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America's Diverse Family Farms

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Errata

On January 10, 2022, the Federal crop insurance figure on page 27 was revised to correct “All family farms” to “Nonfamily farms.” No other figures were impacted.

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Broad descriptions of farms based on U.S. averages can mask variation among the many sizes and types of farms. For example, in 2020, the average value of production on the 2 million U.S. farms amounted to \$183,467. Few farms, however, are near the average; half of the farms had production valued at \$7,000 or less, whereas 66 percent of all production occurred on farms with at least \$1 million of agricultural output.

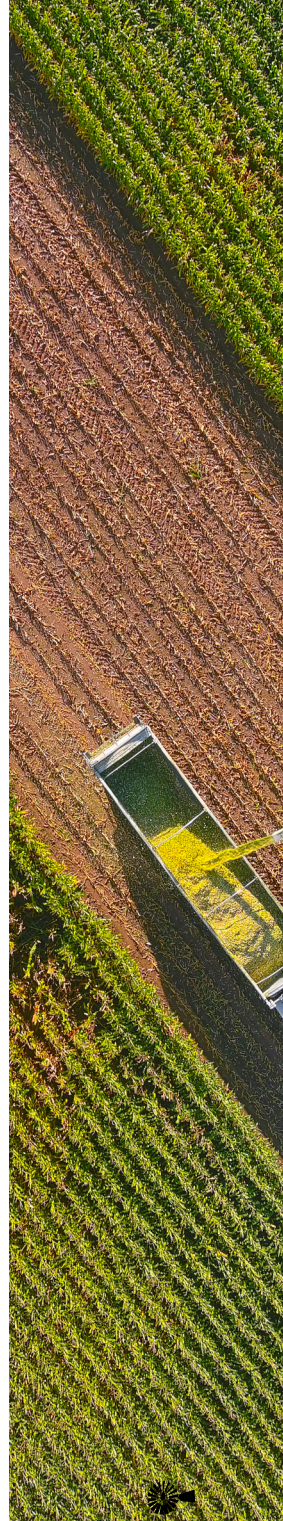
This report uses a farm classification, or typology, developed by the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS) to categorize farms into more homogeneous groupings to better understand conditions across the Nation's diverse farm sector. The classification is based largely on the 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 across the years as changes in the agricultural sector's structure are usually gradual. Some sections in this edition include a comparison with 2011, the first year the current farm typology was in place. These 10-year reflections are not comprehensive over the entire decade, but they do give a sense of how little has changed in farm structure, value of production, and financial risk by farm type.

This edition also reports on some areas in which the coronavirus (COVID-19) pandemic may have affected farms and farm households; exploring changes in direct sales and off-farm employment in farm households; and examines the distribution of farm and non-farm pandemic assistance farms received in 2020. The pandemic and its impacts were not limited to 2020, and the Government response continues into 2021.

Farm Typology

The farm typology, developed by USDA, ERS, focuses primarily on the “family farm,” or any farm where the majority of the business is owned by the principal operator—the person who is most responsible for making day-to-day decisions for the farm—and by individuals who are related to the principal operator. USDA defines 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. USDA uses acres of crops and head of livestock to determine whether a place 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, ERS. Most of the analysis in this report is based on a sample of approximately 11,841 farms from the 2020 ARMS. Some analyses also use earlier years of the survey and the sample size in each year of data varies.





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 (219,288 farms; 10.9 percent of U.S. farms in 2020).
- **Off-farm-occupation farms:** Small farms whose principal operators report a primary occupation other than farming (779,767 farms; 38.8 percent of U.S. farms).
- **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 GCFI less than \$150,000 (683,514 farms; 34.0 percent of U.S. farms).
 - **Moderate-sales:** Farms with GCFI between \$150,000 and \$349,999 (110,865 farms; 5.5 percent of U.S. farms).

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

- Farms with GCFI between \$350,000 and \$999,999 (112,122 farms; 5.6 percent of U.S. farms).

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

- **Large farms:** Farms with GCFI between \$1,000,000 and \$4,999,999 (51,708 farms; 2.6 percent of U.S. farms).
- **Very large farms:** Farms with GCFI of \$5,000,000 or more (6,124 farms; 0.3 percent of U.S. farms).

Nonfamily farms

- Any farm where the principal operator and people related to the principal operator do not own a majority of the business (47,275 farms; 2.4 percent of U.S. farms).

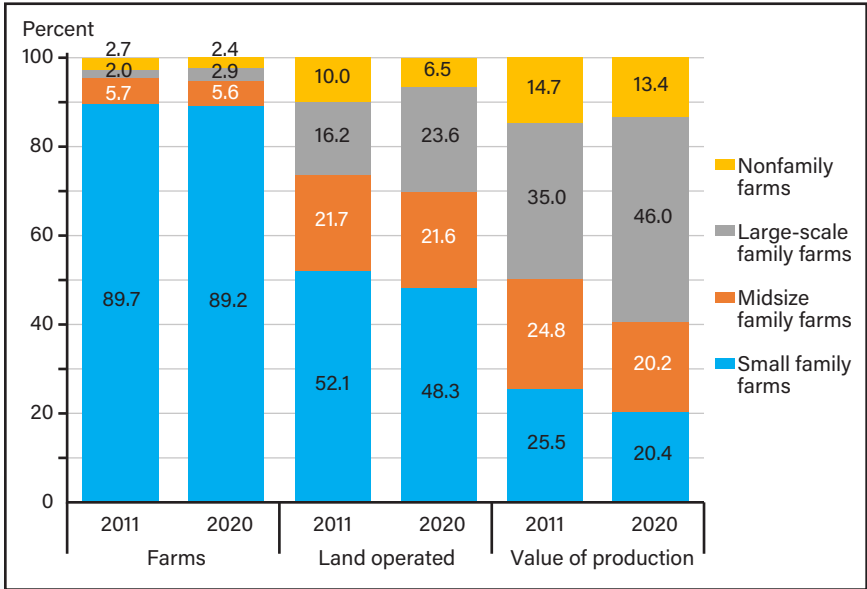
Farms, Production, and Farmland

Most U.S. farms are small family farms; these farms operate almost half of U.S. farmland and account for 20 percent of production.

- In 2020, approximately 89 percent of all farms were small family farms. Compared with 2011—the earliest year using the current farm typology—the share of land operated by small family farms fell from 52 to 48 percent, and the share of the value of production on small family farms declined from 26 to 20 percent.
- Large-scale family farms accounted for 46 percent of the total value of production in 2020, an increase from 35 percent in 2011. These farms also accounted for an increased share of total land operated, up from 16 percent in 2011 to 24 percent in 2020.
- In total, family farms accounted for about 98 percent of total farms and 87 percent of total production in 2020.
- Nonfamily farms accounted for the remaining 2 percent of farms and 13 percent of production. Among nonfamily farms, 18 percent had a GCFI of \$1 million or more. Such farms accounted for 90 percent of nonfamily farms' production. Examples of nonfamily farms include partnerships of unrelated partners, closely held nonfamily corporations, farms with a hired operator unrelated to the owners, and publicly held corporations.



Distribution of farms, land operated, and value of production by farm type, 2011 and 2020



Note: Due to rounding, numbers may not add to 100.

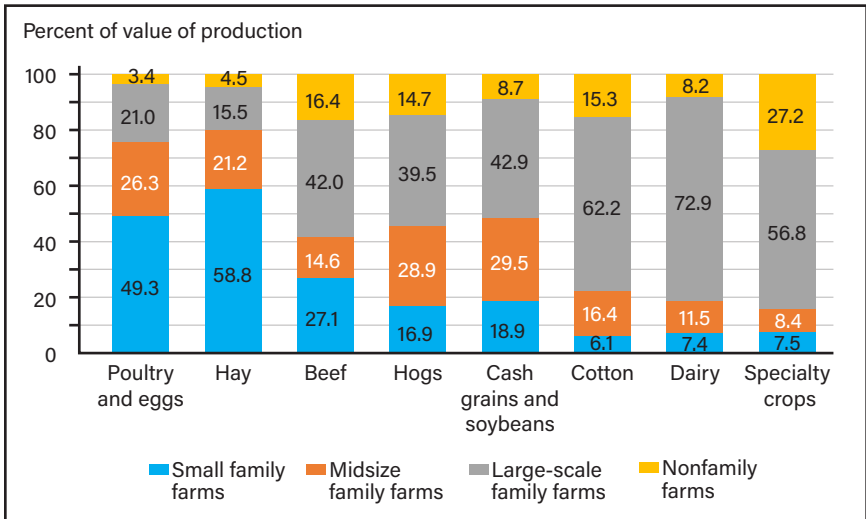
Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2011 and 2020 Agricultural Resource Management Survey.



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

- The majority of the values of cotton (62 percent), dairy (73 percent), and high-value crops (57 percent) was produced on large-scale family farms in 2020. Small family farms produced the majority of hay (59 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 49 percent of U.S. poultry and egg output in 2020.
- Over one-quarter of beef production occurred on small family farms in 2020, whereas another 57 percent occurred on midsize and large-scale family farms. Small family farms generally have cow/calf operations, while large-scale family farms are more likely to operate feedlots.
- Nonfamily farms produced 27 percent of all high-value crops; 57 percent was produced on large-scale family farms in 2020.

Value of production of selected commodities by farm type, 2020



Notes: Specialty crops include fruits, nuts, vegetables, and nursery/greenhouse crops. Due to rounding, numbers may not add to 100.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.

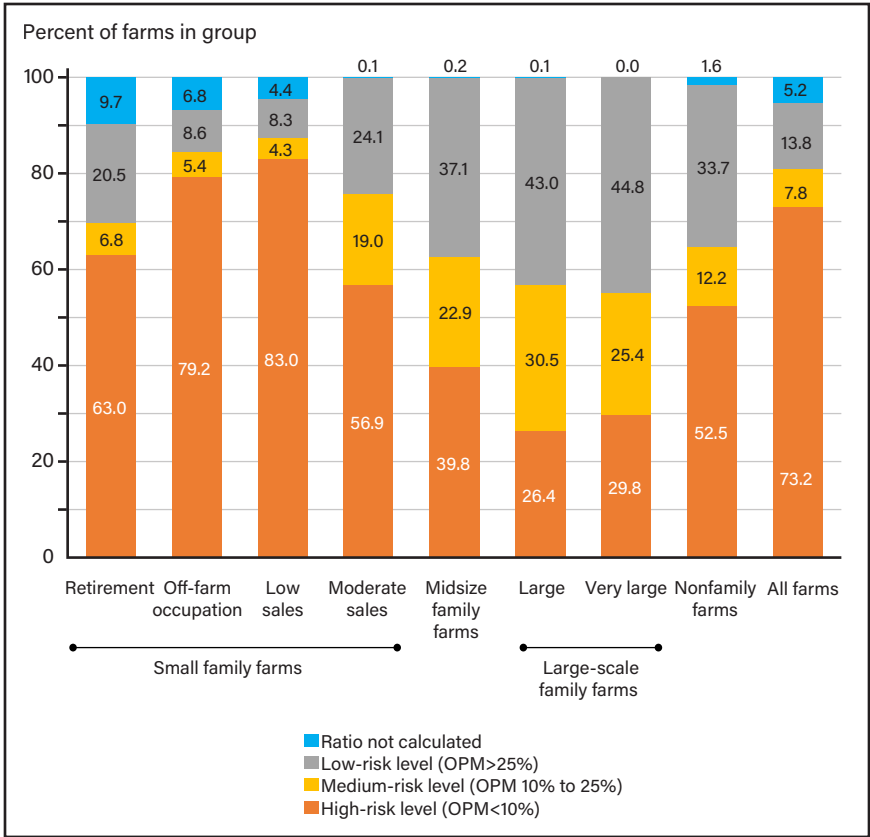


Farm Financial Performance

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 report higher OPMs.

- In 2020, between 57 and 83 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 their income coming from off-farm sources.
- Large-scale family farms were most likely to have OPMs in the low-risk (green) zone (OPM>25 percent)—between 43 and 45 percent—and least likely to be in the red zone in 2020—between 26 and 30 percent. These farms are more likely to have positive on-farm income.

Farms by operating profit margin and type, 2020



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.

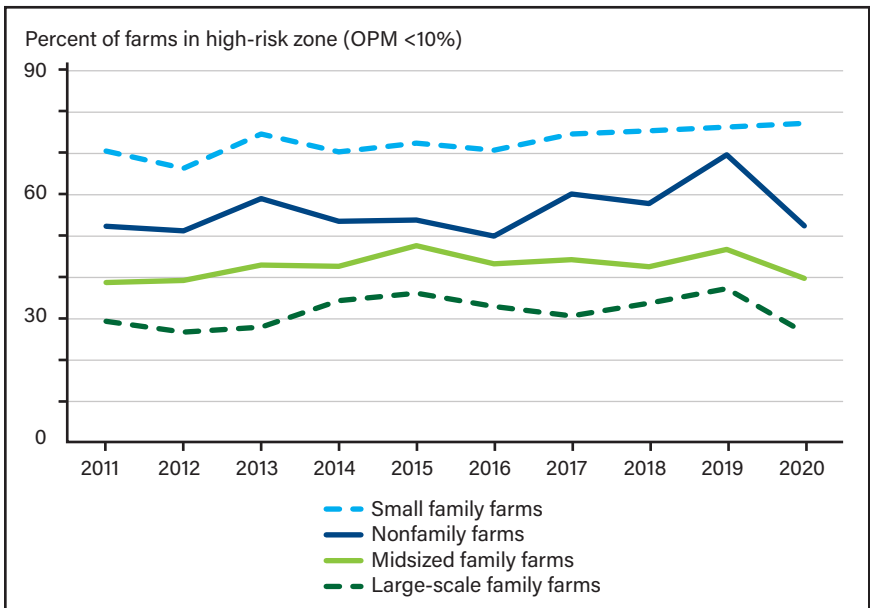
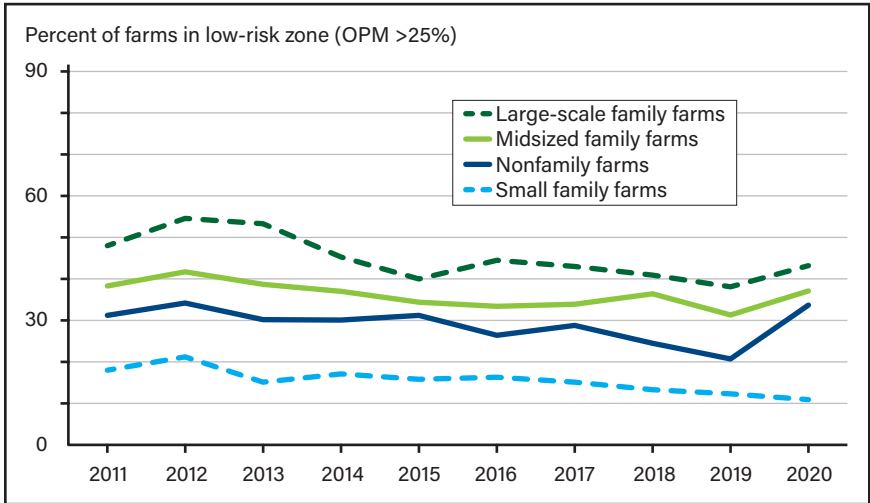
Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.



During the past 10 years, small farms were least likely to operate in the low-risk zone and most likely to operate in the high-risk zone.

- The share of small family farms with an OPM greater than 25 percent declined from 18 percent in 2011 to just over 10 percent in 2020, while the share operating in the red zone—OPM of less than 10 percent—rose from 71 percent to 77 percent.
- Large-scale family farms were the most likely to operate in the low-risk zone and least likely to operate in the high-risk zone. The share of large-scale family farms with low-risk OPMs declined from 48 percent in 2011 to 43 percent in 2020. The share of large-scale family farms operating in the high-risk zone ranged between 27 and 37 percent during the same period.
- Nonfamily farms experienced an increase in the share of farms operating at low risk, and a decrease in the share operating at low risk in 2020 relative to 2019, as did midsize and large-scale family farms.

Percent of farms with high- and low-operating profit margins by farm type, 2011–20



Notes: 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 gross farm income.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2011–2020 Agricultural Resource Management Survey.

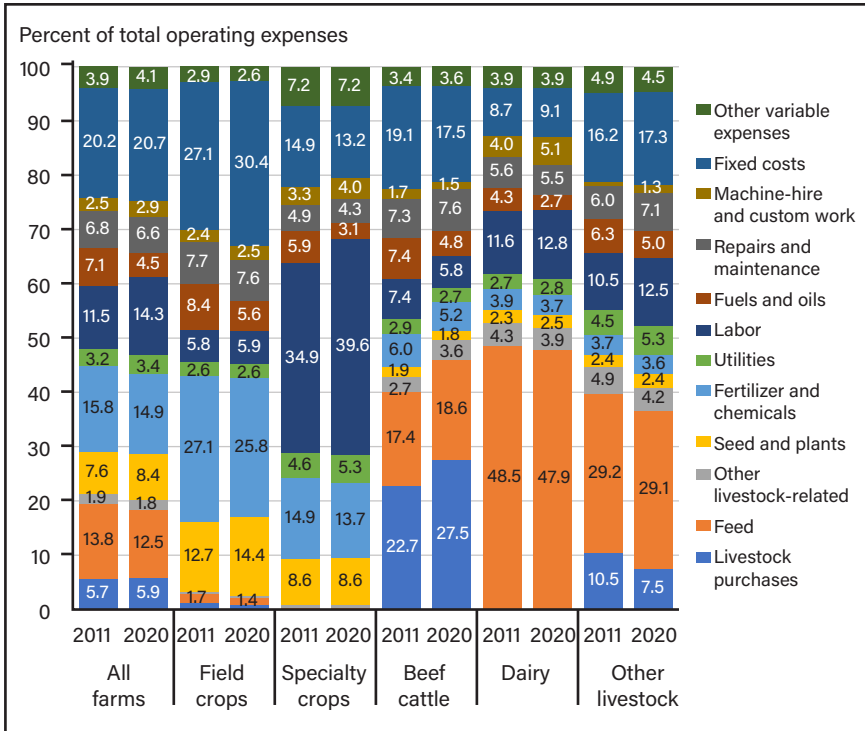


Farm Operating Expenses

The distribution of farm operating expenses varies across commodity specializations but remains largely unchanged over the 10-year period from 2011 to 2020.

- A large share of total expenses on field crop farms went toward fertilizers and other chemicals (26 percent) in 2020, which was slightly less than the share spent in 2011 (27 percent). Spending on seed and plants accounted for another 14 percent of expenses on field crop operations in 2020, which was slightly more than in 2011 (13 percent).
- Feed expenses made up 48 percent of all expenses on dairy operations, 19 percent on cattle operations, and 29 percent on other livestock operations in 2020. The share of expenses allocated to feed on dairy and other livestock operations was similar in 2011. Livestock purchases accounted for a greater share of all expenses on beef cattle operations than did feed at 28 percent in 2020.
- The share of labor costs across all farms increased by 24 percent since 2011, despite a 22-percent decrease in the share allocated to labor costs for beef cattle operations. The largest increase in the share of operating expenses allocated to labor was in “other livestock” farms and specialty crops—19- and 13-percent increases, respectively.
- Unlike expenses such as seed or feed that follow closely with crop and livestock operations, respectively, certain expenses had relatively consistent shares across all types of farms in 2020. Machine-hire and custom work ranged from 1 to 5 percent; fuels and oils ranged from 3 to 6 percent; repairs and maintenance ranged from 4 to 8 percent; and other variable expenses ranged from 3 to 7 percent across all farm specializations. These shares of expenses were similar in 2011.
- Conversely, certain costs varied widely across farm specializations. Fixed costs ranged from 9 percent of dairy costs and 30 percent of field crop costs. Additionally, labor cost shares ranged from 6 percent for beef cattle operations to 40 percent of specialty crops.

Production expenses by farm specialization category, 2011 and 2020



Notes: The field crops category includes farms specializing in wheat, corn, soybeans, sorghum, rice, tobacco, cotton, peanuts, and general crops; specialty crops include farms specializing in fruit and nuts, vegetables, and nursery crops; other livestock includes farms specializing in hogs, poultry, and general livestock. Fixed expenses include insurance, interest, rent and lease payments, and property and estate taxes. Livestock purchases exclude purchases of breeding stock, which is a capital expense. Other livestock-related expenses include livestock leasing, veterinarian services, bedding/litter/straw, removal of dead animals, and any other expense for livestock not counted elsewhere. Utilities includes electricity, telephone, and water/irrigation. Labor costs include all salary and wages paid to hired and contract laborers, including employment taxes and fringe benefits, but excludes wages paid to owner operators.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2011 and 2020 Agricultural Resource Management Survey.

Definition of Operating Expenses

This section summarizes cash "operating expenses" paid by the operation as excluding any expenses paid by a landlord or contractor as well as capital expenses, such as expenditures on land improvements, new buildings, cars, trucks, and other vehicles, and land purchases.

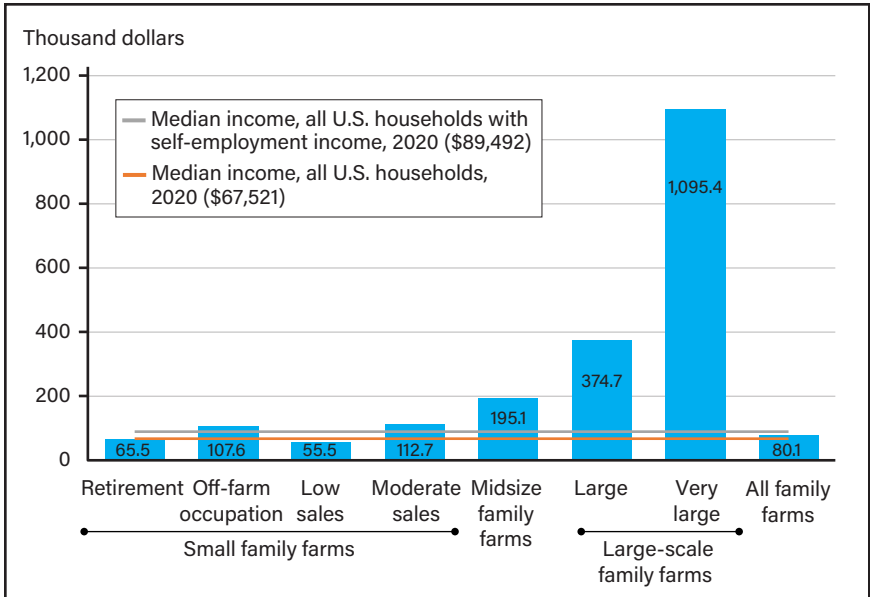


Farm Operator Household Income and Wealth

As in previous years, the median total income of all family farm households was greater than the median income of all U.S. households in 2020.

- Median total farm household annual income varied across farm types, with very large family farms having the largest median income at over \$1 million compared with low-sales family farms at \$55,455. Low-sales and retirement farms (\$65,526) had median household income below all U.S. households (\$67,521) and the median among U.S. households with self-employment income (\$89,492).
- The percent of family farms with income below the U.S. median-income level varied from 9 to 68 percent, depending on the type of farm.
- Operators of small family farms—especially retirement, off-farm occupation, and low-sales farms—often reported losses from farming. In 2020, the average farm income among off-farm occupation farms was -\$2,427 and low-sales farms was -\$1,637. Retirement farm households reported average farm income of \$5,430 in 2020.
- Farm households often use off-farm income to cover farm expenses. While self-employment and wage/salary jobs are the primary sources of off-farm income for farm households, public and private pensions, interest and dividend payments, asset sales, Social Security payments, and other sources of income have provided a significant share of off-farm income, particularly for retirement farms, which—in 2020—reported \$42,634 in unearned income on average.
- 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 wealth held by all U.S. households ranged from 1 to 5 percent, depending on the type of farm. Land comprises most farm households' wealth.

Median operator household income by farm type, 2020



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. Half of all households had incomes above the median, and half had incomes below the median.

Sources: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey; and U.S. Department of Commerce, Bureau of the Census, 2020 Current Population Survey, March supplement, for all U.S. households.

Farm households with income or wealth below the median for all U.S. households, 2020

	Farm households with	
	Income below U.S. median (\$67,521)	Wealth below U.S. median (\$123,358)
	Percent	
Small family farms		
Retirement	51.4	0.9
Off-farm occupation	21.1	2.7
Low sales	67.6	2.4
Moderate sales	29.6	2.7
Midsized family farms	19.2	5.3
Large-scale family farms		
Large	12.7	3.6
Very large	8.5	3.1
All family farms	40.8	2.6

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 2020 dollars using the Gross Domestic Product chain-type price index.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey; 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 household income by source and farm type, 2020

Farm type	Mean total income	Income from farming		Mean income from off-farm sources		
		Mean amount	Is negative	Total	Earned	Unearned
	Dollars per household		Percent of households	Dollars per household		
Small family farms						
Retirement	78,028	5,430	49	72,599	29,964	42,634
Off-farm occupation	139,571	-2,427	68	141,998	112,239	29,759
Low sales	61,245	-1,637	59	62,883	27,331	35,552
Moderate sales	122,814	53,695	19	69,120	40,042	29,077
Midsized family farms						
	212,109	140,136	14	71,973	41,384	30,589
Large-scale family farms						
Large	438,076	361,727	11	76,350	49,580	26,770
Very large	2,000,335	1,913,814	8	86,522	52,106	34,416
All family farms						
	122,291	25,603	54	96,688	63,530	33,158

Notes: Operator household income is not estimated for nonfamily farms. 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 total due to rounding.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.



Coronavirus (COVID-19) Pandemic and Direct Sales

Definition of Direct Sales

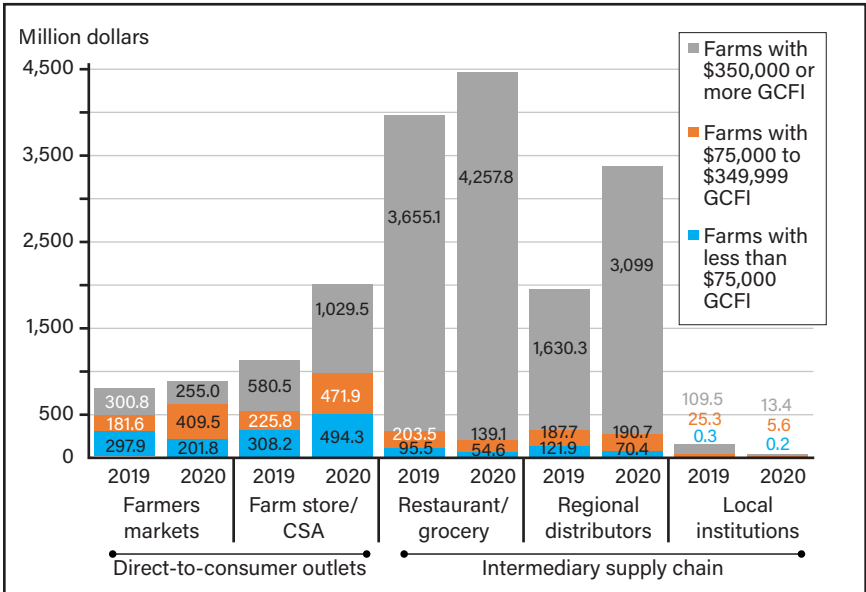
Direct sales are the sales of commodities produced, raised, or grown on the farm and sold either direct to the consumer (such as at farmers markets, farm stores, and community supported agriculture (CSA) arrangements) or to intermediary supply chains (such as retail outlets and regional distributors) that are subsequently sold directly to individuals or to institutions (such as schools and hospitals). Christmas trees and flowers, nursery products, craft items, and processed products, such as jellies, sausages, and hams, are excluded from the analysis of direct sales of commodities. Also, commodities produced under production contracts are excluded from this analysis because the farmer does not own the commodity. 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 direct sales and these operations tend to be quite small.

In 2020, 7 percent of all farms sold commodities through direct sales, 7 percent sold direct-to-consumer (DTC), and 1 percent sold through intermediary supply chains.

- Direct sales amounted to almost \$10.7 billion—a nearly \$2.8 billion (35 percent) increase from the value reported in the 2019 ARMS. Only 27 percent of total direct sales were DTC, whereas the remaining 73 percent occurred through intermediary supply chains. Among farms with less than \$75,000 in GCFI, 85 percent of all direct sales were DTC in 2020.
- Changes in direct sales varied across farm-size categories. Farms with less than \$75,000 in GCFI had \$2.5 million less in overall direct sales in 2020 than in 2019. These smaller farms accounted for 8 percent of all the direct sales in 2020, down from 10 percent in 2019. Farms with direct sales and a GCFI between \$75,000 and \$350,000 increased their direct sales by \$0.4 billion—which accounted for 11 percent of all direct sales—whereas farms with direct sales and a GCFI greater than \$350,000 increased their direct sales by \$2.4 billion, which accounted for 81 percent of all direct sales.
- The overall increase in direct sales in 2020 occurred across most direct sales marketing channels. Sales at farmers markets and restaurants increased by 11 and 13 percent, respectively, whereas sales at farm stores, CSAs, and other DTC channels, as well as sales to regional distributors, increased by 79 and 73 percent, respectively. However, sales to institutions declined by 86 percent in 2020 relative to 2019, which was likely due to pandemic closures or restricted operations.
- When reporting direct sales in 2020, operators were asked to recall and compare their sales with 2019 sales. Not all farms experienced increases in direct sales in all marketing channels. A larger share of farms selling at farmers markets, restaurants, and regional distributors in 2020 reported their 2020 sales were lower compared with 2019 than was the share selling in these outlets that reported their 2020 sales were higher than in 2019. On the other hand, a larger share of farms selling directly to consumers through farm stores, CSAs, and/or to grocery stores reported their 2020 sales were higher compared with 2019 than the share that reported 2020 sales were lower compared with their 2019 sales.



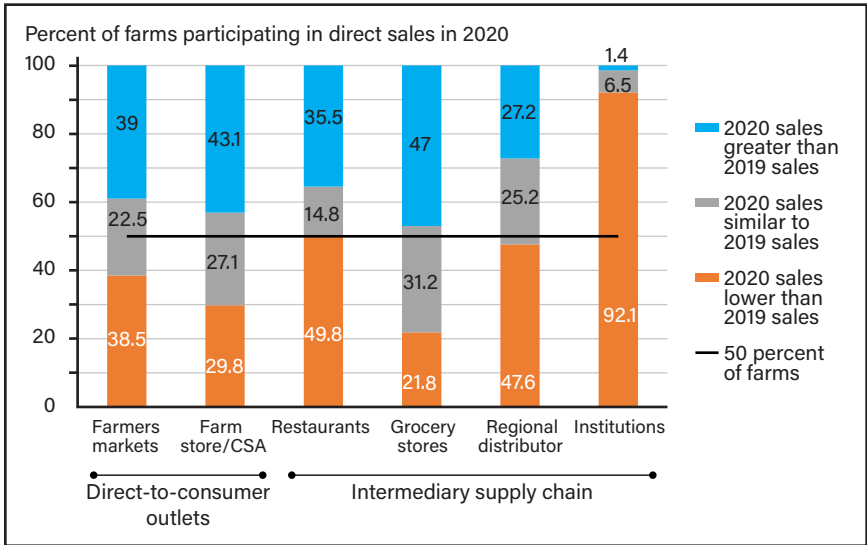
Direct sales by marketing channel and farm size, 2019 and 2020



Notes: GCFI = gross cash farm income. CSA=Community Supported Agriculture. The "Farm store/CSA" category also includes sales from roadside stands, u-pick, and other informal direct-to-consumer sales. Regional distributors include food hubs and internet aggregators that then sell directly to consumers. Institutions include schools, hospitals, and other businesses providing dining services to consumers.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2019 and 2020 Agricultural Resource Management Survey.

Farm-level direct sales in 2020 relative to 2019 direct sales among farms that had direct sales in 2020 by direct sales channel



Notes: CSA=Community Supported Agriculture. The above percentages are calculated from respondents who had direct sales in 2019 and/or 2020 as reported in 2020. The "Farm store/CSA" category also includes sales from roadside stands, u-pick, and other informal direct-to-consumer sales. Regional distributors include food hubs and internet aggregators that then sell directly to consumers. Institutions include schools, hospitals, and other businesses providing dining services to consumers.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.

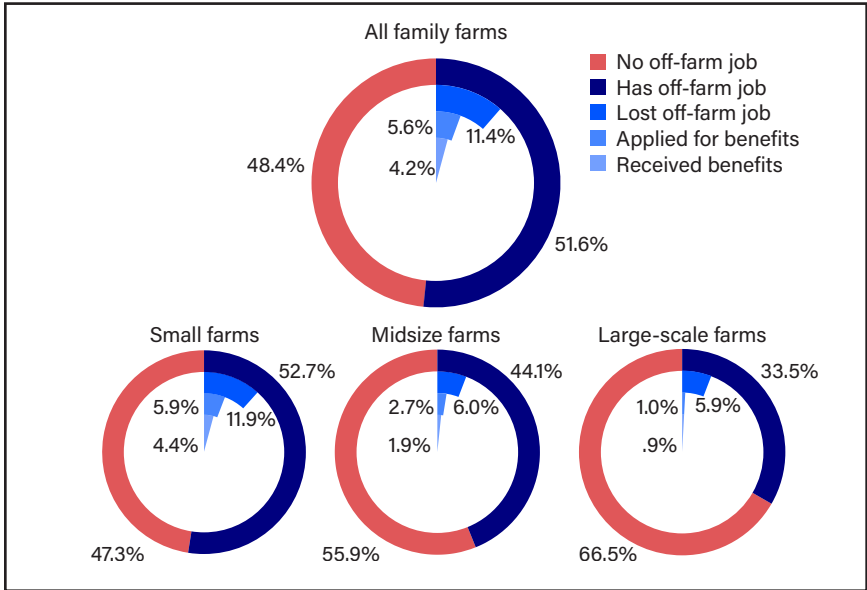


Coronavirus (COVID-19) Pandemic and Farm Household Employment

Over 11 percent of all farm households had at least one household member lose an off-farm job due to the COVID-19 pandemic during 2020.

- Over half (52 percent) of all family farm operations had at least one household member with an off-farm job in 2020, but the share varies by farm type. Fifty-three percent of households operating small farms, 44 percent of households operating midsize farms, and 33 percent of households operating large-scale farms had household members with off-farm jobs.
- In 2020, COVID-19-related disruptions caused 11 percent of all farm households to experience the loss or furlough of at least one of its member's off-farm jobs. Small-farm households experienced the greatest losses with 12 percent of households affected. On the other hand, 6 percent of households operating midsize and large-scale farms experienced a job loss or furlough.
- Individuals who became unemployed or were furloughed due to the pandemic could file for unemployment benefits. Households operating large-scale farms enjoyed higher rates of approvals of their applications for unemployment benefits. Of those large-scale farm households with someone applying for benefits, 83 percent reported receiving benefits. The acceptance rate was only 74 percent for households operating small farms.
- In total, 4 percent of households operating small farms reported at least one person receiving unemployment benefits in 2020, while only 2 percent and 1 percent of households operating midsize and large-scale farms, respectively, received unemployment benefits. These reports are consistent with the higher rate of job loss among households operating small farms.

Off-farm unemployment and receipt of unemployment benefits among farm households by farm type, 2020



Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.



Government Payments and Federal Crop Insurance

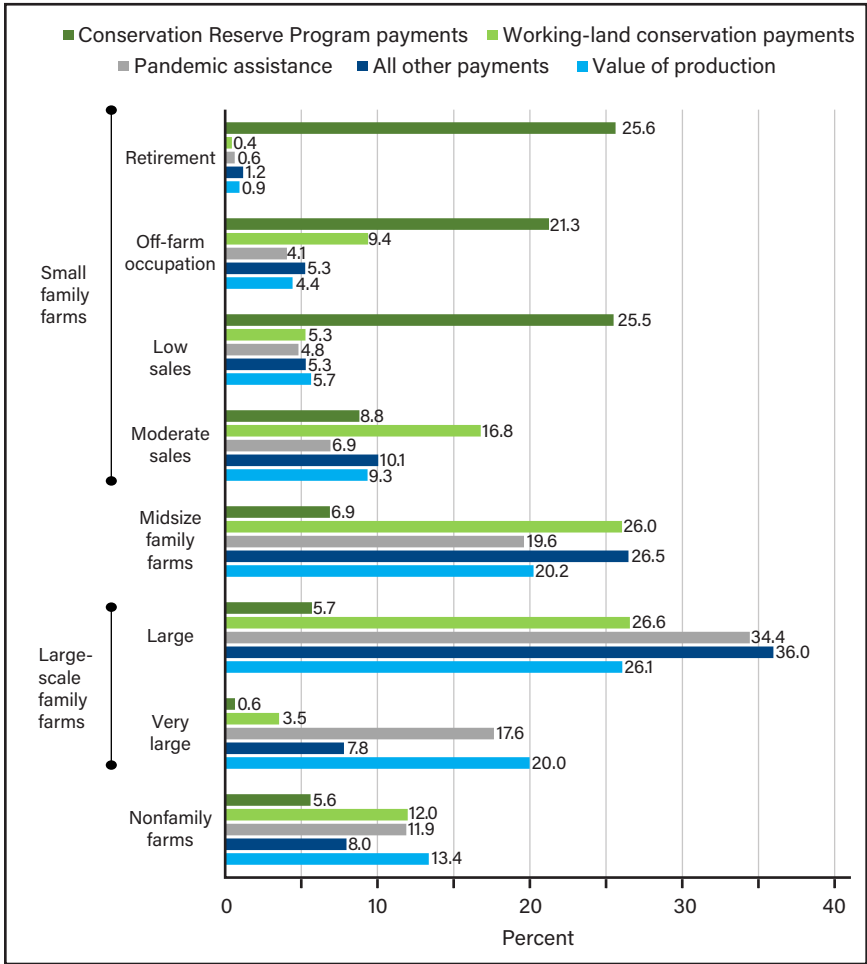
Distribution of direct Government payments varied by farm and program type in 2020.

- Small family farms received 81 percent of all payments from USDA's Conservation Reserve Program (CRP), which removes environmentally sensitive cropland from production. In contrast, working-land payments—such as those from the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP)—incentivize certain production practices on agricultural land and were more likely received by midsize family farms, large-scale family farms, and nonfamily farms. Overall, they received 68 percent of all working-land payments.
- The distribution of commodity-linked payments and other payments is similar to the contribution to the total value of production. Midsized and large-scale family farms along with nonfamily farms accounted for 80 percent of the total value of production and received 78 percent of commodity-linked, agricultural disaster programs, and other Federal, State, and local farm program payments.
- Small family farms received 16 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 smaller production scale. Large-scale family farms received 52 percent of all farm-level pandemic assistance and 44 percent of all other payments.

- Additionally, 64 percent of all farm-level pandemic assistance reported as having been received from the Coronavirus Food Assistance Programs (CFAP, programs 1 and 2) in 2020. Another 21 percent came from loans from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) and advances from the Economic Injury Disaster 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. Fifteen percent came from other Federal, State, and local pandemic-assistance programs to operators.
- CFAP comprised most of all pandemic assistance reported as having been received among all farm types. The share of total assistance coming from the SBA was greatest among very large family farms (45 percent). This is likely because these farms have the most employees and are also more likely to earn a profit in any given year.
- Overall, 40 percent of all farms reported as having received some type of Government payment in 2020.



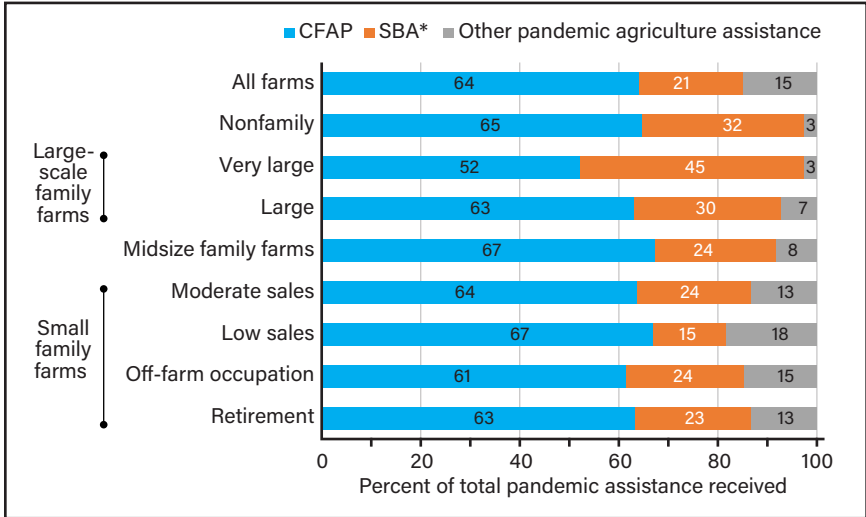
Distribution of selected Government agricultural program payments, 2020



Notes: Pandemic Assistance includes loans from the Small Business Administration through the Paycheck Protection Program (PPP) and advances from the Economic Injury Disaster Loan (EIDL) program, payments from the Coronavirus Food Assistance Program, and other agricultural pandemic assistance. All other payments 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, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.

Distribution of total reported pandemic assistance, by farm type and type of assistance program, 2020



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

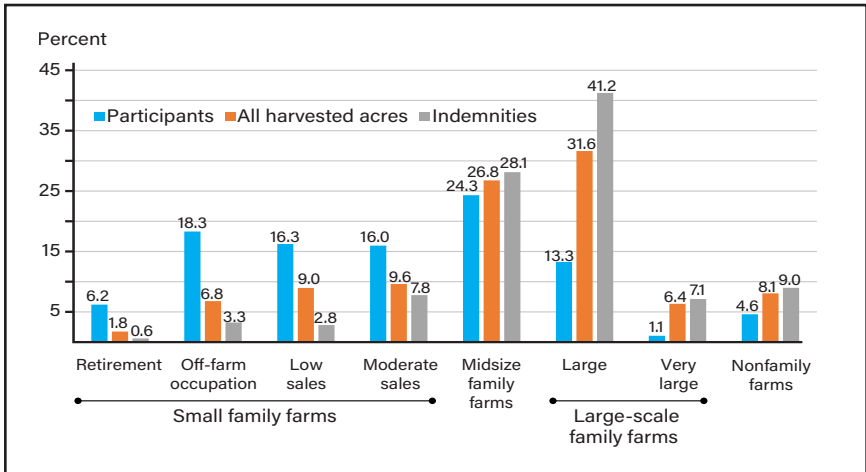
Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.



Indemnities from Federal crop insurance were roughly proportional to acres of harvested cropland and concentrated among midsize and large-scale farms in 2020.

- Overall, 14 percent of farms participated in Federal crop insurance programs, but participation rates varied widely across farm types. Less than 10 percent of retirement, off-farm occupation, and low-sales farms purchased Federal crop insurance, whereas 40 percent or more of other family farm types participated in these programs. Large family farms were the most likely to participate with 71 percent in 2020.
- Although midsize and large family farms made up 8 percent of all U.S. farms in 2020, they accounted for 38 percent of Federal crop insurance participants and 58 percent of all harvested cropland acres.
- Midsize and large-scale family farms together accounted for 65 percent of all program harvested acres and received 77 percent of indemnities from Federal crop insurance in 2020. These family farms were also the most likely to participate in Federal crop insurance.

Federal crop insurance participants, harvested cropland, and indemnities, 2020



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

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.

Conclusions and Implications

- **Farming is still overwhelmingly a family business.** Ninety-eight percent of U.S. farms are family farms, and they account for 87 percent of farm production.
- **Small family farms make up about 90 percent of the farm count and operate almost half of the farmland.** The largest share of the value of farm production (46 percent), however, occurs on large-scale family farms. Small family farms account for 49 percent of the value of poultry and eggs and 59 percent of hay production.
- **The share of farms with a low-risk operating profit margin (OPM) varied by farm size in 2020.** Between 57 and 83 percent of small family farms have an OPM in the high-risk zone—depending on the farm type—compared with 26 and 40 percent of midsize and large-scale family farms, respectively. Some small family farms in each type operate at the low-risk zone, as do more than 37 percent of midsize, large, and very large family farms.
- **The distribution of farm operating expenses varies across commodity specializations.** Crop farms allocate a large share of their total expenses to seed and fertilizer, while feed and livestock purchases comprise a large share of total expenses among cattle and livestock operations. How farm specializations allocate their expenses did not change dramatically between 2011 and 2020.
- **Farm households, in general, are neither low income nor low wealth.** In 2020, median farm household income, which includes both farm and off-farm income sources, exceeded that for all U.S. households, but it was lower than the median income of all U.S. households with self-employment income. About 41 percent of farm households had income below that of the median for all U.S. households, and 3 percent had wealth less than the U.S. median in 2020.



- **The share of farm operations having reported participating in direct sales fell from 8 percent in 2019 to 7 percent in 2020.** However, total direct sales amounted to about \$10.7 billion in 2020, which is \$2.8 billion, or 35 percent, higher than in 2019. Direct sales to restaurants and grocery stores made up the largest share of direct sales in 2020—42 percent—and witnessed a nearly \$500 million increase in sales from 2019. Likely due to institutional shutdowns in response to COVID-19, direct sales to institutions saw an 86-percent decline in sales in 2020. Sales at farmers markets, on-farm stores, u-pick, roadside stands, and the like, as well as through regional distributors or aggregators, saw an increase in 2020 relative to 2019.
- **Over half of all farm family households had at least one person with an off-farm job.** Eleven percent of all farm households reported either a loss of—or furlough from—an off-farm job in 2020, and 4 percent of all farm households received unemployment benefits.
- **More 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 agriculture was from the Coronavirus Food Assistance Program (CFAP).** Farms also received loans from the Small Business Administration through the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program. Very large family farms received a greater share of their pandemic assistance from SBA loans, likely because they employed more workers and are also more likely to earn a profit in any given year.
- **Overall, 14 percent of farms participated in Federal crop insurance in 2020.** Indemnities from Federal crop insurance were roughly proportional to acres of harvested cropland. Midsize and large-scale family farms together accounted for 65 percent of all program harvested acres and received 77 percent of indemnities from Federal crop insurance in 2020.

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