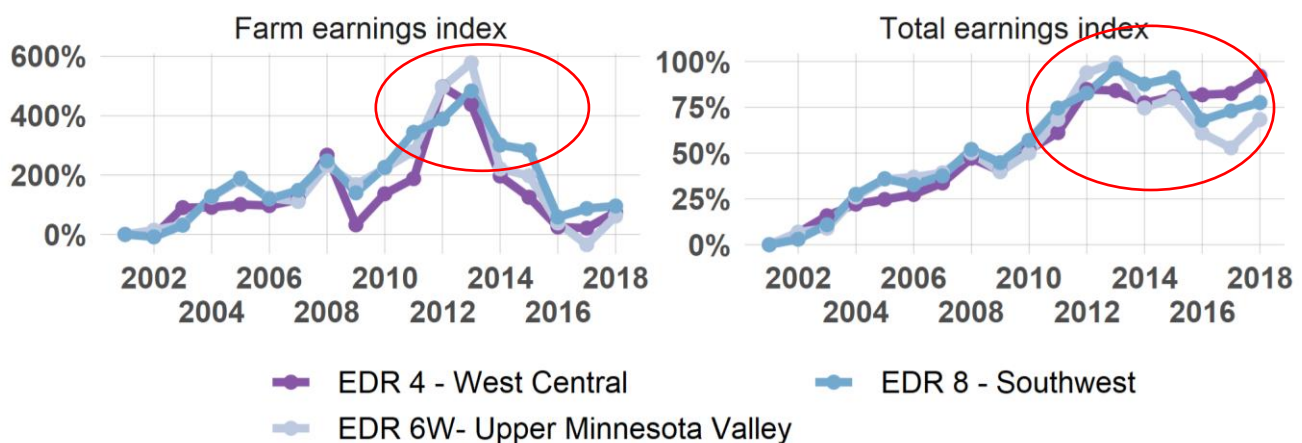


# Impact of Minnesota's Farm Economy on Greater Minnesota

*Data analysis of earnings, wages, and employment*



BEA - Local Area Employment and Wages

## Farming in trouble

Farm earnings peaked during the Great Recession at nearly 500% above their 2001 level, but then dropped off after 2014.

By 2018, farm earnings were lower in every county compared to previous years, and in some areas were down to the same levels as in the early 2000s.

## Impact depends on location

Although farm earnings plummeted across the entire state, only a few specific areas of the state seem to be impacted.

The charts above show similar peaks in farm earnings (left) and total earnings (right), indicating a direct impact from the farm economy in these EDRs.

## Minimal impacts in employment or wages

Analysis of employment in farming and ag-related industries impacts showed minimal impact on total employment in most counties.

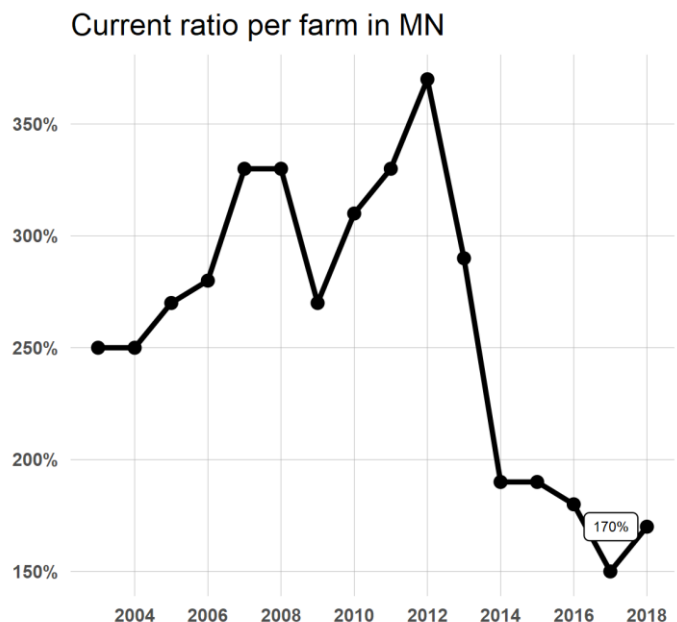
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### Why such small impacts?

Farmers are increasingly using their assets to continue operating. In 2013, the average Current Ratio for Minnesota farms stood at 3.7, or \$3.70 in assets for every \$1.00 of liabilities. By 2018, it averaged 1.7. The decline indicates that with very low or zero income from farming, farmers have probably been burning through assets, selling off equipment, livestock or even land to offset debt.

Ag-related businesses, in turn, are structured to weather the cyclical nature of the agriculture economy.



USDA, Economic Research Service and National Agricultural Statistics Service (NASS)  
Agricultural Resource Management Survey (ARMS)

### *Red flags to monitor*

**Worsening debt levels:** As the ratio of assets to liabilities across the state worsen, bankers may become more reluctant to lend to farmers.

**Ethanol industry:** About 40% of Minnesota's corn goes into making ethanol, and demand for ethanol is closely tied to the price of and demand for gas. Both are at historically low levels.

**COVID-19 and demand for food:** Demand from the food service industry has dropped to near zero. An over-supply of food products and a drop in returns for farmers are possible.

**Closed schools and the dairy industry:** Closing schools and restaurants has cut off demand for fluid milk, a problem not just for farmers but their towns, since research indicates that they tend to have more entwined than grain farming.

**Trend in land values:** The price of ag land remains high despite the downturn in farm prices. It's good for land-owners, who can use it as an asset against debt, but it's a barrier for farmers who want to enter the market. Any drop in land prices will impact property taxes, too.