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America's Farms and Ranches at a Glance

2022 Edition

Christine Whitt, Noah Miller, and Ryan Olver

For further information, contact

Christine E. Whitt	christine.whitt1@usda.gov
Noah Miller	noah.j.miller@usda.gov
Ryan Olver	ryan.olver@usda.gov

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Broad descriptions of farms based on U.S. averages can conceal variation among the many sizes and types of farms. For example, in 2021, the average value of production from the 2 million U.S. farms amounted to $203,391. However, few farms are near the average; half of the farms had production valued at $7,900 or less, and 69 percent of all production occurred on farms with at least $1 million of agricultural output.

This report uses a farm classification, or typology, developed by the U.S. Department of Agriculture (USDA), Economic Research Service (ERS) to categorize farms into more homogeneous groupings to better understand conditions across the United States' diverse farm sector. The classifications used in this report are mainly based on each farm's annual revenue, the main occupation of the farm's principal operator, and family versus nonfamily farm ownership. This report includes many sections that appear in each annual edition. Generally, data and statistics for these sections have varied little from year to year, as changes in the agricultural sector's structure are usually gradual. This edition reports the distribution of USDA and nonUSDA Coronavirus (COVID-19) pandemic assistance farms received in 2021 and enhances coverage of farm financial stress by including information on short-term debts and fungible assets. Also reported are farm input purchase strategies, adoption rates of agritourism, and the percentage of farm household members with healthcare coverage.

Farm Typology

The farm typology, developed in 2013 by USDA, ERS, focuses primarily on the "family farm," or any farm or ranch where the majority of the business is owned by any operator and by individuals who are related to any of the operators. Since the 1970s, USDA has defined a farm as any place that, during a given year, produced and sold—or normally would have produced and sold—at least $1,000 of agricultural products not adjusted for inflation. USDA uses acres of crops and heads of livestock to determine whether a farm or ranch with sales of less than $1,000 could normally produce and sell the minimum amount required to be categorized as a farm. Farm size is measured by gross cash farm income (GCFI), a measure of the farm's revenue, including sales of crops and livestock, Government payments, and other farm-related income, including fees received by operators from production contracts.

This report used data from the Agricultural Resource Management Survey (ARMS), an annual survey conducted by USDA, National Agricultural Statistics Service (NASS) and USDA, Economic Research Service (ERS). Most of the analysis in this report is based on a usable sample of approximately 13,716 farms from the 2021 ARMS.

Small family farms (GCFI less than $350,000)

- **Retirement farms:** Small farms whose principal operators report having retired from farming, though continuing to farm on a small scale.
- **Off-farm-occupation farms:** Small farms whose principal operators report a primary occupation other than farming.
- **Farming-occupation farms:** Small farms whose principal operators report farming as their primary occupation. Farming-occupation farms are further sorted into two classes:
    - **Low-sales:** Farms with a GCFI of less than $150,000.
    - **Moderate-sales:** Farms with a GCFI between $150,000 and $349,999.

Midsize family farms (GCFI between $350,000 and $999,999)

- Farms with a GCFI between $350,000 and $999,999.

Large-scale family farms (GCFI of $1,000,000 or more)

- **Large farms:** Farms with a GCFI between $1,000,000 and $4,999,999.
- **Very large farms:** Farms with a GCFI of $5,000,000 or more.

Nonfamily farms

- Any farm where any operator and any individuals related to them do not own a majority (50 percent) of the business.

Number of farms and distribution of farm, value of production, and acres operated by the farm typology, 2021

Farm type		Number of farms	Percentage of farms	Percentage of acres operated	Percentage of value of production
Small	Retirement	227,795	11.4	4.8	1.0
	Off-farm	760,224	37.9	13.5	4.7
	Low sales	697,438	34.8	16.7	4.5
	Moderate sales	99,079	4.9	10.2	7.6
Midsize	Midsize	113,005	5.6	17.8	18.4
Large-scale	Large	57,155	2.9	16.3	27.8
	Very large	5,998	0.3	10.6	18.7
Nonfamily	Nonfamily	43,058	2.1	10.1	17.3
Total		2,003,754			

Notes: Land operated is equal to (owned land + leased land) - (leased land to others). The total acres operated were 875.8 million, and the total value of production was $407.5 billion in 2021. Due to rounding, percentages may not add up to 100.

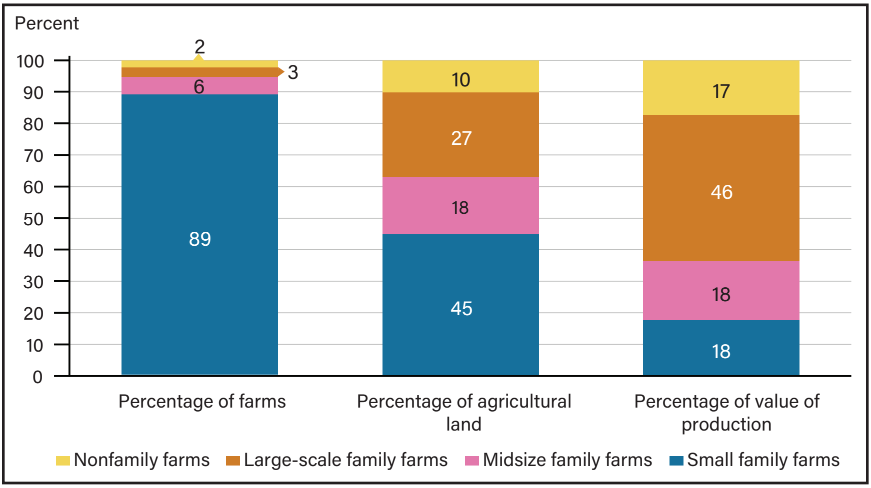
Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Farms, Production, and Farmland

Most U.S. farms are small family farms; these farms operate on nearly 50 percent of U.S. agricultural land and account for 18 percent of the total value of production.

- In 2021, approximately 89 percent of all farms were small family farms and operated 45 percent of the agricultural land.
- Large-scale family farms accounted for 46 percent of the total value of production and 27 percent of agricultural land in 2021. Also, midsize family farms accounted for 18 percent of agricultural land and 18 percent of the total value of production.
- In total, family farms accounted for about 98 percent of total farms and 83 percent of total production in 2021.
- Nonfamily farms accounted for the remaining 2 percent of farms. Although the percentage of nonfamily farms has remained the same from 2020 to 2021, the farms' value of production increased from 13 percent in 2020 to 17 percent of production in 2021. Among nonfamily farms, 21 percent had a GCFI of $1 million or more. Large-scale nonfamily farms accounted for 93 percent of all nonfamily farms' production. Examples of nonfamily farms include partnerships of unrelated partners, nonfamily corporations, and farms with a hired manager unrelated to the owners.

Distribution of farms, land operated, and value of production by farm type, 2021



Notes: Land operated is the sum of owned land and leased land, less leased land to others. Due to rounding, numbers may not add to 100 percent.

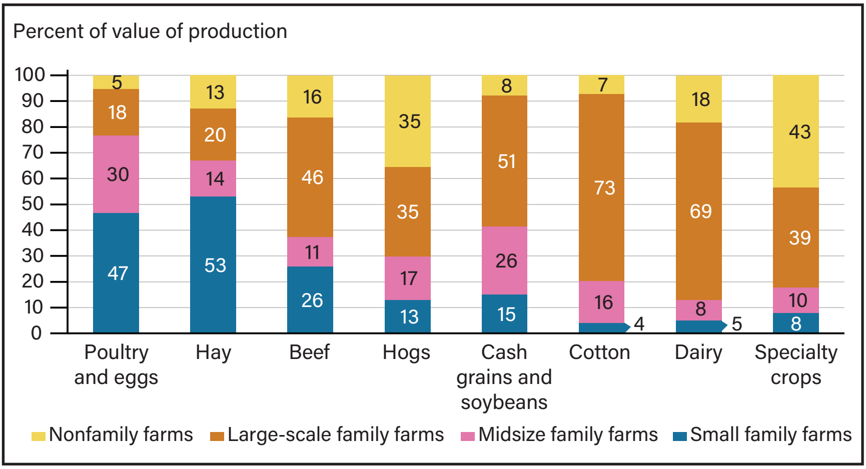
Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Large-scale family farms produce the majority of some—but not all—commodities.

- Large-scale family farms produced most of the values of cotton (73 percent), dairy (69 percent), and cash grains and soybeans (51 percent) in 2021. Small family farms produced the majority of hay (53 percent).
- Most poultry production is done under production contracts, with a contractor paying a fee to a farmer who raises poultry to maturity. Small family farms produced 47 percent of U.S. poultry and egg output in 2021.
- In 2021, 26 percent of beef production occurred on small family farms, and about 57 percent occurred on midsize and large-scale family farms, combined. Small family farms generally have cow/calf operations, while large-scale family farms are more likely to operate feedlots.

- The percentage of specialty crops nonfamily farms produced increased to 43 percent in 2021 from 27 percent in 2020. In 2021, about 35 percent of hog production was raised by nonfamily farms, an increase from about 15 percent in 2020. Nonfamily farms' dairy production also increased from 8 percent in 2020 to 18 percent in 2021.

Value of production of selected commodities by farm type, 2021



Notes: Specialty crops is a broad term that includes fresh or dried fruits, tree nuts, vegetables, beans (pulses), and horticulture nursery crops. Due to rounding, numbers may not add to 100 percent.

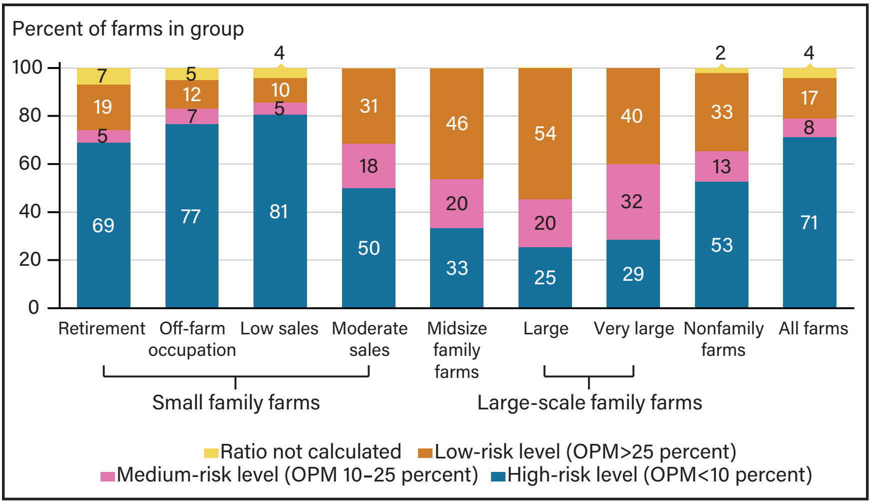
Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Farm Financial Performance

The Operating Profit Margin (OPM)—the share of gross income that is profit—is one way to gauge a farm's financial performance. Most small family farms have an OPM of less than 10 percent—indicating a higher risk of financial problems—whereas most midsize, large, and very large family farms reported higher OPMs in 2021.

- In 2021, between 50 and 81 percent of small family farms—depending on the farm type—had an OPM in the high-risk (red) zone (less than 10 percent OPM). Income from off-farm sources is not reflected in the OPM. Many retirement, off-farm occupation, and low-sales farm households earn little from farming, with the majority of the farms' income coming from off-farm sources.
- Large family farms were most likely to have OPMs in the low-risk (green) zone (OPM of at least 25 percent)— at 54 percent—and least likely to be in the high-risk zone in 2021 at 25 percent. These farms are more likely to have positive on-farm income.
- Farms in the medium-risk (yellow) zone (OPM greater than or equal to 10 percent and OPM less than or equal to 25 percent) ranged from 5 to 32 percent. For each farm type, except very large family farms, the percentage of farms in the medium-risk zone was smaller than the percentages of high- and low-risk farms.
- Compared with 2020, the percentage of farms in the low-risk zone for each farm type, except retirement farms, increased in 2021.

Farms by operating profit margin and farm type, 2021



Notes: Due to rounding, sums may not add to 100 percent. Operating profit margin (OPM) = 100 times (net farm income plus interest paid, minus charges for unpaid labor and management)/gross farm income. OPM ratios are not calculated for operations with zero or negative gross farm income.

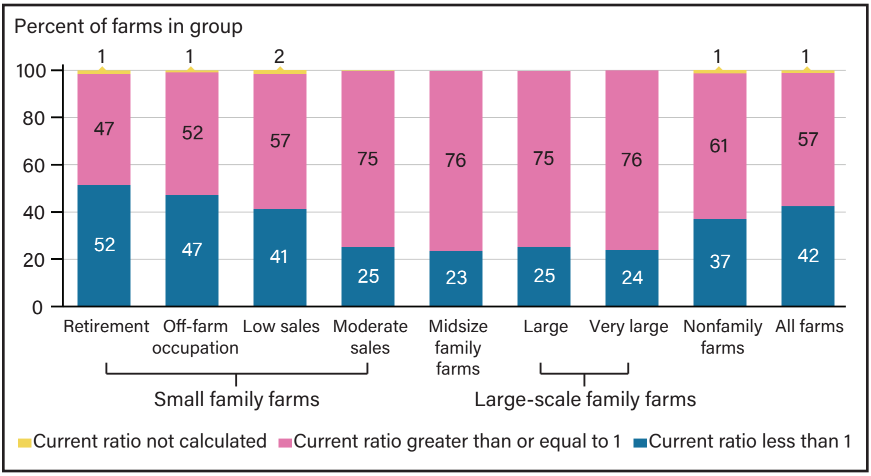
Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

The current ratio—current assets divided by current debt—is another measure of financial performance. The ratio indicates if an operation has enough current assets to meet short-term debt obligations. A current ratio of less than 1 suggests the farm is not able to fulfill its current debt by selling its current assets. Based on the current ratio measure, the majority of all farm type categories, except retirement farms, do not have a short-term liquidly issue.

- Although 71 percent of all farms had an OPM in the high-risk zone, the majority (57 percent) of farms had a current ratio greater than 1, meaning the farms could pay their short-term debt, given the value of the operation's current assets in 2021. An operation could be in the high-risk OPM category because unsold commodity inventories are excluded from the OPM calculation but included in the current ratio calculation.

- In 2021, 52 percent and 47 percent of retirement and off-farm occupation farms, respectively, had the highest percentage of farms with a current ratio of less than 1 and might be potentially at risk for short-term loan default. However, the current ratio does not account for off-farm household income, which many of these farms could use to fulfill short-term farm debt obligations instead of using income derived from selling agricultural commodities.
- Moderate, midsize, and large-scale family farms (with a current ratio greater than or equal to 1) ranged from 75 percent to 76 percent. Therefore, about 23 percent to 25 percent of these farms are at risk of defaulting on short-term loans, which is lower than or equal to the percentage in the high-risk OPM zone.

Farms by current ratio and farm type, 2021



Notes: Due to rounding, sums may not add to 100 percent. The current ratio is current assets divided by current debt. Having a current ratio of less than 1 indicates the farm is not able to fulfill its debt by selling its current assets. A current asset is cash and other assets expected to be converted to cash within a year. Current assets include the value of crop inventory, value of livestock inventory, value of inputs for crops planted but not harvested, value of purchased inputs, and all other current assets. Current debt is any obligation for borrowed money payable on demand or within a period of 1 year. Current debt is the sum of accrued interest, accounts payable, current portion of term debt, and short-term financial debt.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

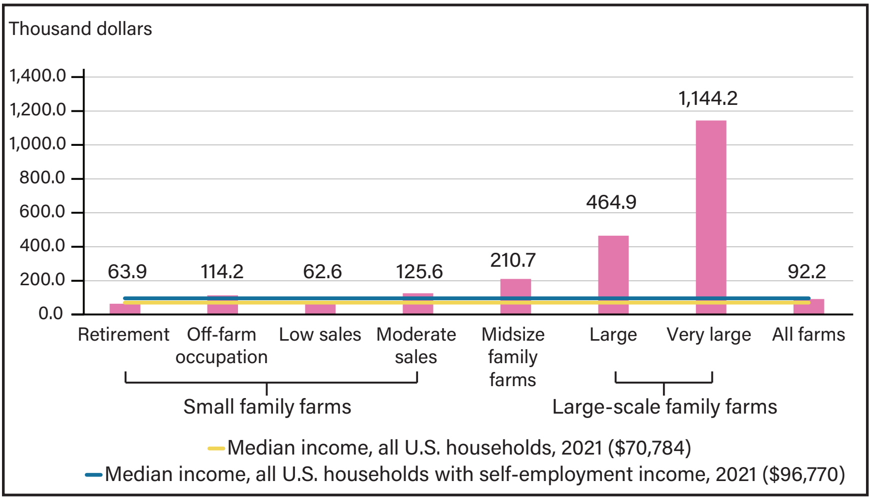
Farm Operator Household Well-Being

As in previous years, the median total income of all U.S. family farm households ($92,239) was greater than the median income of all U.S. households ($70,784) in 2021. Additionally, the median total household income for all family farms in 2021 increased from $80,060 in 2020.

- Median total farm household annual income varied across farm types, with very large family farms having the largest median income at more than $1 million, compared with low-sales family farms at $62,624. Low-sales and retirement farms ($63,900) had median household incomes below all U.S. households ($70,784) and the median among U.S. households with self-employment income ($96,770).
- The percentage of family farms with income below the U.S. median-income level varied from 8 to 56 percent, depending on the type of farm.
- Most family farms also have higher wealth than the median household in the United States. The share of family farms that have wealth below the median held by all U.S. households ranged from almost 2 to 4 percent, depending on the type of farm. The value of land comprises the largest share of most farm households' wealth.
- Operators of small family farms—especially retirement, off-farm occupation, and low-sales farms—often reported losses from farming. In 2021, the average farm income among off-farm occupation farms was –$315 and low-sales farms was –$334. Retirement farm households reported an average farm income of $5,052 in 2021.
- Farm households often use off-farm income to cover farm expenses. While self-employment and wage/salary jobs (i.e., earned off-farm income) are the primary sources of off-farm income for farm households, unearned off-farm income (such as public and private pen-

sions, interest and dividend payments, asset sales, Social Security payments, and other income sources) have provided a significant share of off-farm income—particularly for retirement farms, which (in 2021) reported $43,883 in unearned income on average.

Median operator household income by farm type, 2021



Notes: Farm households are the households of the principal operator on family farms. Operator household income is not estimated for nonfamily farms. Operator household income includes both farm and off-farm income received by household members. In 2021, half of all households had incomes above the median, and half had incomes below the median.

Sources: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data; and U.S. Department of Commerce, Bureau of the Census, 2021 Current Population Survey, March supplement, for all U.S. households.

Farm households with income or wealth below the median for all U.S. households, 2021

	Farm households with...	
	Income below U.S. median ($70,784)	Wealth below U.S. median ($132,037)
	Percent of farm households	
	Small family farms	
Retirement	56.2	2.3
Off-farm occupation	24.0	1.8
Low sales	53.9	2.4
Moderate sales	25.9	3.4
Midsize family farms	16.9	4.1
	Large-scale family farms	
Large	12.1	3.4
Very large	7.9	2.5
All family farms	37.7	2.4

Notes: Farm households are the households of the principal operator on family farms. Operator household income and wealth are not estimated for nonfamily farms. Wealth is the value of household assets minus household debt. Given that net income is a calendar year flow, all income and expenses are included when they occur from January 1 to December 31. U.S. median wealth was adjusted to 2021 dollars using the Gross Domestic Product chain-type price index.

Sources: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data; U.S. Department of Commerce, Bureau of the Census, 2021 Current Population Survey data; and the Federal Reserve Board, Board of Governors in cooperation with the U.S. Department of the Treasury, 2019 Survey of Consumer Finances.

Farm operator income per household by source and farm type, 2021

Farm type	Mean wealth (dollars)	Mean total income (dollars)	Income from farming		Mean income from off-farm sources (dollars)		
			Mean (dollars)	Percent of households with negative income	Total	Earned	Unearned
Small family farms							
Retirement	1,814,986	74,877	5,052	45	69,825	25,942	43,883
Off-farm occupation	1,781,636	141,761	-315	57	142,075	110,261	31,814
Low sales	1,651,265	83,584	-334	56	83,917	41,869	42,048
Moderate sales	2,792,306	128,255	62,354	17	65,901	35,599	30,302
Midsize family farms	3,975,636	239,971	152,442	14	87,529	58,790	28,740
Large-scale family farms							
Large	6,692,775	556,974	461,413	11	95,561	63,160	32,401
Very large	15,201,685	1,744,401	1,662,892	7	81,508	49,113	32,395
All family farms	2,100,879	135,281	30,821	48	104,460	67,838	36,622

Notes: Operator household income is not estimated for nonfamily farms. Off-farm income may come from both earned and unearned sources. Earned income comes from off-farm, self-employment or wage/salary jobs. Unearned income includes interest and dividends, benefits from Social Security and other public pensions, alimony, annuities, net income of estates or trusts, private pensions, etc. Components may not sum to 100 percent due to rounding.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Farm Household Health Insurance Coverage

The health insurance question in the Agricultural Resource Management Survey asks respondents to report if individual household members, by age categories, had health insurance coverage "at some point" in 2021. The data do not capture coverage over the whole year. Health care includes Medicare, private insurance,Medicaid, etc.

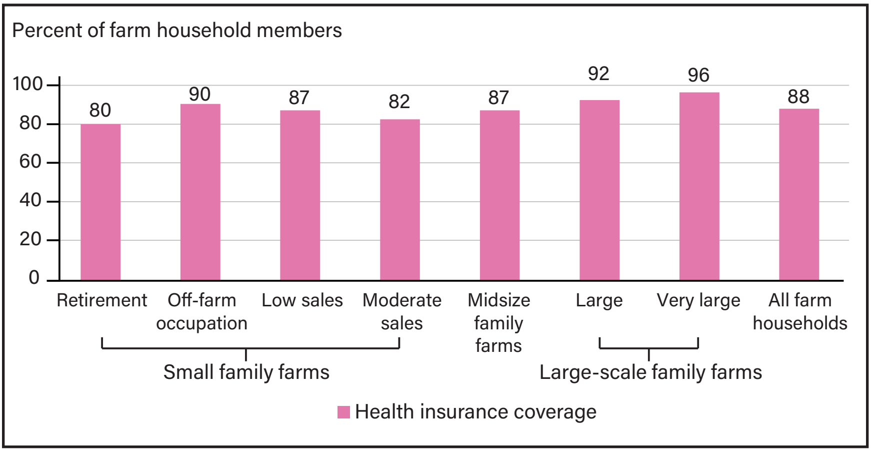
The share of household members with health insurance is not based solely on the principal operator's coverage but on coverage reported separately for all household members.

The incidence of health insurance coverage among farm household members is an indicator of farm household well-being and is associated with access to health care. About 88 percent of all farm household members had health insurance coverage at some point in 2021, compared with almost 92 percent of all people in the United States.

- Very large and large family farms at 96 percent and 92 percent, respectively, reported the largest percentage of household members with health insurance at some point in 2021. On the other hand, retirement family farms and moderate sales family farms had the fewest household members with health insurance coverage. Additionally, these farm types had the most principal operators at 65 years or older.
- Of the four small family farm categories, off-farm occupation farms had more household members with health insurance coverage at some point in 2021. Since the principal operator of off-farm occupation farms identified an occupation other than farming as their main occupation, it is likely the principal operator and potentially other family members might have received their health insurance through an outside employer.

- At 80 percent, retirement farms had the smallest share of household members with health insurance coverage at some point in 2021. This percentage is comparable to the 85 percent of principal operators on retirement farms who are 65 years or older and potentially eligible for Medicare. Additionally, retirement farm households may include individuals who do not qualify (too young) for Medicare.

Percent of farm household members with health insurance by farm type, 2021



Note: Individual household members reported having health insurance coverage “at some point” in 2021.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Agritourism Participation and Direct-to-Consumer Sales

Agritourism (AT) is defined as on-farm services, which include:

- o **Recreation,** such as hunting, fishing, or horseback riding.
- o **Hospitality services,** such as hosting overnight guests (such as a bed and breakfast) or guided tours of farms or ranches.
- o **Entertainment services,** such as festivals, rodeos, or petting zoos.

Farm-size categories used in this section differ from those used in the rest of the report because only a small share of operations participate in agritourism, and these operations tend to be comparatively small, with 92 percent having a gross cash-farm income (GCFI) below $350,000. Low-income farms are defined as having a GCFI below $75,000. Middle-income farms are defined as a GCFI between $75,000 and $350,000. High-income farms are defined as a GCFI over $350,000.

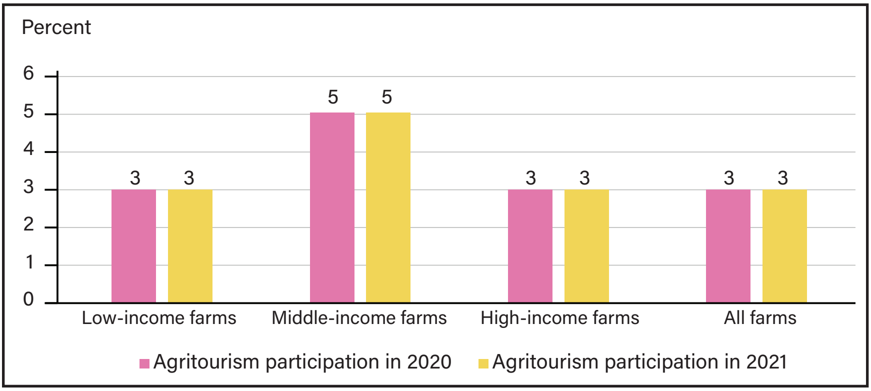
Agritourism (AT) can potentially provide farmers a way to increase farm income, generate teaching opportunities related to farming, and develop relationships with the local community. Engagement in agritourism tends to vary by farm size and commodity specialization.

- In 2021, nearly 3 percent of the 2 million U.S. farms were engaged in some form of AT. Participation in AT increased by approximately half a percent between 2020 and 2021. Additionally, over 91 percent of farms offering AT services in 2020 also reported offering them in 2021.
- At nearly 5 percent, middle-income farms were most likely to participate in AT in 2020 and 2021. In absolute terms, however, 68 percent of AT-participating farms came from the low-income category, followed by middle-income farms at 23 percent, and high-income farms at 8 percent. Low-income farms also derived substantially more of their income from AT. On average, net proceeds of AT accounted

for 34 percent of participating low-income farms' gross cash income, compared with 9 and 10 percent for middle- and high-income farms, respectively. The AT income and total GCFI differs across income categories. The average GCFI was 7 percent higher for low-income farms engaged in AT. For middle- and high-income farms, AT participation is instead associated with 3 and 19 percent lower GCFI on average, respectively.

- AT participation rates and gross income also vary across production specialties. A farm's specialization is determined by the one commodity or related groups of commodities that make up at least 50 percent of a farm's value of production. In 2021, 15 percent of hog farms and 6 percent of specialty crop farms engaged in AT, compared with less than 3 percent of cattle, dairy, poultry, or row crop farms.
- The average net income from AT participation was $11,110, although roughly 50 percent of AT farms reported zero net AT income in 2021. Specialty crops averaged $26,807 in net income from AT activities, more than any other production specialization.[1]

Agritourism rates by farm size, 2020 and 2021



Notes: Low-income farms are defined as a gross cash farm income (GCFI) of under $75,000. Middle-income farms are defined as a GCFI between $75,000 and $350,000. High-income farms are defined as a GCFI over $350,000.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service, and USDA, ERS, 2021 Agricultural Resource Management Survey data.

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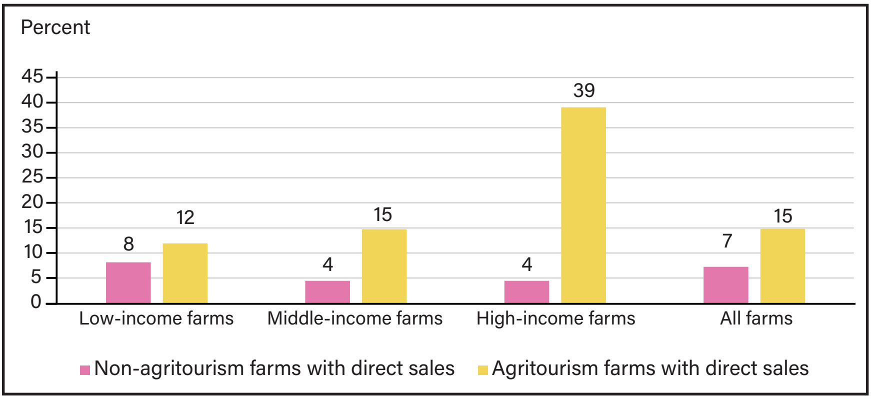
[1] Very few livestock-oriented farms (except those categorized as "cattle" and "other") reported participating in AT, and the most frequently reported net income from AT by these farms was zero. Averages of the AT income for these farms were therefore skewed very heavily toward zero.

- About 15 percent of AT farms also participated in direct-to-consumer sales, compared with 7 percent of non-AT farms. "Direct-to-consumer" refers to market channels such as farmers' markets, roadside stands, "u-pick" operations, and on-farm stores.
- AT farms also tended to have higher proportions of gross farm income from direct-to-consumer sales. AT farms generated an average of 9 percent of their gross farm income from direct-to-consumer sales, compared to 1 percent for non-AT farms.
- In 2021, direct-to-consumer sales were highest on AT specialty crop farms, comprising nearly 25 percent of GCFI on average.

Direct-to-consumer sales participation by farm size for agritourism and non-agritourism farms, 2021



Notes: Direct-to-consumer sales include farmers' markets, on-farm stores, roadside stands, etc. Low-income farms are defined as a gross cash farm income (GCFI) under $75,000. Middle-income farms are defined as a GCFI between $75,000 and $350,000. High-income farms are defined as a GCFI over $350,000.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service, and USDA, ERS, 2021 Agricultural Resource Management Survey data.

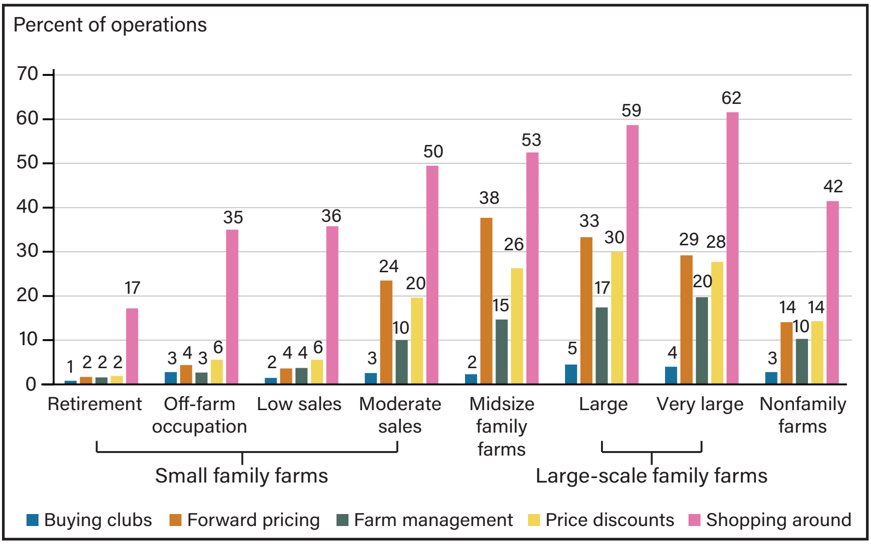
Input Acquisition Practices

Many inputs used for farm production represent variable costs that are subject to change over time. Farms may engage in various acquisition methods for the sourcing of inputs, and these methods represent a main way that producers shield themselves from rising input costs. These methods include participating in buying clubs, entering into forward pricing contracts, employing farm management services, negotiating price discounts with suppliers, and shopping around for the best price. In order to determine the level of exposure operations face from increased input costs, it is necessary to identify the popularity and timing of these acquisition methods.

- Price indices for production inputs (i.e., seed, fertilizer, chemicals, fuel, and feed) rose an average of 21 percent in 2021, compared to the 23-percent increase in the Producer Price Index (PPI) in 2021. The fertilizer price index saw the largest increase (at 66 percent), followed by the increase in the fuel price index (at 34 percent). The seed price index remained unchanged. For farms not engaged in certain production contracts—in which inputs are provided by a contractor—changes in input prices may incentivize the adoption of different input acquisition methods.
- Across all farm types, the most popular method for managing input price risk was shopping around for the best prices from multiple suppliers. This method ranged in popularity from 17 percent (for retirement operations) to 62 percent (for very large operations). For retirement, off-farm occupation, and low-sales operations, no other input acquisition strategy was used by more than 10 percent of respondents, suggesting a high degree of input price risk exposure among these farm groups.
- Only 8 percent of all farms negotiated price discounts with their suppliers; however, this figure was more than 3 times higher for midsize (26 percent), large (30 percent), and very large (28 percent) operations. Of those negotiating price discounts, 85 percent of farms also shopped for the best prices from multiple suppliers, suggesting that these two strategies are linked.

- Buying clubs are organizations formed by farm operations to manage input purchases. Farm management services are third parties that provide managerial and technical assistance to operations, including input procurement. Buying clubs and farm management services for sourcing inputs were the least popular methods across all farm types; however, the use of farm management services increased with farm size—from 4 percent to 20 percent between low-sales operations and very large operations, respectively.
- Forward pricing of inputs refers to the practice of contracting to set the price of an input that will be honored by the seller in the future. Forward pricing represented the second most popular input purchasing strategy for moderate sales (24 percent), midsize (38 percent), large (33 percent), and very large operations (29 percent).

Input purchasing strategies, by farm type, 2021

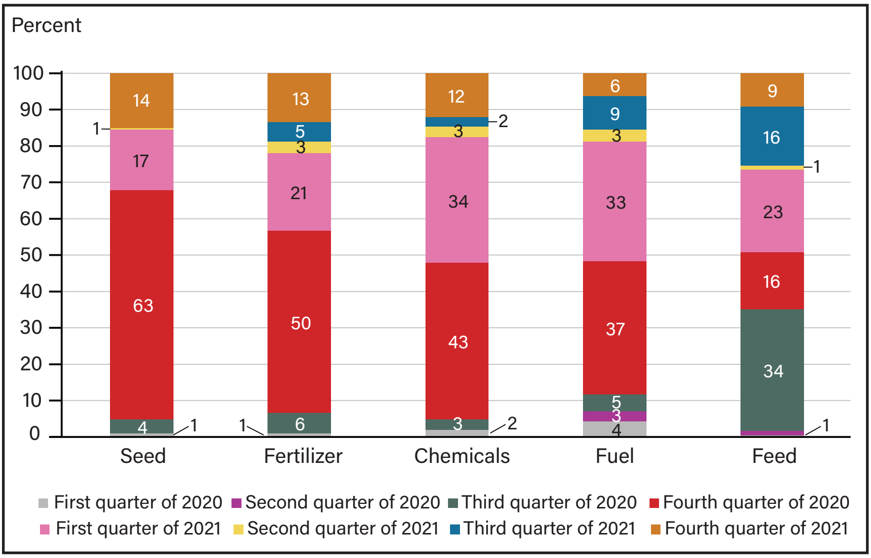


Notes: Data excludes operations with some amount of production under a production contract. Buying clubs are organizations formed by operations to manage input purchases. Forward pricing of inputs refers to the practice of contracting to set the price of an input that will be honored by the seller in the future. Farm management services are third parties that provide various managerial and technical assistance to operations, including input procurement. The term "price discounts" refers to negotiating with suppliers for a price discount on some or all of inputs. Shopping around refers to searching for the lowest price for inputs across multiple suppliers.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

- Forward pricing of seed, fertilizer, chemicals, fuel, and feed for commodities produced in 2021 began in the first quarter of 2020 and continued through the fourth quarter of 2021.
- Over two-thirds of all seed, fertilizer, chemicals, and fuel contracts were set in the fourth quarter of 2020 and the first quarter of 2021 combined. In contrast, less than 10 percent of all seed, fertilizer, chemicals, and fuel contracts were set in the second and third quarter of 2020 combined and less than 15 percent of all seed, fertilizer, chemicals, and fuel contracts were set in the second and third quarter of 2021 combined.
- Forward pricing dates for feed were obtained from producers specializing in livestock. These dates were more spread out than row-crop producers' forward pricing dates. However, 73 percent of feed contracts were agreed to between the third quarter of 2020 and the first quarter of 2021.

Dates at which operations forward priced inputs for 2021, by input type



Notes: Data on seed, fertilizer, chemicals, and fuel forward pricing dates are drawn from row-crop (excluding wheat) producer responses. Data on feed forward pricing dates are drawn from cattle, dairy, hog, and poultry producers. A producer's crop specialization is defined as the crop in which 50 percent of the total value of production is derived. Quarters correspond to the standard calendar year. Due to rounding, sums may not add to 100 percent.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Government Payments and Federal Crop Insurance

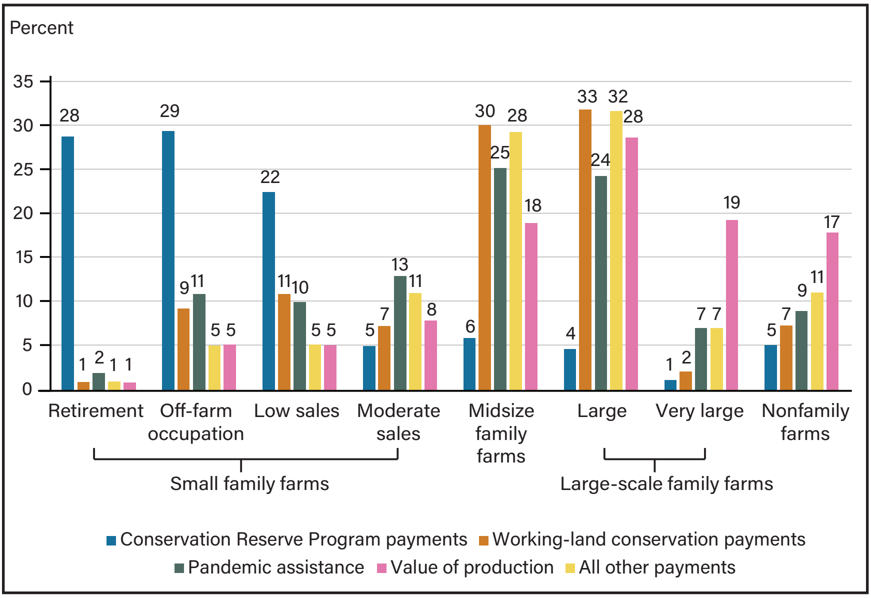
Distribution of direct Government payments varied by farm and program type in 2021.

- Small family farms received 84 percent of all payments from USDA's Conservation Reserve Program (CRP), which removes environmentally sensitive cropland from production. In contrast, 72 percent of all working lands' program payments were received by midsize family farms, large-scale family farms, and nonfamily farms. Working-land programs are the USDA's Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP), both of which incentivize adopting certain agricultural land production practices.
- The distribution of commodity-linked payments and other payments is similar to the contribution to the total value of production. Midsize and large-scale family farms and nonfamily farms accounted for 82 percent of the total value of production and received 78 percent of commodity-linked and agricultural disaster programs, and other Federal, State, and local farm program payments.
- Small family farms received 36 percent of all farm-level pandemic assistance from USDA and 22 percent of all other Government payments—excluding pandemic assistance and conservation program payments—which was consistent with the farms' small (18 percent) production scale. Large-scale family farms received 31 percent of all farm-level pandemic assistance and 39 percent of all other payments.
- Additionally, 32 percent of all farm-level pandemic assistance was received from USDA programs such as the Coronavirus Food Assistance Program (CFAP), Pandemic Cover Crop Program (PCCP), and Pandemic Livestock Indemnity Program (PLIP) in 2021. Another 62 percent of financial assistance came from loans from the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP) and advances from the Economic Disaster Injury Loan (EIDL) program. PPP was created in 2020 to help cover employment

costs and lost profits for all business sectors (including agriculture), while eligibility for the preexisting EIDL program was extended to agricultural operators in response to the pandemic. Six percent of assistance came from other Federal, State, and local pandemic-assistance programs to operators.

- Almost 20 percent of all U.S. farms received some sort of pandemic assistance. For these farms, SBA payments accounted for the majority (62 percent) of all pandemic assistance in 2021, while in 2020, the majority of pandemic assistance farmers received came from CFAP. The switch from CFAP to SBA payments could be associated with the timing of enrollment. PPP was open from January 1, 2021, through May 31, 2021. CFAP reopened from April 5, 2021, through October 12, 2021.
- Overall, 34 percent of all farms reported receiving some type of Government payment in 2021, which is a decline from 40 percent in 2020.

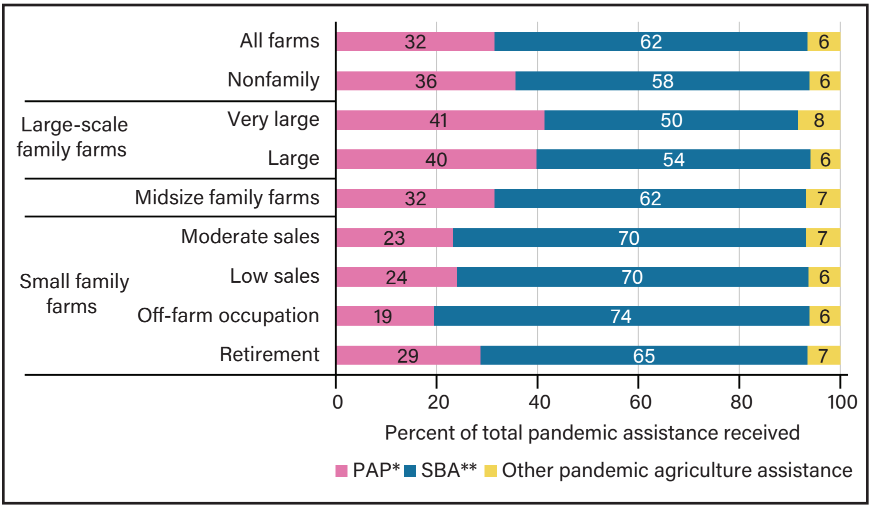
Distribution of selected Government agricultural program payments and value of production by farm type, 2021



Notes: Pandemic assistance includes loans from the U.S. Small Business Administration (SBA) through the Paycheck Protection Program (PPP) and advances from the Economic Injury Disaster Loan (EIDL) program, payments from USDA through the Coronavirus Food Assistance Program (CFAP), Pandemic Cover Crop Program (PCCP), Pandemic Livestock Indemnity Program (PLIP), as well as other Federal, State, or local agricultural pandemic assistance. All other payments include non-pandemic-related programs administered by the USDA. These include commodity-linked programs such as the Agricultural Risk Coverage (ARC), Price Loss Coverage (PLC), and Dairy Margin Coverage program, as well as agricultural disaster payments and ad-hoc programs such as the Market Facilitation Program (MFP). The bars of the same color add to 100 percent.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Distribution of total reported pandemic assistance, by farm type and type of assistance program, 2021



PAP = Pandemic assistance for producers; SBA = Small Business Administration.

Notes: *Includes assistance from the USDA, including the Coronavirus Food Assistance Program (CFAP), Pandemic Cover Crop Program (PCCP), and the Pandemic Livestock Indemnity Program (PLIP).

**Includes loans from the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) (all of which are assumed to be forgiven) and advances from SBA's Economic Injury Disaster Loan (EIDL), but not the total amount of EIDL loan. Also, any overlap between the PPP and EIDL advances is accounted for. Other pandemic agriculture assistance includes any other Federal, State, or local pandemic assistance to agriculture, excluding PAP payments and SBA loans.

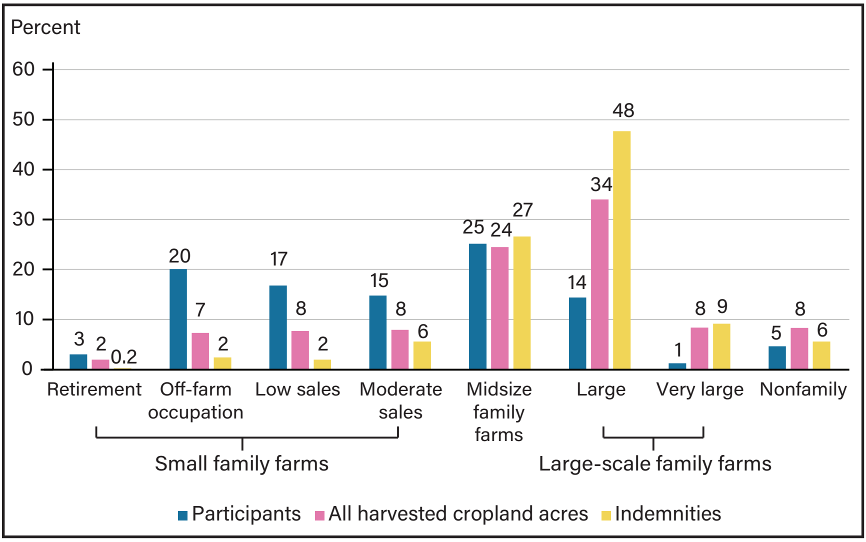
Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Indemnities from Federal crop insurance were roughly proportional to the acres of harvested cropland and concentrated among midsize and large-scale farms in 2021.

- Overall, 14 percent of U.S. farms participated in Federal crop insurance programs, but participation rates varied widely across farm types. In 2021, 62 percent of farms producing row crops (cotton, corn, soybeans, wheat, peanuts, rice, and sorghum) purchased Federal crop insurance.

- Less than 9 percent of retirement, off-farm occupation, and low-sales farms purchased Federal crop insurance, whereas 43 percent or more of other family farm types participated in these programs. Large family farms were the most likely to participate, with 72 percent in 2021.
- Although midsize and large-scale family farms made up 8 percent of all U.S. farms in 2021, these farms accounted for 40 percent of Federal crop insurance participants, 66 percent of all harvested cropland acres, and received 84 percent of indemnities from Federal crop insurance. These family farms were also the most likely to participate in Federal crop insurance.

Federal crop insurance participants, harvested cropland, and indemnities by farm type, 2021



Note: The bars of the same color add up to 100 percent.

Source: USDA, Economic Research Service (ERS) using USDA, National Agricultural Statistics Service and USDA, ERS, 2021 Agricultural Resource Management Survey data.

Conclusions and Implications

- **U.S. farming is still overwhelmingly a family business.** In 2021, 98 percent of U.S. farms were family farms, accounting for 83 percent of farm production.
- **Small family farms made up 89 percent of the farm count and operated nearly 50 percent of the farmland but only generated 18 percent of the total value of production.** The largest share of the value of farm production (46 percent) occurred on large-scale family farms. However, small family farms accounted for 47 percent of the value of poultry and eggs and 53 percent of hay production.
- **The share of farms with a low-risk operating profit margin (OPM) varied by farm size in 2021.** Between 50 and 81 percent of small family farms had an OPM in the high-risk zone (OPM less than 10 percent)—depending on the farm type—compared with 25 and 33 percent of midsize and large-scale family farms, respectively. Some small family farms of each type operated in the low-risk zone, as did more than 40 percent of midsize and large-scale family farms.
- **Farm households, in general, were neither low income nor low wealth.** In 2021, median farm household income (which includes both farm and off-farm income sources) exceeded that for all U.S. households but was lower than the median income of all U.S. households with self-employment income. About 38 percent of farm households had income below the median for all U.S. households, and 2 percent had wealth below the U.S. median in 2021.
- **USDA Conservation Reserve Program (CRP) payments went to different types of farms than other Government payments.** CRP payments target environmentally sensitive cropland, with most payments going to retirement, off-farm occupation, and low-sales farms. In contrast, most commodity-related and working-land payments went to family farms with a gross cash farm income (GCFI) of $350,000 or more.

- **Most of the pandemic assistance to U.S. agriculture came from the U.S. Small Business Administration.** Farms also received USDA assistance from the Coronavirus Food Assistance Program (CFAP), Pandemic Cover Crop Program (PCCP), and Pandemic Livestock Indemnity Program (PLIP). Midsize and large family farms received a greater share of total pandemic assistance than very large family, small family, and nonfamily farms.
- **Overall, 14 percent of farms participated in Federal crop insurance in 2021. However, 62 percent of farms growing row crops purchased Federal crop insurance.** Indemnities from Federal crop insurance were roughly proportional to acres of harvested cropland. Midsize and large-scale family farms together accounted for 66 percent of all harvested cropland acres and received 84 percent of indemnities from Federal crop insurance in 2021.