Section C

Local Food Systems
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Photo: Michael Heller
State of Chesapeake Agriculture: Economics

**Farm Share of Food Dollar:** Unhealthy

One measure of the economic health of farming is the portion of consumers’ food spending that farmers receive, i.e., the farm share of the food dollar. This is a factor that is particularly relevant to vegetable, fruit, livestock, dairy, and poultry farmers, but less relevant to grain farmers.

The trend is a shrinking farm share, while other factors—food processing, distribution, and retail—garner increasing portions of food dollars. In 1952, American farmers received 47 cents for every dollar consumers spent on food in retail grocery stores. By 2000, that had dropped to 20 cents, a 57 percent decrease in the farmers’ share.

We rate **Farm Share of Food Dollar** unhealthy because of the dramatic decline of the farmers’ share of food dollars over the past 50 years. However, because of the region’s large population base and its proximity to Northeast markets, the potential to increase the farmers’ share of the food dollar through local and regional sales is greater in the Bay states than in most other regions of the U.S.

*Source: USDA—Economic Research Service*

**Opportunities for New Farmers:** Weak

One of the biggest problems facing agriculture is the range of economic barriers facing those wanting to enter farming. Rising costs of land, farm equipment, fertilizer, and fuel have made it increasingly difficult for new farmers to get started.

While net farm income—defined as revenue minus expenses—has risen over time for farmers in the Bay region, many factors affect net farm income, and the increase masks great differences and changes among farms. Gains in productivity and increasing farm size have contributed to continued growth, albeit irregular, in net farm income since the 1960s. At the same time, land prices have

*According to USDA, from 2001 to 2005 the average farm family in the U.S. only earned 9.5 percent of its household income from farming operations. Off-farm work accounted for approximately 90 percent of the average farm family’s income.*

*Source: Chesapeake Bay Foundation.*
Farm Share of Food Dollar

Source: Chesapeake Bay Foundation.
Indicators

In the last 50 years, the number of farms in the Bay states has declined nearly 75 percent, from approximately 350,000 to about 100,000. The greatest number of losses occurred before 1975; since then, the numbers of farms has stabilized. The recent stability is related to an increase in the number of small, part-time and life style farms.

We rate the Number of Farms weak, noting the decreased number of economically viable farms that can generate a livable income for farmers and that contribute to the economies of their local communities.

Source: USDA Census of Agriculture

On the Ground

THE VALUE OF ONE FARM—WHAT’S LOST WHEN WE LOSE IT

Oregon Dairy, George Hurst's family dairy farm (pictured below) in Lancaster County, PA, makes an economic contribution to the local community far beyond its production of milk. While the Hurst's 400-cow herd produces $1.2 million worth of milk annually, along with $92,000 in other income, the local economic impact—through money returned to the community by purchasing local supplies and hiring local labor—of this one family farm is between $2.7 million and $3.7 million annually. Mr. Hurst estimates that he spends 90-95 percent of his income in the local community for supplies and labor. Many of these same dollars are then spent again and again within the community, the impact being $2 to $3 for every $1 from the farm.

Source: Chesapeake Bay Foundation.
Number of Farms in the Bay States

Number of farms

Source: Chesapeake Bay Foundation.
Squash

Photo: Michael Heller
Tomatoes

Photo: Michael Heller
Grass-Fed Beef

Photo: Michael Heller
Spirit of Community

Photo: Michael Heller
Festival Band

Photo: Michael Heller
Farm Tours

Photo: Michael Heller