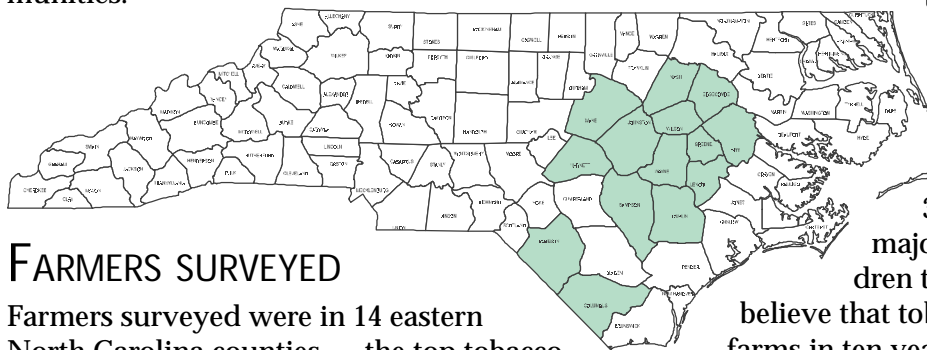


## Summary Report: 2001 Tobacco Farmer Survey

The Rural Advancement Foundation International-USA (RAFI-USA) in cooperation with Wake Forest University conducted a telephone survey of 1236 North Carolina tobacco growers. The survey was a 30-minute telephone survey. Growers were interviewed three times over a five-year period. The survey asked farmers about their family situation, agricultural production, activities to cope with changes in the tobacco industry, and attitudes about the future of the tobacco industry and their options.

What is learned from this survey is beneficial to those who are trying to create a solid future in which agriculture is still an important part of rural economies and sustains families and communities.



### FARMERS SURVEYED

Farmers surveyed were in 14 eastern North Carolina counties — the top tobacco producing counties. The growers selected for interviews were stratified by size of operation, allowing equal representation for small, medium, and large farms.

There were 1,236 farmers in the original sample. Farmers were surveyed in 1997, 1999, and 2001. The 2001 survey includes those who were farming tobacco in 1997 but had gotten out of tobacco by 2001. Nearly one in five of the tobacco farmers surveyed in 1997 is no longer farming tobacco.

Of those surveyed in 2001, 10% were under 40 years of age, 62% were 40–60 years of age, and 28% were over 60. Tobacco farmers are graying along with the rest of the farming population, but are less gray than their non-tobacco farmer counterparts.

- 18% are no longer farming tobacco.
- Tobacco farmers are younger than their counterparts farming other crops.

The survey participants were mostly male, with only 8% female answering the survey as the primary operator.

Of those surveyed, 6% have less than an 8th grade education. 42% finished high school, and 27% had some college.

71% do not smoke or chew tobacco products.

### SURVEY FINDINGS

*There is pessimism about tobacco's future on North Carolina's farms.*

Not surprisingly, there is great concern about prospects of tobacco and the future of individual farms. The portion of the respondents who think

tobacco will be grown on their farms in ten years has fallen from 87% in 1997 to 58% in 2001. The number who would advise their children to raise tobacco in the future has fallen from 54% to 31% in the same period. The majority would not advise their children to grow tobacco and nearly half believe that tobacco will not be grown on their farms in ten years.

A big cause for pessimism is concern about the future of the Federal Tobacco Program. In 1997, 30% thought that Congress would eliminate the Tobacco Program within five years. By 2001, 63% predicted that Congress would eliminate the program, and 76% believe that the tobacco companies want to end the program. The number of farmers who expect to give up growing tobacco in their lifetimes had risen to 31% in 2001.

- Most would not recommend their children grow tobacco.
- The majority believe the tobacco program will be eliminated in 5 years.
- Nearly half predict tobacco will not be grown on their farms in 10 years.
- The majority will not grow tobacco if prices decline to \$1.50/lb.

### Coping with cutbacks

We asked farmers how they are coping with cutbacks in income and reductions in tobacco quota. Their responses are summarized in the chart to right.

It is worth noting the difference between the 1999 and 2001 responses:

In 2001, 5% more are increasing investment in non-tobacco enterprises, and 4% more plan to get an off farm job.

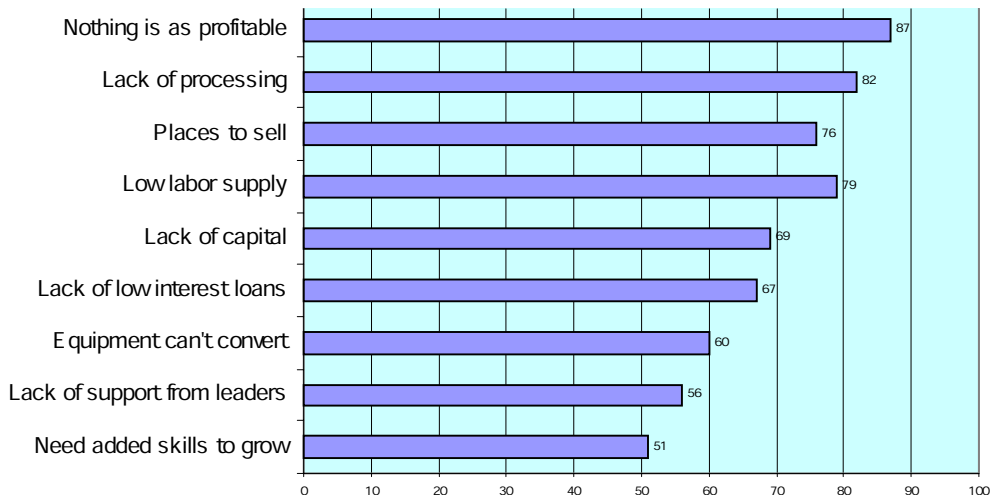
**How will you cope with reductions in quota? (2001)**



### Obstacles stand in the way of growing income from other farm products.

Almost all the tobacco farmers surveyed (96%) do grow other crops or have other farm enterprises. They are simply not making money from those other crops and enterprises. When asked what stands in the way of making more income from their other farm products, they gave the responses in the chart to right.

**What are the barriers to increasing income from other crops or enterprises? (2001)**



- **Lack of capital, processing, markets, labor, profitability, and suitable equipment are obstacles to increasing income from other farm sources.**
- **Only 10% were aware of loan or grant money for developing new enterprises.**

### Settlements funds received

90% of those surveyed had received settlement funds in 2000.

For 38%, the settlement funds replaced less than 10% of the lost income.

For 79%, the settlement funds replaced less than 75% of the lost income.

### Tobacco settlement payments are going to necessities.

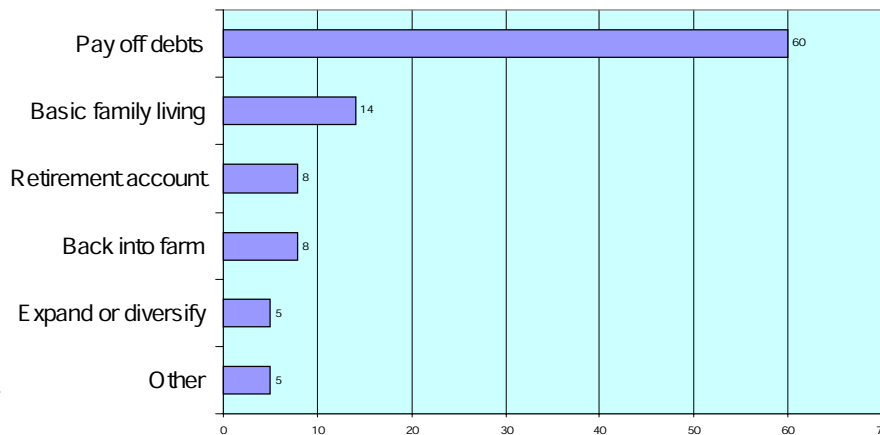
Settlement fund payments are being applied to debt, basic family living, and retirement with little left over for investment in new farm ventures.

- **The bulk of Phase II settlement funds are being applied to debt, basic family living, and retirement.**

### Nearly one in five is out of tobacco.

In our 2001 survey, 18% were out of tobacco farming. One third of those had retired. The others reported remaining in farming.

### How will you spend tobacco settlement funds?

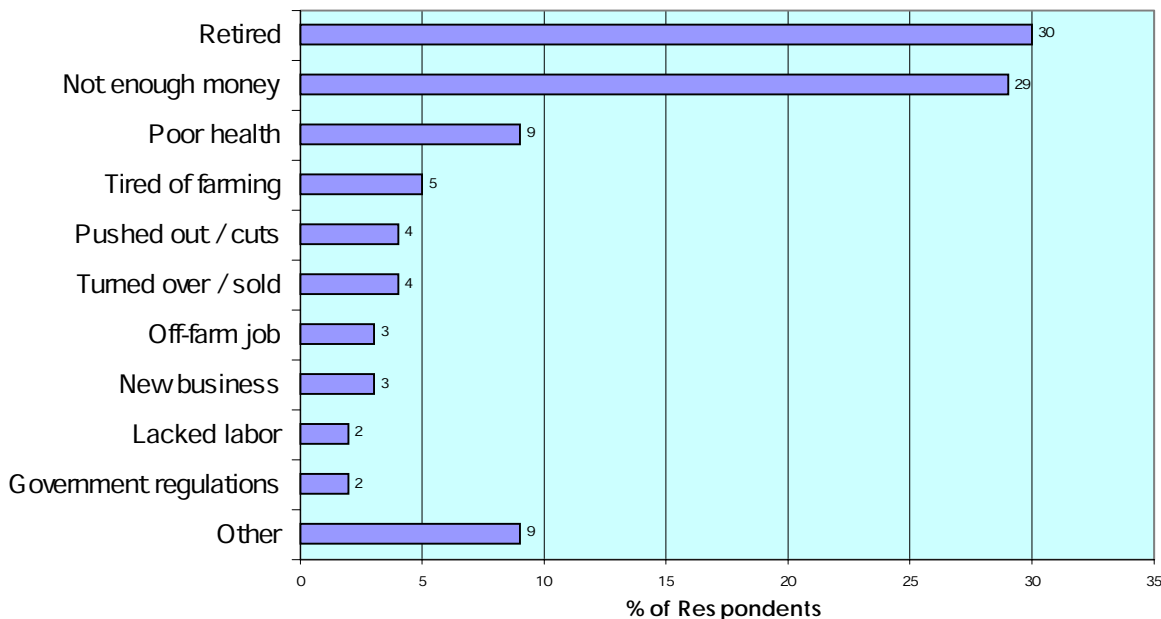


### Contracting to grow tobacco is on the rise.

Contracting is on the rise in tobacco as it is in most other farming sectors. Of those who are still growing tobacco, participation in contract arrangements reflects the statewide trend: in 2000, 46% of those surveyed had participated in contract arrangements and 37% more expected to next season. While most were in or planning to be in contract arrangements to grow tobacco, the majority held the opinion that contracts were not in the best interest of growers.

- **Contracting is on the rise but the majority believe it is not in the best interest of growers.**

### Why are farmers getting out of tobacco?



## *As tobacco prices decline, what will farmers do?*

When asked would you grow tobacco for \$1.75/lb, 71% said yes. If the price declined to \$1.50/lb, only 19% said yes, they would grow tobacco. This indicates that if the tobacco program ended and tobacco prices were depressed to world price, then the majority of these tobacco farmers would no longer be growing tobacco.

## *Will farmers stay in farming?*

Despite changes in the tobacco economy only 20% of the farmers surveyed work off the farm. Off-farm jobs are held by 47% of the spouses, and 85% of those spouses work full time off the farm. Of those farmers working off the farm, 68% have full-time jobs. There is a trend toward spouses working off the farm—up 4% since 1997. Dependency on off-farm income is still significantly lower for tobacco farmers than for farmers in general.

## *Farmers are taking steps to increase income from other sources.*

Interest in supplementing tobacco income is on the rise from 61% in 1997 to 66% in 2001. Do they know other farmers who are trying profitable new enterprises? 33% said yes. 44% of those surveyed think that non-tobacco enterprises will become more important.

When we asked what actions they had taken to learn about diversifying income, one-third of those who had taken some step responded that they had visited another farmer who has supplemented tobacco income, and 13% had attended an on-farm demonstration. Others had attended meetings, read materials, or met with extension agents about diversifying income.

## CONCLUSIONS

Nearly one in five are no longer farming tobacco but most are still farming.

These tobacco farmers are younger and rely less on off-farm income than other farmers.

There is pessimism about the future of tobacco on farms—

- Most would not recommend that their children grow tobacco.
- The majority believe the tobacco program will be eliminated in 5 years.
- Nearly half expect that tobacco will not be grown on their farms in 10 years.
- The majority will not grow tobacco if tobacco prices decline to \$1.50 lb.

Contracting to grow tobacco is on the rise, though the majority think it is not in the best interest of farmers.

Interest in increasing farm income from other sources is on the rise.

Lack of capital, processing, markets, labor, profitability and suitable equipment are obstacles to increasing income from other farm sources.

Settlement fund payments are being applied to debt, basic family living, and retirement with little left over for investment in new farm ventures.



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RAFI-USA is a non-profit organization with headquarters in Pittsboro, North Carolina. RAFI's mission is to work for sustainable farms and rural communities.

RAFI used the survey results to help us decide how best to support farmers and tobacco communities during these difficult times of change. Looking at the almost certainty that there would be a decline in tobacco income and looking at what farmers told us about the barriers to increasing income from other on-farm sources, we designed the Tobacco Communities Reinvestment Fund. The program addresses many of the barriers and supports farmers who were looking for ways to remain viable. In four years it has supported 17 producer and community demonstration projects.