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An Overview of Farms Operated by Socially Disadvantaged, Women, and Limited Resource Farmers and Ranchers in the United States

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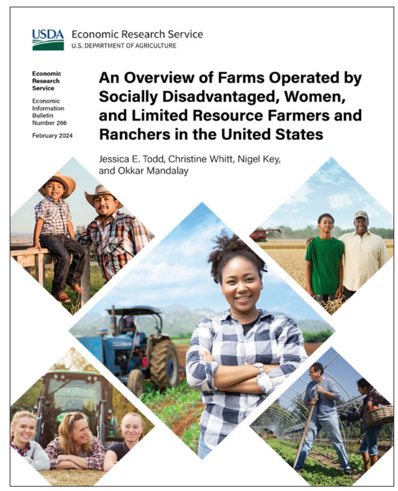

What Is the Issue?

Several USDA programs target underserved producers to meet their specific needs. This report bolsters information available about farms operated by three groups of underserved producers: (1) socially disadvantaged (SDA), defined as individuals who are Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Pacific Islander, and Hispanic or Latino; (2) women; and (3) limited resource (LR) producers, defined as having gross farm sales under $180,300 in 2020 dollars and whose principal operator's total household income was below the poverty level for a family of four or less than half of the county median income for 2 consecutive years. This information helps support USDA's commitment to improving equity in agriculture. The report summarizes measures of farm financial health, credit use, agricultural program participation, and other farm-level characteristics, and information about the principal operator and the principal operator's household.

What Did the Study Find?

Farms with at least one Hispanic producer (Hispanic farms, 5 percent of all farms) and those with no Hispanic producers but at least one non-Hispanic (NH) SDA producer (NH SDA farms, 4 percent of all farms) differed from farms operated solely by NH White operators in several ways:

- Hispanic and NH SDA farms were less likely to receive farm payments (11 and 21 percent of farms received payments, respectively) than NH White farms (34 percent). Hispanic and NH SDA farms were more likely to specialize in specialty crops, beef cattle, and other livestock, which are not commonly covered by direct Government agricultural programs.

- Hispanic and NH SDA farms were less likely to hold loans from the Farm Credit System or commercial banks than were NH White farms. However, the average amount borrowed among borrowers did not differ across the three farm categories.

- A greater share of Hispanic farms was at financial risk than were NH White farms, according to their current ratio (current assets divided by current debt), while a greater share of NH SDA farms was at financial risk than NH White farms, according to their operating profit margin.

- Twenty percent of NH SDA farms were LR farms, double the rate among Hispanic and NH White farms.

Farms operated entirely by women (women-only operations, 7 percent of all farms) and farms operated by both men and women (joint operations, 44 percent of all farms) differed from men-only operations in many dimensions.

- Women-only farms were more likely to specialize in field crops other than cash grains and livestock other than cattle compared with men-only farms.
- The average value of production per farm was lower on women-only ($28,492) and joint operations ($160,468) compared with men-only operations ($209,083). A similar share of women-only operations received direct Government agricultural payments as did men-only operations, but the average amount received was less for women-only operations ($7,687 versus $24,964), which is consistent with their differing specializations and smaller scale.
- Women-only operations were less likely to hold loans than men-only operations.
- Women-only farms were more likely to be LR farms (22 percent) than men-only farms (11 percent).

Differences were also observed between LR farms (9 percent of all farms), non-LR low-sales farms, which have sales below the LR farm sales threshold in the year but do not meet all LR criteria (76 percent of all farms), and high-sales farms (sales above the LR threshold).

- LR farms were more likely to specialize in field crops (other than cash grains), beef, and other livestock than high-sales farms. Non-LR low-sales farms were similar to LR farms in their specializations.
- Consistent with being less likely to specialize in cash grains, LR farms were less likely to receive direct Government agricultural program payments.
- Only 17 percent of LR farms held loans for the farm business at the end of the calendar year compared with 25 percent of non-LR low-sales and 73 percent of high-sales farms.
- The principal operators of LR farms were more likely to be women, older, and Hispanic or NH SDA. LR farms also averaged fewer total operators.

How Was the Study Conducted?

Data came from the 2017–20 Agricultural Resource Management Survey (ARMS), an annual cross-sectional survey of farms in the contiguous United States, excluding American Indian reservations in Arizona and New Mexico, conducted by USDA's National Agricultural Statistics Service (NASS) and Economic Research Service. ARMS data identify LR farms and provide detailed information about each farm's receipt of direct Government agricultural payments, use of credit, and farm operator and household characteristics.

Farms were classified for three population comparisons:

- an SDA comparison of NH White, Hispanic, and NH SDA farms;
- a gender comparison of men-only, women-only, and joint farms; and
- an LR comparison of LR, non-LR low-sales (sales below the LR threshold in the current year but not meeting the rest of LR criteria), and high-sales farms (sales above the LR threshold).

The 4 years of data were pooled to increase the sample size and precision of estimates. All estimates were weighted using the ARMS sampling weights, and variances were estimated according to USDA's NASS recommendations.