from their land, and 38 percent indicated that their landlords care about wildlife habitat on their land.

The survey also addressed conservation decision making and sharing of responsibility for ensuring that farming practices conserve soil and water quality. Forty-one percent of the farmers who rent land reported that their landlords participate substantially in

conservation decisions (Table 12). Regarding responsibility for establishing conservation practices and otherwise conserving soil and water quality, most renters feel that the onus is on them. Sixty-seven percent agreed that if conservation practices are needed on the land that they rent, it is their responsibility to address the need. Forty-six percent indicated that their landlords require that they farm in a manner that minimizes soil and water impacts.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is a federal program that since 1985 has set aside environmentally sensitive lands through contracts and annual payments to participating landowners. The program has removed some 35 million acres of US farmland from production, around 1.8 million acres of which

Table 12. Landlord Involvement in Farming, Conservation

	Disagree or Strongly Disagree	Undecided	Agree or Strongly Agree
	—Percentage—		
My landlord cares about how my farming practices impact soil and water quality	11	15	74
My landlord has established adequate conservation measures on his/her land.....	13	15	72
If conservation practices are needed on the land I rent, it is my responsibility to address the need.....	15	18	67
My landlord is more interested in maintaining soil and water quality than maximizing profits.....	19	35	46
My landlord requires me to minimize impacts on soil and water quality	29	25	46
My landlord places land stewardship goals ahead of income goals	27	29	44
My landlord participates substantially in conservation decisions.....	38	21	41
If conservation practices are needed on the land I rent, it is my landlord's responsibility to address the need	39	22	39
My landlord cares about wildlife habitat on his/her land.....	25	37	38
My landlord is committed to my continuation as a tenant	4	18	78
My landlord is more interested in maintaining our relationship than maximizing profits.....	17	25	58
My landlord participates substantially in farming decisions ..	60	13	27

are in Iowa. Over time, much of this land has become a haven for wildlife and provided other ecosystem services, such as improving water quality. In response to rising crop prices, many landowners have or are considering bringing their CRP land back into crop or livestock production. This year's Farm Poll asked a series of questions about Iowa farmers' plans for their CRP acres.

Forty percent of Farm Poll participants have an average of 46 acres of land enrolled in the conservation reserve program. Fifty-two percent of those who participate in CRP reported that they do not plan to renew their contracts upon expiration. Of these, 71 percent reported that they would return an average of 38 acres to crop production. Fourteen percent indicated that they would use an average of 40 acres for grazing or haying. Other uses reported by smaller numbers of CRP participants

included leaving it alone (18 percent, an average of 22 acres), selling it (five percent, an average of 95 acres), and using it for hunting (nine percent, an average of 35 acres).

It is widely believed that landowners who return CRP lands to crops or livestock do so primarily because they consider that the economic returns will be higher than those that they have received under the CRP program. The Farm Poll asked the CRP contract holders who planned to return their land to *crop* production how much their annual CRP payment was currently, and how much that payment would have to be in order to induce them to re-enroll in CRP. The average annual rental payment for their CRP land was found to be \$128, and they estimated that they would re-enroll in the program if payments were raised to an average of \$190 per acre.

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File: Communities 9-3

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