For further information, contact
Christine E. Whitt christine.whitt1@usda.gov
Katherine Lacy katherine.lacy@usda.gov
Katherine Lim katherine.lim@usda.gov

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American farms represent a diverse set of business operations and farm operators. This annual report describes the characteristics of U.S. farms and ranches using the most recent 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). Statistics are presented using a farm classification developed by USDA, ERS to categorize farms into groups with some common characteristics. The classifications used are mainly based on each farm's annual revenue, the main occupation of the farm's principal operator, and ownership (family versus nonfamily). This edition also contains two new sections. First, the report provides information on the usage of credit by lender type and farm size in 2022. Second, the report explores the differences in farm operations in 2022 by race and ethnicity of the operators. The section compares farm structure, financial stress, principal operator household well-being, credit usage, average Government payments received, and participation in Federal crop insurance between socially disadvantaged and nondisadvantaged operations.
Farm Typology

The farm typology, updated in 2013 by USDA, ERS, focuses primarily on the “family farm,” a farm in which the majority of the business is owned by an operator and/or any individual related by blood, marriage, or adoption, including relatives who do not live in the operator’s household. 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 head 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 that includes sales of crops and livestock, Government payments, other farm-related income, and 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 total sample of approximately 19,100 farms from the 2022 ARMS. As of December 12, 2023, the 2022 ARMS sample weights have been calibrated using targets from the 2017 Census of Agriculture. Therefore, the statistics summarized in this report are subject to revision after the publication of the 2022 Census of Agriculture data, when the targets will be updated using that Census.
For 2022, USDA, NASS implemented a targeted sampling strategy to increase the number of operations with Hispanic and non-White producers who received the 2022 ARMS. The larger resulting sample of these operations allowed researchers to separately report information on Hispanic, non-Hispanic Black or African American, non-Hispanic American Indian or Alaska Native, and non-Hispanic Asian operations in a new section of the report.

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

- **Retirement farms**: Farms whose principal operators report having retired from farming while continuing to farm on a small scale.

- **Off-farm-occupation farms**: Farms whose principal operators report a primary occupation other than farming.

- **Farming-occupation farms**: 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)

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.
Table 1
Number of farms and distribution of farms, value of production, and acres operated by the farm typology, 2022

<table>
<thead>
<tr>
<th>Farm type</th>
<th>Number of farms</th>
<th>Percentage of farms</th>
<th>Percentage of acres operated</th>
<th>Percentage of value of production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>253,870</td>
<td>12.7</td>
<td>4.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Off-farm</td>
<td>782,464</td>
<td>39.2</td>
<td>13.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Low sales</td>
<td>616,083</td>
<td>30.9</td>
<td>17.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Moderate sales</td>
<td>104,024</td>
<td>5.2</td>
<td>11.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Midsize</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>115,595</td>
<td>5.8</td>
<td>21.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Large-scale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>59,802</td>
<td>3.0</td>
<td>20.6</td>
<td>29.0</td>
</tr>
<tr>
<td>Very large</td>
<td>8,134</td>
<td>0.4</td>
<td>4.2</td>
<td>22.8</td>
</tr>
<tr>
<td>Nonfamily</td>
<td>54,450</td>
<td>2.7</td>
<td>7.3</td>
<td>10.4</td>
</tr>
<tr>
<td>Total</td>
<td>1,994,421</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Acres operated is equal to (owned land + leased land) – (leased land to others). The total acres operated were 847.4 million, and the total value of production was $449.6 billion in 2022. Due to rounding, percentages may not sum to 100 or match values reported in figure 1.

Farms, Production, and Farmland

Most U.S. farms are small family farms; these farms operate on 46 percent of U.S. agricultural land and account for 19 percent of the total value of production (figure 1).

- In 2022, approximately 88 percent of all farms were small family farms and operated 46 percent of U.S. agricultural land.
- Large-scale family farms accounted for 52 percent of the total value of production and 25 percent of agricultural land in 2022. Midsize family farms accounted for 21 percent of agricultural land and 19 percent of the total value of production.
- In total, family farms accounted for about 97 percent of total farms and 90 percent of total production in 2022.
- Nonfamily farms accounted for the remaining 3 percent of farms. Among nonfamily farms, 16 percent had a GCFI of $1 million or more. These large-scale nonfamily farms accounted for 89 percent of all nonfamily farms’ production. Nonfamily farms vary widely in size, income, and ownership structure and include partnerships of unrelated persons, nonfamily corporations, and farms with a hired manager unrelated to the owners.
Figure 1
Distribution of farms, land operated, and value of production by farm type, 2022

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


Large-scale family farms dominate the production of many selected commodities (figure 2).

- Large-scale family farms accounted for a majority of the value of beef (50 percent), hogs (56 percent), cotton (65 percent), cash grains and soybeans (51 percent), dairy (76 percent), and specialty crops (65 percent) production in 2022. Small family farms produced the majority of hay (53 percent).

- Small family farms produced 45 percent of the total value of U.S. poultry and egg output in 2022. Most poultry and egg production is done under contracts, with a contractor paying a fee to a farmer who raises poultry to maturity or manages the egg-laying operation.

- In 2022, 26 percent of the value of beef production occurred on small family farms. These farms often have cow/calf operations, while large-scale family farms are more likely to operate feedlots.
In 2022, the value of production by nonfamily farms ranged from 5 percent for poultry and eggs and hay production to 19 percent for specialty crop production.

Compared to 2021, the value of hog production increased from 35 percent to 56 percent in 2022 for large-scale family farms and decreased from 35 percent to 10 percent in 2022 for nonfamily farms. Similarly, a large year-over-year change occurred in the value of production of specialty crops from large-scale family farms (39 percent in 2021 to 65 percent in 2022) and nonfamily farms (43 percent in 2021 to 19 percent in 2022). However, the value of production shares in 2022 was similar to the shares in 2019 and 2020 of the selected commodities by farm type (figure 2).

Figure 2
Value of production of selected commodities by farm type, 2022

Note: Cash grains include barley, corn, rice, sorghum, wheat, and oats. 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.

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 potentially more financial vulnerability—whereas most midsize, large, and very large family farms reported OPMs above 10 percent in 2022 (figure 3).

- In 2022, between 52 and 79 percent of small family farms—depending on the farm type (retirement, off-farm occupation, low sales, moderate sales)—had an OPM in the high-risk zone (less than 10 percent OPM).

- Large farms in 2022 were most likely to have OPMs in the low-risk zone (OPM of at least 25 percent) at 51 percent and least likely to be in the high-risk zone at 27 percent.

- The share of farms in the medium-risk zone (OPM between 10 percent and 25 percent) ranged from 4 percent (retirement farms) to 26 percent (very large farms). For each farm type, the percentage of farms in the medium-risk zone was smaller than the share of high- and low-risk farms.

- Compared with 2021, the percentage of small family farms in the low-risk zone increased or remained the same in 2022. All other farm types showed a decline in the percentage of farms in the low-risk zone in 2022 relative to 2021. This could be due in part to the large increase in prices received compared to the smaller increase in input costs in 2022, resulting in record-high net farm income. However, these returns were not equally distributed across all commodities.
Figure 3
Farms by operating profit margin and farm type, 2022

Note: The Operating Profit Margin (OPM) ratio is defined as:

\[
100 \times \left( \frac{Net \, farm \, income + interest \, paid – charges \, for \, unpaid \, labor \, and \, management}{gross \, farm \, income} \right).
\]

OPM ratios are not calculated for operations with zero or negative gross farm income as the OPM for these operations are undefined or do not reflect the financial position of the farm operation. Gross farm income can be negative due to decreases in the value of inventory. Due to rounding, numbers may not add to 100 percent.


Farm Use of Credit and Loan Amounts

Debt is an important resource for farmers and ranchers to support the capital needs of their operations. This section reports the share of farms in each condensed typology group that held farm debt at the end of 2022 to highlight differences in the use of agricultural credit across operations. We examine reported loans from five sources: the Farm Credit System, Farm Service Agency, commercial banks, trade credit (includes input suppliers, implement dealers, co-ops, and other merchants), and all other lenders.
(includes loans serviced by the Small Business Administration, saving associations, State and county government lender agencies, life insurance companies, contractors, individuals, credit unions, credit cards, and other debts such as unpaid bills).

About 26 percent of all U.S. farms held any debt in 2022, and the majority (67 percent) of farms with debt used one lender.

- Over half of each farm type reported loans owed to a commercial bank in 2022 (figure 4). In contrast, 8 to 10 percent of farms with loans, depending on farm type, reported having a loan serviced by the USDA, Farm Service Agency. In some cases, the agency provides guarantees for loans originated by commercial banks and the Farm Credit System in addition to its direct lender role.

- At 31 percent of farms with debt, small family farms that reported holding any debt were less likely to have a loan through the Farm Credit System compared to all other farm sizes. However, small family farms had the largest share (28 percent) receiving a loan through other lenders relative to large-scale family farms (21 percent) and nonfamily farms (18 percent).

- For all credit lender types except trade credit lenders, large-scale family farms with loans had higher average loan amounts relative to small and midsize family farms. This is consistent with the fact that farming is capital-intensive and large-scale family farms account for the majority of U.S. agricultural production. In addition, among operations that reported holding debt, large-scale family farms had the largest percentage (76 percent) of farms with loans relative to all other farm sizes.

- In general, small family farms with debt had lower average loan amounts relative to all other farm sizes, ranging from $87,000 to $164,000, depending on the lender type (figure 5).
Figure 4
Loans serviced by lender type and farm typology for farms with loans, 2022

Note: All other lenders include loans serviced by the Small Business Administration, savings associations, State and county government lender agencies, life insurance companies, contractors, individuals, credit unions, credit cards, and other debts such as unpaid bills. Trade credit includes loans serviced by input suppliers, implement dealers, co-ops, and other merchants. Analysis is limited to farms funding their operation using debt in 2022. The credit lender categories are not mutually exclusive since farms can have loans with multiple lenders.

Figure 5
Average loan amount by credit lender and farm typology for farms with debt, 2022

Note: All other lenders include loans serviced by the Small Business Administration, savings associations, State and county government lender agencies, life insurance companies, contractors, individuals, credit unions, credit cards, and other debts such as unpaid bills. Trade credit includes loans serviced by input suppliers, implement dealers, co-ops, and other merchants. Analysis is limited to farms funding their operation using debt in 2022. The credit lender categories are not mutually exclusive since farms can have loans with multiple lenders.


Farm Operator Household Well-Being

This section presents information on the farm household for the principal operator (the operator most responsible for decision-making) of each farm operation. Only family farm households are included here since household-level statistics are not calculated for nonfamily farm operations.
As in previous years, the median total income of all U.S. family farm households ($95,418) was greater in 2022 than the median income of all U.S. households ($74,580) (figure 6). The median total household income for all family farms in 2022 increased from $92,239 in 2021.

- Median total farm household annual income varied across farm types, with very large family farms having the largest median household income at more than $1 million, compared with low-sales family farms at $70,200. Low-sales and retirement farms ($71,837) had median household incomes below all U.S. households ($74,580) and also below U.S. households with self-employment income ($97,856). Median and average total household income increased for all farm types except moderate and midsize family farms from 2021 to 2022.

- The percentage of family farms with income below the U.S. median income level varied from 10.8 to 53.0 percent, depending on the type of farm (table 2).

- 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 0.3 to 3.8 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 off-farm-occupation and low-sales farms—often reported losses from farming. In 2022, the average farm income among off-farm-occupation farms was -$2,943, and among low-sales farms, it was -$2,976 (table 3).

- Total household income from off-farm sources, on average, increased from 2021 to 2022 for all farm types except midsize and very large family farms. This year-to-year increase was largely due to an increase in average earned off-farm income sources, such as self-employment and wage/salary jobs.
About 84 percent of all U.S. farm households earn the majority of their total household income from off-farm sources and often use off-farm income to cover some portion of farm expenses. As farm size increases, the percentage of households relying on off-farm income decreases. While self-employment and wage/salary jobs are the primary sources of off-farm income for farm households, unearned off-farm income sources (e.g., public and private pensions, interest and dividend payments, asset sales, Social Security payments, and other income sources) provide a significant share of off-farm income relative to total off-farm income. This was particularly true for low-sales and retirement farms, which in 2022 reported an average of $41,717 and $45,842, respectively, in unearned off-farm income.

Figure 6
Median operator household income by farm type, 2022

![Bar chart showing median operator household income by farm type, 2022.](chart)

Note: Farm households are the households of the principal operator on family farms. Operator household income is not estimated for nonfamily farms. It includes both farm and off-farm income household members received. Half of all households had incomes above the median and half had incomes below it.

Table 2

Farm households with income or wealth below the median for all U.S. households, 2022

<table>
<thead>
<tr>
<th>Farm households with...</th>
<th>Income below U.S. median ($74,580)</th>
<th>Wealth below U.S. median ($140,560)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of farm households</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small family farms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>51.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Off-farm occupation</td>
<td>26.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Low sales</td>
<td>53.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Moderate sales</td>
<td>34.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Midsize family farms</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Large-scale family farms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>11.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Very large</td>
<td>10.8</td>
<td>3.8</td>
</tr>
<tr>
<td>All family farms</td>
<td>37.7</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Note: 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 2022 dollars using the Gross Domestic Product chain-type price index.

Table 3
Farm operator income per household by source and farm type, 2022

<table>
<thead>
<tr>
<th>Farm type</th>
<th>Mean wealth (dollars)</th>
<th>Mean total income (dollars)</th>
<th>Income from farming</th>
<th>Percent of households with negative income (dollars)</th>
<th>Mean income from off-farm sources (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mean (dollars)</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Percent of households earning 50 percent of total household income from off-farm sources</td>
<td></td>
</tr>
<tr>
<td>Small family farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>2,032,797</td>
<td>118,752</td>
<td>5,279</td>
<td>56</td>
<td>113,473</td>
</tr>
<tr>
<td>Off-farm occupation</td>
<td>1,884,189</td>
<td>160,742</td>
<td>-2,943</td>
<td>66</td>
<td>163,685</td>
</tr>
<tr>
<td>Low sales</td>
<td>1,774,457</td>
<td>88,440</td>
<td>-2,976</td>
<td>55</td>
<td>91,416</td>
</tr>
<tr>
<td>Moderate sales</td>
<td>3,293,574</td>
<td>121,072</td>
<td>45,871</td>
<td>22</td>
<td>75,201</td>
</tr>
<tr>
<td>Midsize family farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,475,285</td>
<td>210,857</td>
<td>130,477</td>
<td>16</td>
<td>80,380</td>
</tr>
<tr>
<td>Large-scale family farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>7,473,020</td>
<td>670,040</td>
<td>534,434</td>
<td>10</td>
<td>135,607</td>
</tr>
<tr>
<td>Very large</td>
<td>16,875,590</td>
<td>1,885,395</td>
<td>1,809,010</td>
<td>10</td>
<td>76,385</td>
</tr>
<tr>
<td>All family farms</td>
<td>2,333,891</td>
<td>156,076</td>
<td>32,852</td>
<td>52</td>
<td>123,223</td>
</tr>
</tbody>
</table>

Note: 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. The percent of households earning 50 percent of total household income from off-farm sources is only calculated for households with positive total household income. Components may not sum to 100 percent due to rounding.

Distribution of direct Government payments varied by farm and program type in 2022 (figure 7).

- Small family farms received 78 percent of all payments from USDA’s Conservation Reserve Program (CRP), which removes environmentally sensitive cropland from production and increasingly enrolls grasslands in support of grazing operations. In contrast, 62 percent of all USDA, Natural Resources Conservation Service (NRCS) working-land program payments were received by midsize family farms, large-scale family farms, and nonfamily farms. These programs include the USDA, NRCS’s Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP), both of which incentivize adopting certain agricultural production practices.

- The shares of farms receiving Government payments by farm type are similar to their contributions to the total value of U.S. agricultural production. Midsized and large-scale family farms accounted for 71 percent of the total value of production and received 78 percent of countercyclical-type payments and 64 percent of all other payments.

- The distribution of Government payments across farm type could be driven by differences in the underlying commodities produced by different farm types. Small family farms tend to account for a larger percentage of poultry and egg and hay production relative to all other farm types, and producers of these commodities are not eligible to receive countercyclical-type payments. Midsize and large-scale family farms account for the majority of the value of production of cash grains (barley, corn, rice, sorghum, wheat, and oats), soybeans, and cotton, which are commodities targeted by countercyclical-type programs.
Overall, 25 percent of all farms reported receiving some type of Government payment in 2022, a decline from 34 percent in 2021 and 40 percent in 2020. The decline is largely due to the tapering off of Coronavirus (COVID-19)-related assistance payments, such as the USDA’s Coronavirus Food Assistance Program in 2021. The percentage of farms receiving Government payments ranged from 19 percent for off-farm-occupation farms to 46 percent for nonfamily farms. These differences may result from the relationship between farm type and commodity production.

Figure 7
Distribution of selected Government agricultural program payments and total value of production by farm type, 2022

Note: Working-land conservation payments include payments from the USDA, National Resources Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP). Countercyclical-type payments include payments from the USDA, Farm Service Agency (FSA) Price Loss Coverage and Agricultural Risk Coverage program. All other payments include those from programs such as the USDA, FSA’s Dairy Margin Coverage program, as well as agricultural disaster payments and ad-hoc programs (such as Coronavirus (COVID-19) assistance programs). The bars of the same color add to 100 percent.

Indemnities from Federal crop insurance were roughly proportional to the acres of all harvested cropland and were concentrated among mid-size and large-scale farms in 2022 (figure 8).

- Overall, 13 percent of U.S. farms participated in Federal crop insurance programs, but participation rates varied widely across commodity production. In 2022, 62 percent of farms producing row crops (cotton, corn, soybeans, wheat, peanuts, rice, and sorghum) purchased Federal crop insurance. In contrast, 9 percent of farms growing specialty crops, such as fruits, vegetables, and nursery crops, purchased Federal crop insurance.
- Retirement farms, off-farm-occupation farms, and low-sales farms made up 83 percent of farms but 37 percent of participants in Federal crop insurance. These farms represented 17 percent of all harvested cropland acres and received only 6 percent of indemnity payments.
- Although midsize and large-scale family farms made up 9 percent of all U.S. farms in 2022, these farms accounted for 42 percent of Federal crop insurance participants, 67 percent of all harvested cropland acres, and received 80 percent of indemnities from Federal crop insurance. These family farms were also the most likely to participate in Federal crop insurance.
Figure 8
Distribution of Federal crop insurance participants, total harvested cropland, and indemnities by farm type, 2022

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

Socially Disadvantaged (SDA) Producers

Socially disadvantaged producers are defined as those belonging to groups that have been subject to racial or ethnic prejudice. Because they make up a small share of farmers and ranchers, it has been difficult to examine specific groups of SDA producers separately in previous versions of ARMS data. In response to USDA’s growing interest in understanding and serving SDA producers, the 2022 ARMS included a targeted sample of farms operated by SDA producers. Specifically, SDA producers include those who identify as Hispanic ethnicity or a non-White race. According to the 2017 Census of Agriculture, 3.3 percent of producers identified as of Hispanic, Latino, or Spanish origin; 1.7 percent identified as American Indian or Alaska Native only; 1.3 percent as Black or African American only; 0.6 percent as Asian only; 0.1 percent as Native Hawaiian or other Pacific Islander only; and 0.8 percent reported more than one race. Additionally, 3.9 percent of all farms have at least one SDA producer and produce 2.1 percent of the total value of production.
SDA Farm Operations

Identifying SDA operations

ARMS collects race and ethnicity information for up to four operators of a farm operation. Researchers used the information on individual operators to classify the farm operation into five mutually exclusive categories: Hispanic farms, non-Hispanic Black or African American farms, non-Hispanic American Indian or Alaska Native farms, non-Hispanic Asian farms, and non-Hispanic White farms.

If any of the operators identify as of Hispanic, Latino, or Spanish origin, the farm operation is classified as Hispanic-operated, regardless of the race selected. Among the remaining farm operations, researchers examined the self-reported race of the operators, and if at least one operator identifies as a race other than White, that operation is classified as a non-Hispanic SDA operation of the reported race. For example, if a farm operation with a non-Hispanic operator identifies as Black or African American, that farm operation is classified as a non-Hispanic Black farm. The category non-Hispanic Other SDA farm operations includes farms where a non-Hispanic operator identifies with more than one SDA race category, as well as those where multiple non-Hispanic operators identify as different SDA race categories. Also included in non-Hispanic Other SDA are farms with non-Hispanic Native Hawaiian or Pacific Islander operators.1 However, the non-Hispanic Other SDA group is not included in the analysis as they represent only about 0.2 percent of farm operations, making it difficult to estimate reliable statistics for this group. Also excluded from the analysis is any operation where none of the operators report race or ethnicity. These operations represent 1.1 percent of all farm operations. Differences between race and ethnicity are presented in figures and tables, but only comparisons that are statistically different are mentioned in the text.2

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1 ARMS covers the 48 contiguous U.S. States and excludes farm operations that operate exclusively on Tribal lands. See the ARMS website for more details on the sampling framework.
2 Researchers tested differences in quantities using a 95-percent confidence interval. For example, a statement that “the share of farm operations concentrated in cattle is higher for Hispanic farms relative to non-Hispanic White farm operations” means that these two shares are statistically different at the 95-percent confidence level.
SDA Farm-Type Distribution

- Overall, Hispanic operations make up 4 percent of all operations, non-Hispanic American Indian operations make up 2 percent, and non-Hispanic Black and non-Hispanic Asian operations each make up 1 percent of all operations in the sample (figure 9).

- Non-Hispanic Black farms are more likely to be classified as intermediate farms (62 percent) relative to non-Hispanic White farms (35 percent) than residence or commercial farms.

- Non-Hispanic American Indian farms are less likely to be commercial farms than non-Hispanic White farms.

Figure 9
Distribution by farm operation race/ethnicity and condensed farm typology, 2022

Note: Residence farms = family farms with less than $350,000 in gross cash farm income and where the principal operator is either retired from farming or has a primary occupation other than farming; intermediate farms = family farms with less than $350,000 in gross cash farm income and a principal operator whose primary occupation is farming; commercial farms = family farms with $350,000 or more gross cash farm income and nonfamily farms.

SDA Farm Specialization

- The share of farm operations concentrated in cattle production is higher for Hispanic, non-Hispanic Black, and non-Hispanic American Indian farms relative to non-Hispanic White farms (figure 10).

- Non-Hispanic Black farms are less likely than non-Hispanic White farms to specialize in all other livestock.

- Hispanic and non-Hispanic Asian farms have a higher concentration in specialty crops, 15 and 32 percent, respectively, compared to other groups.

- All categories of SDA farm operations are less likely to be in cash grains or other field crops relative to non-Hispanic White operations.

Figure 10
Specialization by farm operation race/ethnicity, 2022

Note: Cash grains is a broad term that includes general cash grains, corn, and wheat. Specialty crops include fresh or dried fruits, tree nuts, vegetables, beans (pulses), and horticulture nursery crops. Farm specialization is determined by the one commodity or related group of commodities that makes up at least 50 percent of the farm’s total value of production. Due to rounding, numbers may not add to 100 percent.

SDA Operating Profit Margin

- Between 64 and 74 percent of farms of all race categories in figure 11 have an OPM in the high-risk zone (less than 10 percent OPM).
- Non-Hispanic Black farm operations are less likely to have an OPM in the low-risk zone compared to other groups.

Figure 11
Farms by operating profit margin (OPM) and operation race/ethnicity, 2022

Note: The OPM ratio is defined as:

\[
100 \times \left( \frac{Net \ farm \ income + interest \ paid - charges \ for \ unpaid \ labor \ and \ management}{gross \ farm \ income} \right)
\]

OPM ratios are not calculated for operations with zero or negative gross farm income. The OPM for these operations are undefined or do not reflect the financial position of the farm operation. Gross farm income can be negative due to decreases in the value of inventory. Due to rounding, numbers may not add to 100 percent.

SDA Credit Use and Receipt of Government Payments

- The share of farms that report using debt ranges from 14 percent among non-Hispanic American Indian farms to 38 percent of non-Hispanic Asian farms (table 4).

- Among farms that report using credit, non-Hispanic Black farms have the lowest loan amounts at an average loan balance of approximately $154,593 compared to $492,675 among non-Hispanic White farms. Non-Hispanic Black farms are also less likely to report having loans (15 percent compared to 26 percent).

- Average reported credit amounts vary by demographic group. This could be partially driven by differences in farm typology as commercial farms, which may be more likely to use credit, make up 19 percent of non-Hispanic Asian farms compared to 2–3 percent for non-Hispanic Black and non-Hispanic American Indian farm operations.

- Among farm operations receiving Government payments, the average amount non-Hispanic Black farms received is smaller ($7,774) than that of non-Hispanic White farms ($16,417). This may be partially attributed to differences in farm size and commodity specialization.

- All SDA groups are less likely to receive Government payments compared to non-Hispanic White farm operations. Additionally, Hispanic, non-Hispanic Black, and non-Hispanic American Indian farms are less likely (by 2–8 percent) to participate in Federal crop insurance programs than non-Hispanic White farms (14 percent). Both of these results could be partially driven by their concentration in different commodities.

- Among those who receive indemnity payments, the average amount received by non-Hispanic Black operations is smaller ($29,819) than that of non-Hispanic White operations ($72,346).
Table 4
Use of credit and Government payments by farm operation race/ethnicity, 2022

<table>
<thead>
<tr>
<th></th>
<th>Non-Hispanic White</th>
<th>Hispanic</th>
<th>Non-Hispanic American Indian or Alaska Native</th>
<th>Non-Hispanic Black or African American</th>
<th>Non-Hispanic Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Farm credit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of farms reporting debt</td>
<td>26</td>
<td>24</td>
<td>14</td>
<td>15</td>
<td>38</td>
</tr>
<tr>
<td>Average loan balance of farms that use credit (dollars)</td>
<td>492,675</td>
<td>582,717</td>
<td>379,614</td>
<td>154,593</td>
<td>776,575</td>
</tr>
<tr>
<td><strong>Government payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of farms that received Government payments</td>
<td>26</td>
<td>13</td>
<td>14</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Average Government payment received if participating in a program (dollars)</td>
<td>16,417</td>
<td>17,637</td>
<td>13,228</td>
<td>7,774</td>
<td>21,394</td>
</tr>
<tr>
<td><strong>Federal crop insurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of farms that participate</td>
<td>14</td>
<td>8</td>
<td>2</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Average indemnity payments among farms that received payments (dollars)</td>
<td>72,346</td>
<td>64,534</td>
<td>112,162</td>
<td>29,819</td>
<td>92,261</td>
</tr>
<tr>
<td>Percent commercial farms</td>
<td>12</td>
<td>10</td>
<td>2</td>
<td>3</td>
<td>19</td>
</tr>
</tbody>
</table>

Note: Farm credit includes loans serviced by Farm Credit System, USDA, Farm Service Agency, Small Business Administration, saving associations, State and county government lender agencies, commercial banks, life insurance companies, trade credit, contractors, individuals, credit unions, credit cards, and other debts such as unpaid bills. Government payments include payments from USDA, Natural Resources Conservation Service programs such as the Conservation Stewardship Program (CSP) and Environmental Quality Incentives Program (EQIP) and USDA, FSA programs such as Price Loss Coverage, Agricultural Risk Coverage program, Dairy Margin Coverage program, as well as agricultural disaster payments and ad-hoc programs (such as Coronavirus (COVID-19) assistance programs).

**SDA Farm Households**

This section presents information on the farm household for the principal operator (the operator most responsible for decision making) of each farm operation. Farm households are included in the analysis only if the operation is a family farm, meaning at least 50 percent is owned by an operator and related members of their family. The farm operation-level race and ethnicity category is used rather than the race and ethnicity of the principal operator alone for consistency with the categories presented in the previous operation-level results.

- Principal operator households of Hispanic farms have median household net worth and income levels relatively similar to those of non-Hispanic White farms (table 5).

- Principal operator households of non-Hispanic Black farms have lower levels of median household net worth and median household income and are more likely to be below U.S. median income relative to households of non-Hispanic White farms.

- Non-Hispanic American Indian and Hispanic farms have notably lower median farm income than non-Hispanic White farms.

- Principal operator households of non-Hispanic Asian farms have the highest median household net worth ($1,419,775) and median household income ($136,268) of all groups. They also have the highest median off-farm income level ($110,021). This could be due to underlying differences in regional factors or educational attainment.

- Across all groups, the majority of farm households receive more than 50 percent of their household income from off-farm sources. The share with over half of their income from off-farm sources is highest among non-Hispanic Black (94 percent) and non-Hispanic American Indian (92 percent) farms.
Table 5
Farm household wealth and income by source and operation race/ethnicity, 2022

<table>
<thead>
<tr>
<th></th>
<th>Non-Hispanic White</th>
<th>Hispanic</th>
<th>Non-Hispanic American Indian or Alaska Native</th>
<th>Non-Hispanic Black or African American</th>
<th>Non-Hispanic Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median household net worth (dollars)</td>
<td>1,394,972</td>
<td>1,239,941</td>
<td>766,550</td>
<td>1,005,977</td>
<td>1,419,775</td>
</tr>
<tr>
<td>Median household income (dollars)</td>
<td>96,100</td>
<td>98,450</td>
<td>68,225</td>
<td>59,576</td>
<td>136,268</td>
</tr>
<tr>
<td>Percent of farm households below the U.S. median income</td>
<td>36</td>
<td>36</td>
<td>53</td>
<td>61</td>
<td>25</td>
</tr>
<tr>
<td>Median farm income (dollars)</td>
<td>-560</td>
<td>-3,400</td>
<td>-5,683</td>
<td>-1,557</td>
<td>-1,024</td>
</tr>
<tr>
<td>Median off-farm income (dollars)</td>
<td>81,108</td>
<td>83,250</td>
<td>82,500</td>
<td>67,500</td>
<td>110,021</td>
</tr>
<tr>
<td>Percent of farm households with 50 percent of income or more from off-farm sources</td>
<td>84</td>
<td>86</td>
<td>92</td>
<td>94</td>
<td>79</td>
</tr>
</tbody>
</table>

Note: Household net worth includes both on- and off-farm assets and debt and is calculated as household assets minus household debt. 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, and private pensions, among other sources.

Conclusions and Implications

• **U.S. farming is still overwhelmingly a family business.** In 2022, 97 percent of U.S. farms were family farms, accounting for 90 percent of farm production (figure 1).

• **Small family farms made up 88 percent of the farm count and operated 46 percent of the farmland but generated only 19 percent of the total value of production.** The largest share of the value of farm production (52 percent) occurred on large-scale family farms. However, small family farms accounted for 45 percent of the value of poultry and eggs and 53 percent of the value of hay production (figure 2).

• **The share of farms with a low-risk operating profit margin (OPM) varied by farm size in 2022.** Between 52 and 79 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 37 and 27 percent of midsize and large family farms, respectively. Some small family farms of each type operated in the low-risk zone, as did more than 39 percent of midsize and large-scale family farms (figure 3).

• **About 26 percent of all U.S. farms held any debt in 2022, and the majority (67 percent) of farms with debt used one lender.** Over half of these farms reported loans owed to a commercial bank, compared to 8 to 10 percent with loans serviced by USDA, Farm Service Agency, and 31 to 43 percent with loans serviced by the Farm Credit System, depending on farm type, in 2022 (figure 4).

• **Farm households, in general, were not considered low income or low wealth.** In 2022, median farm household income (including 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 2022 (table 2).
• USDA Conservation Reserve Program (CRP) payments went to different types of farms than other Government payments. CRP payments target environmentally sensitive cropland and increasingly enroll grasslands in support of grazing operations, with most payments going to retirement farms, off-farm-occupation farms, and low-sales farms. In contrast, most countercyclical-type and USDA, NRCS working-land payments went to family farms with a gross cash farm income (GCFI) of $350,000 or more (figure 7).

• Overall, 13 percent of farms participated in Federal crop insurance in 2022, with participation varying by commodity. About 62 percent of row crop farms 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 67 percent of all harvested cropland acres and received 80 percent of indemnities from Federal crop insurance in 2022 (figure 8).

• Among SDA farms, non-Hispanic Black farms, in particular, differ most compared to non-Hispanic White farms in terms of size, specialization, and financial outcomes. Non-Hispanic Black farms are more likely to specialize in cattle production and be classified as intermediate rather than residence or commercial farms. They also are more likely to have an operating profit margin in the high- or medium-risk zones and are less likely to report the use of debt. Finally, their principal operators have lower levels of median household income relative to households of non-Hispanic White farms.