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Federal Government Payments to American Farmers and Ranchers

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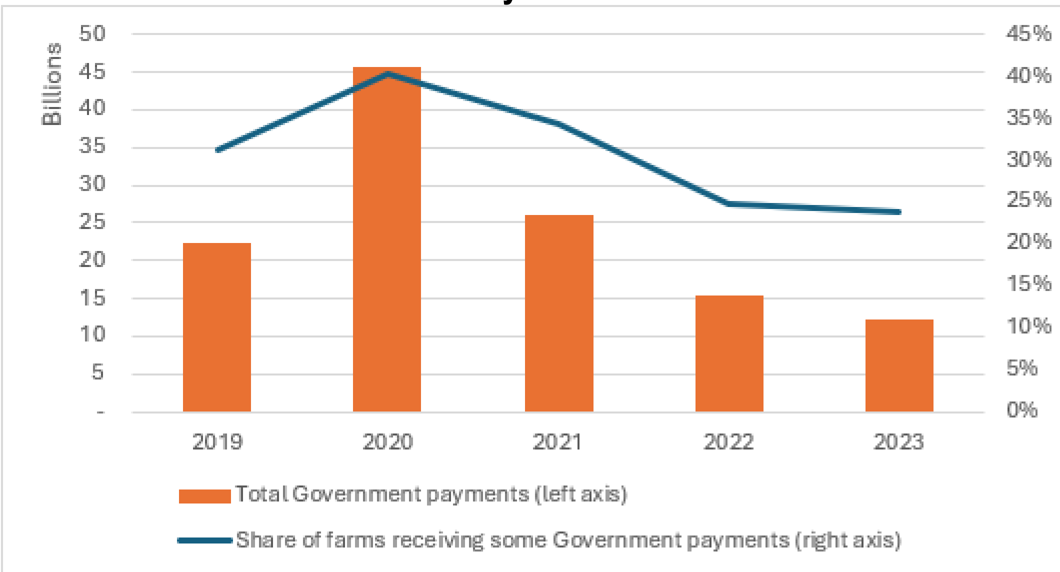
Direct government farm program payments are those made by the federal government directly to farmers and ranchers, without intermediaries. Most of these payments are administered by the USDA through the Farm Bill or related authorities. Government payments do not include Federal Crop Insurance Corporation (FCIC) indemnity payments or USDA loans. Direct payments to producers are also made through supplemental programs authorized by the U.S. Congress. The USDA uses the authority granted by these laws to establish new non-Farm Bill programs and to make payments to U.S. producers and ranchers under these initiatives. Payments from supplemental programs are not new and have fluctuated over time, increasing during certain periods, such as between 1991 and 2002 (Barnett, 1999; Smith, 2004), due to low farm commodity prices and crop loss caused by a natural disaster. Several studies have examined various aspects of government payments from Farm Bill and non-Farm Bill programs. These include participation in crop insurance programs (Schoengold, Ding, and Headlee, 2015; Coble and Williams, 2018), producers' risk tolerance and government payments (Barnett and Coble, 2009), impacts on storage decisions (Janzen, Swearingen, and Yu, 2023), compliance with World Trade Organization (WTO) rules for non-Farm Bill program payments (Schnepf, 2019), and farm households' consumption decisions in response to non-Farm Bill payments (Williams, Brewer, and Todd, 2022).

Some of the major Farm Bill programs are conservation (land-retirement or working-land programs), disaster and emergency (Livestock Forage Program; Livestock Indemnity Program; Tree Assistance Program; Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish), and commodity programs (Agriculture Risk Coverage and Price Loss Coverage programs). Some of the major non-Farm Bill programs in the recent years have been the Market Facilitation Program, Coronavirus Food Assistance Program, Paycheck Protection Program (non-USDA program), Wildfire and Hurricane Indemnity Program, Emergency Relief Program, Quality Loss Adjustment Program, Emergency Livestock Relief Program, and Assistance to Distressed Borrowers. These non-Farm Bill programs make payments for specific purposes, such as trade disruption, price fluctuations, and crop loss due to floods, droughts, and other natural disasters and financial stress.

Previously mentioned papers demonstrated the significance of government payments to farmers and ranchers, not only in supplementing their income but also in influencing various operational and financial decisions. Therefore, this study aims to analyze farmers' and ranchers' participation in government programs and the average payments received, using the most recent Census of Agriculture data from 2022. Further, we also use the data from the Farm Income and Wealth Statistics (FIWS) and the Agricultural Resource Management Survey (ARMS) to examine and analyze the total sector level payments along with the share of farm operations that received some government payments annually.

The Census of Agriculture is a comprehensive count of U.S. farms, ranches, and the people who operate them. Even small plots of land—whether rural or urban—are included if they generated or normally would have generated $1,000 or more in agricultural products during the census year (USDA-NASS, 2024). Conducted every 5 years, the census examines land use and ownership, operator characteristics, production practices, income, and expenditures (USDA-NASS, 2024). It also provides an opportunity for detailed analysis at various spatial scales, including down to the county level. Additionally, the USDA Economic Research Service (ERS) reports annual totals for government payments and the share of farms receiving such payments.

Figure 1: Total Government Payments and Share of Farm Operations Receiving Some Payments



Source: USDA, Economic Research Service, and USDA, National Agricultural Statistics Service, and calculations using data from the Agricultural Resource Management Survey (ARMS) and Farm Income and Wealth Statistics data, February 6, 2025.

Total Government Payments and Share of Farms Receiving Some Government Payments

The Farm Income and Wealth Statistics (FIWS) data product, released three times annually by the ERS, provides various data related to the farm sector, including total government payments. Figure 1 illustrates the total government payments and the share of farm operations receiving such payments from 2019 to 2023. Changes in U.S. food and agricultural policy are typically enacted as part of the Farm Bill (Baldwin et al., 2023). The current Farm Bill, the Agriculture Improvement Act of 2018, was signed into law on December 20, 2018 (USDA-ERS, 2024). Figure 1 examines total government payments and the share of farm operations receiving payments since 2019 (i.e., after the passage of the 2018 Farm Bill).

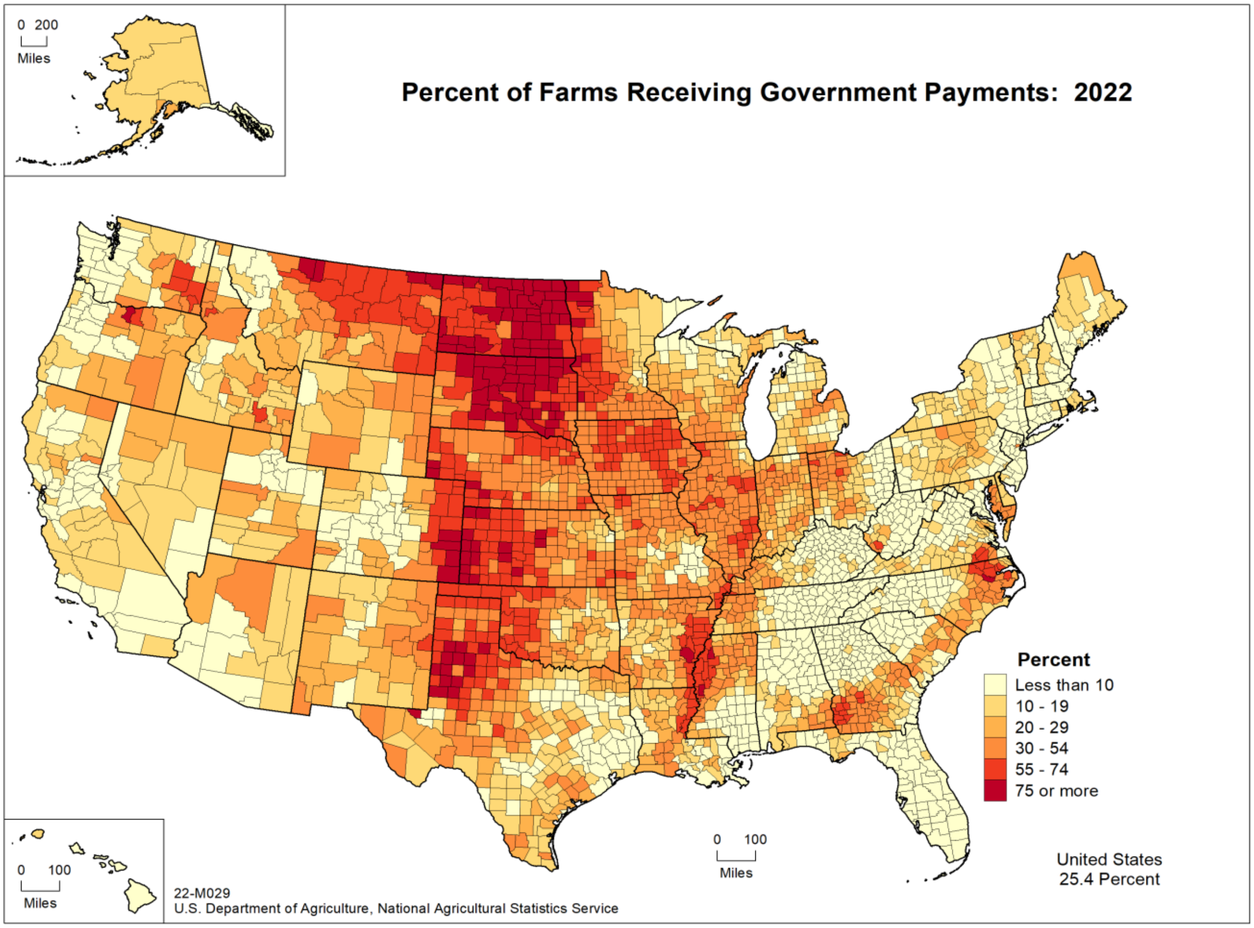
Figure 1 shows that both total government payments and the share of farm operations receiving payments peaked in 2020, surpassing $45 billion and 40%, respectively. This significant increase was primarily due to new non-Farm Bill programs that expanded eligibility and provided additional payments alongside Farm Bill programs. This increase was primarily because of two COVID-related programs—the Coronavirus Food Assistance Program (CFAP) and the Paycheck Protection Program (PPP)—that made substantial payments and broadened program eligibility. Giri, Subedi, and Kassel (2023) found that two-thirds of the 2020 payments came from these two programs. Giri et al. (2021) reported that 97% of all commodities measured in cash receipts were eligible for CFAP, and CFAP payments were proportional to those cash receipts (Giri, Subedi, and Kassel, 2024). Additionally, over 70% of farm operations met eligibility requirements to apply for forgivable PPP loans (Giri et al., 2021). PPP disbursed $14.7 billion in loans to the farm sector in 2020 and 2021, and nearly all (98%) of these loans were forgiven (Giri et al., 2023).

Since 2020, both total government payments and the share of farm operations receiving payments have declined annually. By 2023, total direct payments had dropped to slightly over $12 billion—a 73% decrease compared to the record high of 2020. Further, less than a quarter (24%) of all farm operations received government payments in 2023 (Agricultural Resource Management Survey, 2024). Both the level of payments and the share of farm operations receiving payments in 2023 were lower than in 2019, the last prepandemic year without COVID-related payments.

Farms Receiving Direct Government Payments Using the 2022 Census of Agriculture Data

The Census of Agriculture data provide an opportunity to examine direct payments and the share of farms receiving government payments at different spatial scales (down to the county level), which is not possible using other data sources. National statistics can mask the variations that exist at different spatial scales, such as the region, state, and county levels.

Figure 2: Share of Farms Receiving Some Government Payments, 2022



Source: Source: USDA-NASS (2024) *Census of Agriculture*, Ag Census Web Maps

Share of Farm Receiving Some Government Payments

Figure 2 shows the share of farms receiving government payments across the United States at the county level. A higher share of farm operations in the Midwest, the Plains, and the Mississippi Delta states received government payments in 2022. In some counties in the Great Plains and the Midwest, three out of four farms received government payments that year. Corn, soybeans, oats, and wheat are among the commodities predominantly grown in these regions, and they are eligible for payments through various Farm Bill programs, including the two bedrock programs of the 2018 Farm Bill: Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC). For perspective, at the national level, slightly more than a quarter (25.4%) of all farm operations received government payments.

Average Direct Government Payment Received by Farms

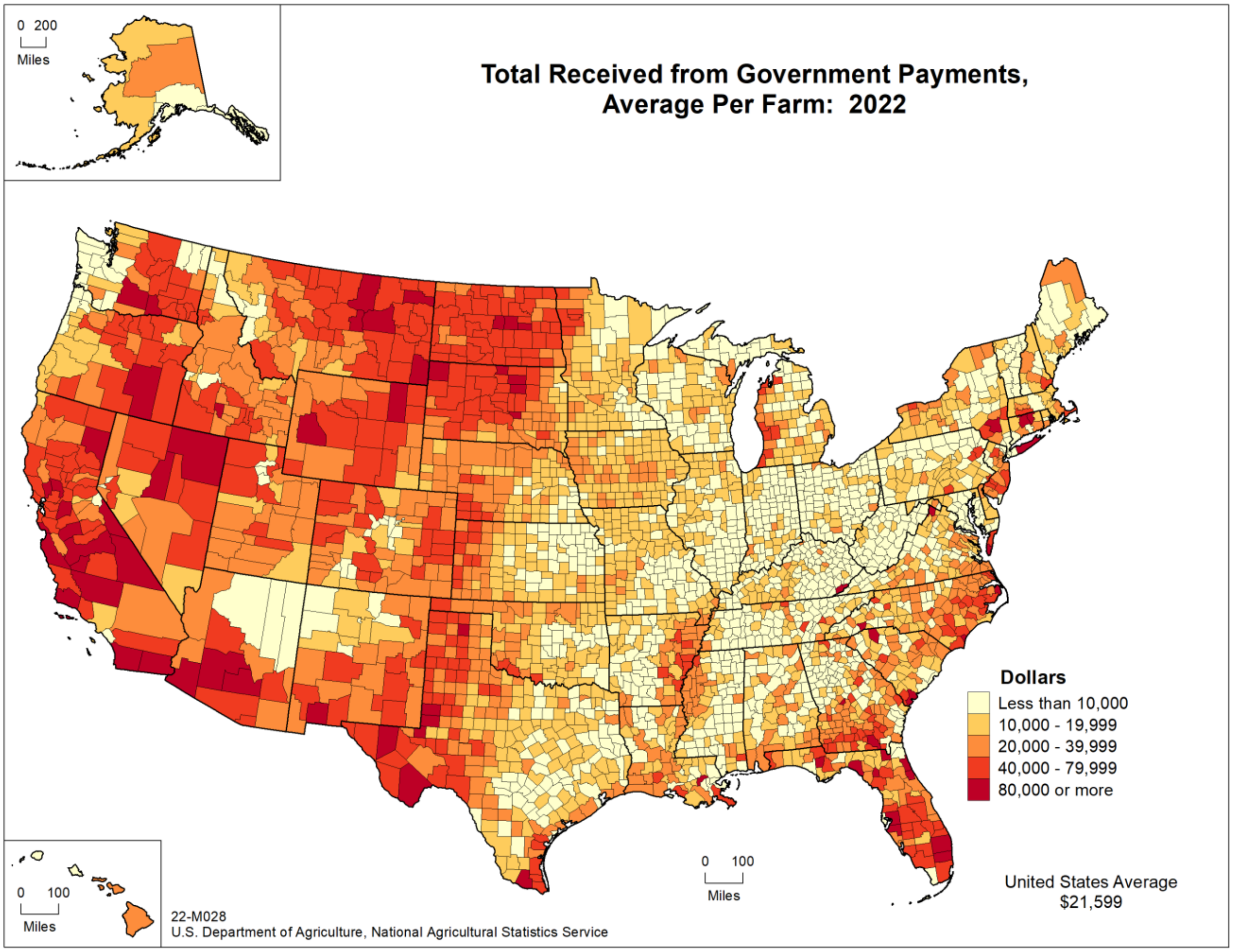
In 2022, among all farms, the average payment for those receiving government payments was $21,599. Figure 3 shows that, at the county level, the average payment among farms receiving government payments was higher in the Plains, Mississippi Delta, Pacific, and Northwest states. The amount of payment each eligible farm receives is determined by the parameters of the specific program from which they receive payments.

For instance, the ARC-County and PLC programs make payments based on historical base acres. The ARC program provides income support when actual crop revenue falls below a specified level, while the PLC program provides income support when the effective price of a covered commodity falls below its effective reference price. Therefore, payments are not dependent upon planting a covered commodity or planting the applicable base crop on the farm. Therefore, a producer may receive ARC or PLC payments for one crop while growing and marketing another (Maples et al., 2022).

Payments from Conservation Reserve, Wetlands Reserve, Farmable Wetlands and Conservation Reserve Enhancement Programs

Census of Agriculture include data on average payments

Figure 3: Average Government Payments Among Farms That Received Some Payments in 2022



Source: Source: USDA-NASS (2024) *Census of Agriculture*, Ag Census Web Maps

from the Conservation Reserve, Wetlands Reserve Easements (WRE), Farmable Wetland Programs (FWP), and Conservation Reserve Enhancement Programs (CREP).

Figure 4 shows the average payments among farms receiving payments from these programs. At the national level, among all farms receiving payments from these programs, the average payment was $7,274. Figure 4 also indicates that farm operations in the Western states received higher average payments from these programs.

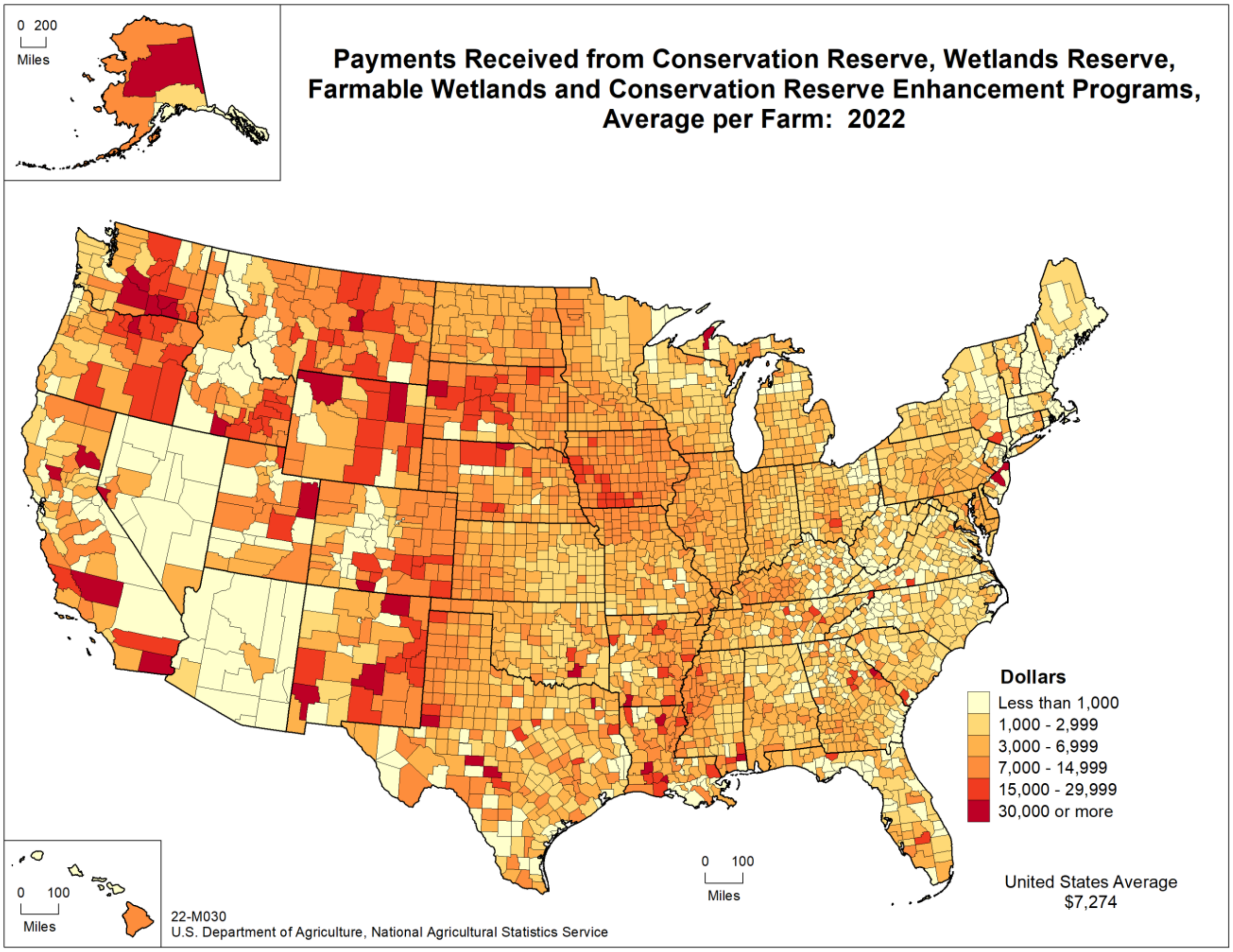
The voluntary Conservation Reserve Program (CRP) encourages farmers and landowners to convert highly erodible and other environmentally sensitive acreage to vegetative cover, such as native grasses, trees, and riparian buffers. By enrolling in CRP, participants receive annual rental payments and cost-share assistance to establish long-term, resource-conserving covers. Wetland Reserve Easements help private and tribal landowners protect, restore and enhance wetlands which have been previously degraded due to agricultural uses. The Farmable Wetland Program and Conservation Reserve Enhancement Program both encourage farmers and landowners to improve environmental health.

Payments Received from Other Federal Farm Programs

Payments from non-Farm Bill programs, such as CFAP and PPP, which accounted for a significant portion of the 2020 payments, are reported as payments from other federal farm programs. As noted earlier, some of these new programs have different requirements than Farm Bill programs and, at times, can be more comprehensive.

In 2022, according to ERS-USDA data, other federal farm programs disbursed a total of $11.5 billion, representing 74% of total payments. Figure 5 illustrates the average payments received by farms participating in these programs. At the national level, among farms that received payments from these programs, the average payment was $27,533. Figure 5 also shows that farms in

Figure 4: Average Payments Among Farms That Received Some Payments from Conservation Programs



Source: Source: USDA-NASS (2024) *Census of Agriculture*, Ag Census Web Maps

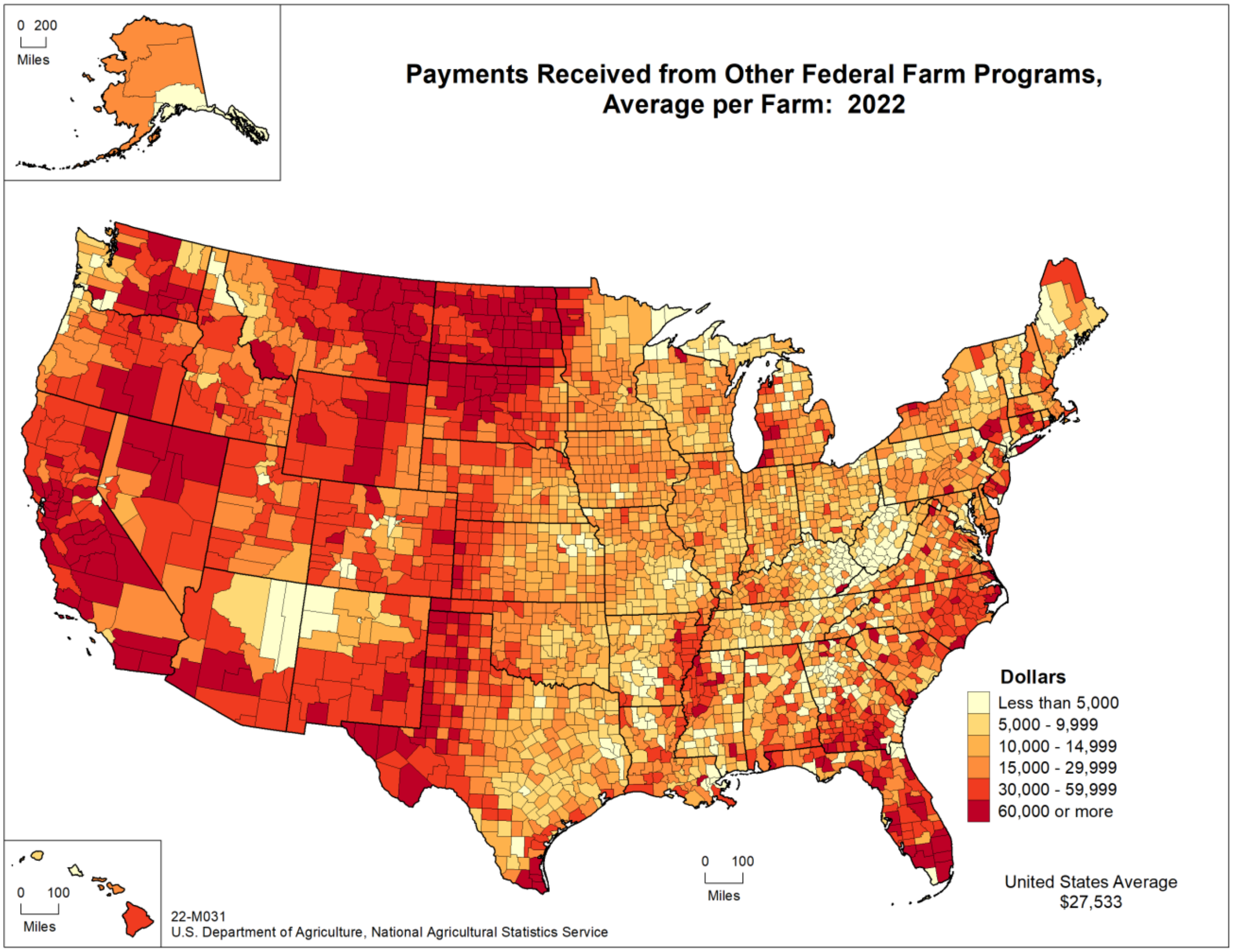
the Western half of the United States, the Mississippi Delta, and the East Coast received higher average payments from these programs.

Conclusion

Direct government payments are a significant source of revenue for U.S. farmers and ranchers. Using the authority granted by the Farm Bill and other legislation, the USDA designs and implements programs that provide payments to eligible farmers each year. The Census of Agriculture offers a valuable opportunity to examine these direct payments, differentiated by program, at the county level.

The latest Census of Agriculture data from 2022 show that slightly more than one-quarter (25.4%) of all farm operations received government payments in 2022. A higher share of farm operations in the Midwest, the Plains, and the Mississippi Delta participated in these programs. The average government payment across all programs for farms receiving payments was $21,599. However, both the average payment and the share of farm operations receiving payments varied significantly depending on the type of program. These variations highlight the diversity in program structures, eligibility requirements, and the agricultural commodities and practices prevalent in different regions.

Figure 5: Average Payment Among Farms That Received Some Payments from Other Federal Programs in 2022



Source: Source: USDA-NASS (2024) *Census of Agriculture*, Ag Census Web Maps

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