

Webinar Transcript

[America's Farms and Ranches at a Glance: 2023 Edition](#)

Good afternoon, everyone. Welcome to today's webinar featuring the 2023 edition of our America's Farms and Ranches at a Glance report. I'm Ashley Murdie – your host for today. Before we begin, let me quickly note that this webinar is being recorded and will be posted on the ERS website next week. If you have any questions, please enter them into the chat feature at the bottom, left-hand corner of the screen for our question & answer session following the presentation. If interested, a copy of this report can also be found in the resources tab at the bottom left-hand corner of your screen along with a copy of last year's report for added context.

Today, our presenter is Katherine Lacy. As an agricultural economist in our Resource and Rural Economics Division, Katherine focuses on the changing distribution of farm and ranch sizes, the resilience of local food systems, and the impacts of health and tax policies on rural and socially disadvantaged households. Thanks for joining us today, Katherine. The floor is yours...

Thank you, Ashley. And thank you all for joining me today as I present the key findings from the 2023 edition of *America's Farms and Ranches at a Glance*.

The report was released this morning at 9 a.m. eastern standard time. Before I get started, I would like to acknowledge my two co-authors: Christine Whitt and Katherine Lim who are both economists at USDA Economic Research Service and also work on issues related to the farm economy.

The 2023 edition of *America's Farms and Ranches at a Glance* describes the characteristics of nearly 2 million U.S. farms in 2022. Specifically, the report examines what farms produce, how much they profit, and their participation in federal agricultural programs. The report also provides information on household well-being for family farms, which I will define shortly.

There are two new sections in this year's edition, which provide new statistics we are very excited to report. The first section reports the usage of credit by lender type and farm size. The second section provides information on the differences in characteristics of farm operations by the race and ethnicity of the farm operators.

The data for this report comes from the 2022 Agricultural Resource Management Survey, which we refer to as ARMS. ARMS is a unique annual survey of farm and ranch operations conducted by the Economic Research Service, abbreviated as ERS, and the National Agricultural Statistics Service, abbreviated as NASS. ARMS is USDA's primary source of information on farm businesses and associated households of the principal operator. ERS defines the principal operator as the producer who is most responsible for running the farm or ranch operation. The 2022 ARMS covers the farm activities during the 2022 calendar year and was conducted at the start of 2023. We refer to the current report as the 2023 edition since it is published in 2023, but the statistics presented are for the 2022 calendar year.

For the 2022 ARMS, ERS worked closely with NASS on a joint effort to include a targeted sample of farms and ranches operated by socially disadvantaged producers. This effort was

essential to guaranteeing a large enough sample to generate statistics for different race and ethnicity groups.

Before I present the findings, I want to define some important terminology I will use throughout the presentation. USDA defines a farm as any place that sold, or normally would have sold, at least \$1,000 worth of farm products in a given year.

As I have already done earlier in the webinar, I will be referring to the term family farms. A family farm refers to any farm where the majority of the business is owned and operated by an operator and/or individuals related to the operator. The operator is defined as a person making the day-to-day operating decisions for the farm or ranch. The definition of family farm ties farm management and ownership together. And about 97 percent of U.S. farms and ranches are considered family farms.

Before a few more definitions, I would like to preview some results. In the graph, the first column shows the proportion of farms that are small family farms, midsize family farms, large scale family farms and nonfamily farms. The second column shows the proportion of agricultural land operated, and the third column shows the proportion of the value of production. The first three figures I present are stacked column charts like the one on the screen, where the columns add to approximately 100 with some minor rounding differences.

As you can see 88 percent of farms are considered small family farms, but these farms only account for 46 percent of agricultural land operated and 19 percent of the value of production. But before explaining this figure further, we should discuss the farm typology used here.

Family farm is still a very broad definition. In order to evaluate farms in smaller, but similar, groups, ERS developed a farm typology based on family farm status, a producer's main occupation, and the size of the farm based on gross cash farm income, denoted as GCFI. Gross cash farm income is a measure of total income received by the farm which includes cash receipts, government payments, and other farm-related income.

I will use the figure presented on the slide when defining the 8 farm typology groups and the condensed farm typology. This may seem like a lot of information to quickly take in, but I will break the figure up into sections over the next couple slides and return to the entire figure shortly.

First, a small family farm is defined as a family farm with gross cash farm income less than \$350,000 a year. The small family farm category is broken into four different typology groups. A retirement farm is a small farm with a principal operator who reports having retired from farming while continuing to farm on a small scale. An off-farm-occupation farm is a farm with a principal operator who reports a primary occupation other than farming.

Next, we have farming-occupation farms with a principal operator who reports farming as their primary occupation and this category is split into two groups. Low sales are farming-occupation farms with gross cash farm income less than \$150,000 a year. Moderate sales are farming-occupation farms with gross cash farm income greater than or equal to \$150,000 and less than \$350,000 a year.

Midsized family farms are family farms with gross cash farm income greater than or equal to \$350,000 and less than \$1 million a year. Large-scale family farms are family farms with gross cash farm income greater than or equal to \$1 million a year. This category is broken down into two groups, large farms with gross cash farm income less than \$5 million, but still greater than or equal to \$1 million and very large farms with gross cash farm income greater than or equal to \$5 million.

Finally, the last category of the farm typology is nonfamily farms which are operations where an operator and/or any individual related to them do not own a majority of the farm business. A few examples of a nonfamily farm may be farms with more than two principal operators from different families, large farms operated by publicly held corporations, or farms operated by a hired manager.

This brings us back to the entire ERS farm typology. And the ERS farm typology can be condensed in a couple ways, both of which are used in this report. First, we can use the four broad categories already mentioned, small family farms, midsized family farms, large-scale family farms, and nonfamily farms. We also have a condensed farm typology. In the condensed typology, retirement farms and off-farm occupation farms are classified as residence farms. Farming occupation farms, which include the low sales and moderate sales, small family farms are classified as intermediate farms. I will remind everyone of this later in the presentation, but I want to emphasize that intermediate farms are still considered small farms with gross cash farm income less than \$350,000. Lastly, commercial farms include midsized family farms, large family farms, very large family farms, and nonfamily farms.

Now that we have our typology, let's return to the first figure. As I already mentioned a majority of farms are considered small family farms, but these farms only account for 19 percent of the value of production.

On the other hand, 3 percent of farms are large-scale family farms accounting for 25 percent of agricultural land operated and 52 percent of the value of production.

The value of production can be divided out by selected commodities.

In the graph, we can see large-scale family farms dominate the production of most commodities, including beef, hogs, cash grains and soybeans, cotton, dairy, and specialty crops.

In the remaining two commodities, poultry and eggs and hay, small family farms and midsized family farms dominate the production.

The value of production for nonfamily farms was less than 20 percent for all commodities. If you compare this report to last year's edition, you will notice the value of hog production and specialty crop production increased for large-scale family farms and decreased for nonfamily farms. However, the value of production shares in 2022 was similar to the shares seen in 2019 and 2020.

Let's move from commodity specialization to financial vulnerability for all typology groups. Our measure of financial vulnerability or financial risk is the operating profit margin, which is

calculated as the ratio of profit to gross income. Specifically, the operating profit margin, or OPM, is a benchmark for an operation's financial health. For example, operations with low OPM may be at a high risk of financial stress. We use OPM to denote if a farm is considered high-risk, medium-risk, or low-risk. If the operating profit margin is below 10%, the operation is in high financial risk. If OPM is between 10 and 25 percent, the operation is in medium financial risk. And if OPM is above 25 percent, the operation is in low financial risk. The operating profit margin cannot be calculated for farms with zero or negative gross farm income, which could occur when operations have a large decrease in their value of inventory.

As seen in the graph, most small family farms have an operating profit margin in the high-risk zone. While not on the slide, a statistic that is included in the report is that at least 90 percent of low-sales, off-farm-occupation, and retirement farms earn a majority of their income from off-farm sources, so the farm business being profitable is not necessarily essential to the survival of the farm household.

Generally, we see the share of farms in the high-risk zone decrease as farm size increases.

And a majority of midsize and large-scale family farms are in the medium risk or low risk zone.

Finally, in terms of financial risk, nonfamily farms are more similar to small family farms than large-scale family farms.

Now that we have looked at financial risk, let's explore farm operations use of credit, which is one of our new sections this year. Debt is an important resource for farmers and ranchers to support the capital needs of their operations. We examined reported direct loans from five different sources: the farm credit system, USDA Farm Service Agency, commercial banks, trade credit, and other lenders. Farms can have loans from multiple lenders. Therefore the columns of the same color do not add to 100.

In general, about 26 percent of all U.S. farms and ranches held any debt in 2022, and 67 percent of farms with debt used only one lender.

A majority of farms with debt reported loans held by commercial banks. And only 8 to 10 percent of farms with debt reported direct loans held by the Farm Service Agency. But in some cases, the Farm Service Agency provides guarantees for loans originated by commercial banks and the farm credit system in addition to its direct lender role shown in the chart on the screen.

We can also look at the average loan amount for farms that report using credit. An example interpretation of the figure values is that the average loan amount for midsize family farms that have a loan with a commercial bank is \$631,000.

On the figure we can see that for all credit lender types, 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 the past few slides, we have been discussing financial statistics related to the farm operation. Next, I would like to move from the farm operation to the farm household. The farm household

statistics are calculated for the principal operator's household only for family farm operations. The farm household statistic I will be focusing on is farm household income, which includes both on-farm and off-farm income. Farm income is earnings to the principal operator's household from the farm business, and earning from other farm activities, such as rents received from renting out farmland to others. Also, farm income is net of expenses, which means it can be negative. The main sources of off-farm income are earned income such as wages, salaries and self-employment income. Another off-farm income source is unearned income such as dividend income from Social Security or income from private pension plans.

First, we compare family farm households to all U.S. households and U.S. households with self-employment income.

The median U.S. household income in 2022 was \$74,580. On the graph, the median US household income is represented by the lower blue horizontal line. The median family farm household income was a little higher at \$95,418. But this was not much different from the median household income for those with self-employment income in 2022, which was \$97,856. On the graph, the median household income for households with self-employment income is represented by the upper yellow horizontal line. In general, farm households are not considered low-income. Only retirement farms and low-sales farms had median income below the U.S. household median income. Median farm household income greatly increases as farm size increases with very large farms having a median household income of approximately \$1.4 million. One of the components of on-farm income is government payments, so we will move to discussing participation in government agricultural programs.

Overall, 25 percent of all farms report receiving some type of government payment. And the shares of farms receiving government payments by farm type are similar to their contributions to the total value of U.S. agricultural production, which is depicted by the bold line on the graph. The columns represent the percentage of farms within the typology group that participate in the government program category. And the columns of the same color add to 100 percent.

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 received 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.

If you recall from an earlier slide, 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 and soybeans, and cotton, which are commodities targeted by countercyclical-type programs.

On the other hand, small family farms received 78 percent of all payments from USDA's Conservation Reserve Program, which removes environmentally sensitive cropland from production and increasingly enrolls grasslands in support of grazing operations.

Another government program we looked at was federal crop insurance. Overall, 13 percent of U.S. farms participated in federal crop insurance programs, but participation rates varied widely across farm typology.

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 and received 80 percent of indemnities from federal crop insurance. These family farms were also the most likely to participate in federal crop insurance.

Next, I will present statistics broken out by race and ethnicity groups for the farm operators. In this section, we define socially disadvantaged producers as those belonging to groups that have been subject to racial or ethnic prejudice. The 2022 ARMS included a targeted sample of farms and ranches operated by socially disadvantaged producers in order to have a large enough sample to generate statistics for different race and ethnicity groups. Before discussing the findings of this section, I first need to explain how my co-authors and I identified the socially disadvantaged status of a farm operation.

In the ARMS questionnaire, operators can provide race and ethnicity information for up to four operators on the farm operation. Using this information, my co-authors and I classified farm operations into five mutually exclusive categories, meaning one farm cannot appear in two categories. The five categories are 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.

The Hispanic category was defined first. If any of the operators identify as Hispanic, Latino, or Spanish origin, the farm operation is classified as Hispanic-operated, regardless of the race selected. Among the remaining farm operations, if at least one operator identifies as a race other than White, that operation is classified as a non-Hispanic socially disadvantaged operation of the reported race. To provide an example, if a farm operation with non-Hispanic operators has an operator that identifies as Black or African American, that farm operation is classified as a non-Hispanic Black farm. Since my co-authors and I use the information on all operators on the farm, we consider these definitions to be farm-level definitions and, for example, refer to a farm with Hispanic operators as a Hispanic farm. In the sample, there were 1.1 percent of operations who did not report a race for any operator and are therefore excluded from our analysis in this section.

I also want to mention that differences between race and ethnicity are presented in the figures and tables, but only comparisons that are statically different are mentioned in the text and discussed today. In other words, although some values may look very different, we cannot reliably say they are different. For example, with another round of the survey those two values that appear very different now, may no longer look different in the next round. So, the comparisons I will make are ones that we can reliably say are in fact different.

Before presenting the first graph, I want to remind you of the condensed farm typology. In this section we will look at the proportion of residence, intermediate, and commercial farms.

Residence and intermediate farms are small family farms, with the difference being the main occupation of the farm operator.

First, of the approximately 2 million U.S. farms, 91 percent are non-Hispanic White, 4 percent are Hispanic, 2 percent are non-Hispanic American Indian or Alaska Native, 1 percent are non-Hispanic Black or African American, and 1 percent are non-Hispanic Asian.

Before discussing the figure further, I would like to mention that all of the figures in the socially disadvantaged section are stacked column charts, which means the columns each add to approximately 100 percent.

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

At only 2 percent, non-Hispanic American Indian farms are less likely to be commercial farms than non-Hispanic White farms at 12 percent.

You may notice that the figure topics in the socially disadvantaged producer section are in the same order as presented in the earlier part of the report. In this next graph, we see the distribution of farm specialization differs by race and ethnicity group.

All socially disadvantaged farm operations are less likely to specialize in cash grains and other field crops than non-Hispanic White farms.

If we look at specialty crops, 15 percent of Hispanic operations and 32 percent of non-Hispanic Asian operations specialize in specialty crops, which is higher than the 7 percent of operations for all other race and ethnicity groups.

The share of farm operations concentrated in cattle production is 49 percent for Hispanic farms, 53 percent for non-Hispanic American Indian farms, and 62 percent for non-Hispanic Black farms, which are all higher shares than the 36 percent of non-Hispanic White farms that specialize in cattle. This information will be important to remember when we get to government payments, but first, let's take a look at financial risk.

If you recall from earlier in the webinar, we evaluate financial vulnerability or financial risk with a measured called operating profit margin.

As seen in the figure, between 64 percent and 74 percent of farms of all race categories have an operating profit margin in the high-risk zone. At only 8 percent of operations, Non-Hispanic Black farm operations are less likely to have an OPM in the low-risk zone compared to all other race and ethnicity groups.

Next, we evaluate credit usage and receipt of government payments by race and ethnicity groups. Non-Hispanic Black farms are less likely to report having a farm loan than non-Hispanic White farms. Taking a look at the first row of data in the table, 15 percent of non-Hispanic Black farms report having a farm loan compared to 26 percent of non-Hispanic White farms. Among farms that report using credit, non-Hispanic Black farms have the lowest average loan balance of all

race and ethnicity groups and notably have an average loan balance lower than the average loan balance compared to non-Hispanic White farms. This difference in reported average loan amounts for all race and ethnicity groups 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 all non-Hispanic Asian farms compared to 2 to 3 percent for non-Hispanic Black and non-Hispanic American Indian farm operations.

All socially disadvantaged groups received less government payments compared to non-Hispanic White farm operations.

We also found that among socially disadvantaged farm operations receiving Government payments, the average amount non-Hispanic Black farms received is lower than the average amount received by non-Hispanic White farms. This may be partially attributed to differences in farm size and commodity specialization.

Similarly, Hispanic, non-Hispanic Black, and non-Hispanic American Indian farms are less likely to participate in federal crop insurance programs than non-Hispanic White farms, which 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 lower compared to the average amount received by non-Hispanic White operations.

Similar to earlier in the webinar, we will now move from discussing the farm operation to the farm household. Recall the farm household statistics are for the principal operator, or the person most responsible for decision making in the farm operation. But, we continue using the farm operation-level race and ethnicity category rather than the race and ethnicity of the principal operator for consistency with the categories presented in the previous operation-level results.

In the first two data rows of the table, we see that the principal operator households of Hispanic farms have median household net worth and income levels relatively similar to those of non-Hispanic White farms.

However, principal operator households of non-Hispanic American Indian farms and non-Hispanic Black farms have lower levels of median household net worth than non-Hispanic White farms. Also, non-Hispanic American Indian farms and non-Hispanic Black farms have lower median household incomes compared to non-Hispanic White farms. Principal operator households of non-Hispanic Asian farms have the highest median household net worth of \$1.4 million and highest median household income of approximately \$136,000. They also have the highest median off-farm income of approximately \$110,000. This could be due to underlying differences in regional factors or educational attainment. Lastly, 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 households at 94 percent and non-Hispanic American Indian households at 92 percent.

To summarize, in this report we found that U.S. farming is still overwhelmingly a family business. 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 share of farms with a low-risk operating profit margin varied by farm size in 2022. About 26 percent of all U.S. farms held any debt in 2022, and the majority, which was 67 percent of farms with debt used only one lender. Farm households, in general, were not considered low income or low wealth. USDA Conservation Reserve Program payments went to different types of farms than other government payments. 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. 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.

Lastly, I would like to thank you all for attending the webinar and I am happy to answer any questions you may have now. Also, my contact information, Katherine.lacy@usda.gov, can be found on the screen along with the contact information for my co-authors. We have also included a QR code, which will take you to the 2023 edition of *America's Farms and Ranches at a Glance* report. I'll send it back to you Ashley.

Thanks Katherine. We'll go ahead and open the floor for questions now. Just a quick reminder those questions can be submitted through the chat feature located at the bottom lefthand corner of your screen.

Alright, let's see here um...up first, um, how did you handle responses where there were multiple operators of different races or an operator who reported multiple races?

This is an excellent question. Thank you. As the report states and I mentioned earlier in the webinar, my co-authors and I wanted to create mutually exclusive race and ethnicity groups for reporting purposes. So, with that being said, one farm operation could not be in more than one race and ethnicity group. As explained, we had five mutually exclusive categories, but we did define a sixth mutually exclusive category, which was non-Hispanic other. The non-Hispanic other category included operations that had multiple operators of different races as well as an operator of multiple socially disadvantaged races. However, for this non-Hispanic other group, we had such a small sample size we cannot reliably report the statistics for that group, which is why you do not see it in in the report or was not presented during the webinar.

Okay, good to know. Another question asks or notes that you show that only 1% of farms are Black. With so few farms, how can you reliably report statistics on these farms?

That's another great question. The 2022 ARMS had around 19,000 respondents, and we had a targeted sample of socially disadvantaged operations. Now when I say targeted sample, what I mean here is our colleagues at NASS, who is the one that administers the survey, worked really hard to increase our sample size of socially disadvantaged operations. So, they made sure that we had more socially disadvantaged operations receiving the questionnaire and responding to the questionnaire. Because of their hard work, we were able to greatly increase the sample size of

socially disadvantaged operations in the 2022 survey compared to all uh previous surveys. So that's why we're able to reliably report statistics on different race and ethnicity groups.

But while we're on the topic of respondents, and I said we had 19...about 19,000 respondents. I would like to take the time to just thank all of the producers who spend time um completing the ARM survey. Without their responses, we would not be able to publish the *America's Farms and Ranches at a Glance* and complete a lot of our other research at ERS. So, I would like to thank all of the people that respond to our ARM Survey.

Okay thanks Katherine. Another question here asks: for the mid and large farms receiving indemnities uh from insurance, what are they received for?

That's another really good question. We report the statistics as to um the farm operations that receive indemnity payments, but we do not explore the data further to see why certain operations received um certain indemnity payments.

Thanks. Another question here asks uh...why do most of the federal crop insurance payments go to large farms?

So, a lot of that uh federal crop insurance payments going to large farms has to do with uh commodity specialization. So, if you recall from earlier in the webinar, we had...we reported 88% of farms are small family farms and 3% are large scale family farms. And then when we looked at the specialization, we see that large scale family farms are most likely to specialize in cash grains and soybeans. And then we also reported that a majority of row crop farms participate in federal crop insurance. And we do see that uh our row crop farms tend to be larger, so our larger farms are most likely to participate in federal crop insurance and therefore are more likely to receive payments from federal crop insurance.

Okay thanks Katherine. Up next, is the median income number net of operating expenses for farms?

That is a fantastic question. Our median um household income reports the income of the household.

Okay.

I believe that answers that question...

Okay, thanks. Let's see, moving on...Another question asks is this data available by state or region?

In the *America's Farms and Ranches at a Glance* report, we only provide data on uh a national level, but you're more than welcome or whoever asks the question is more than welcome to uh follow up with me, and I can circle back to our team to see if we have other reports that report uh statistics on state or other regions.

Got it, okay um another question asks why were non-family farms always considered to be commercial farms?

That is another excellent question. We categorize farms within the farm typology. So, our non-family farms is uh defined based on the farm management and ownership compared to family farms. And that is grouped with our commercial farms. And it's just the way that we have defined our farm typology, and we like to remain consistent for comparison purposes from year to year.

Thanks Katherine. Another question here asks uh what is the definition of a farm and are your definitions in typology adjusted over time for inflation?

That is another great question. I'm going to bring us back up to a slide at the beginning of our presentation. There we go. So, USDA defines a farm as any place that sold or normally would have sold at least \$1,000 worth of farm products in a given year. Now that \$1,000 is not adjusted for inflation year-over-year, so it has been that way....it has been the classification for a while. Our typology is not updated often....the typology that we are using was updated um many years ago, about 10 years ago.

Okay, let's see here...For our next question, they note that socially disadvantaged also includes female gender. Why was that not included in the analysis as a separate category...subcategory?

Yeah, that's another excellent question. So, when we look at the general definition of socially disadvantaged, as the person who asked the question mentioned, it does include gender, um veterans, and limited resource producers. For our report we wanted to focus on uh socially disadvantaged in terms of race and ethnicity. So, we're only reporting the statistics on different race and ethnicity groups.

Okay, for our next question...Is it accurate to say that participation in government ag programs, insurance or payments are predictors of OPM?

That's another good question. We don't explore that in our report. So, we only provide the statistics for government payments and government participation and operating profit margin. But we do not explore different reasons behind those statistics or uh drivers of what might be causing different changes of those statistics.

Got it. Alright, another question.... um let's see here....Why do so few farming operations report loans serviced by FSA?

Sure, so in our report we provide statistics for direct loans, and this is the way the question is asked within ARMS, uh asking participants to provide information on who holds their loans. As we saw, most uh...most farm operations report loans from commercial banks with about 8 to 10...8 to 10% of operations reporting loans from FSA or the USDA Farm Service Agency. But those are direct loans. So, as I briefly mentioned, we do see that the Farm Service Agency

guarantees some loans by commercial banks and the Farm Credit System, so they might be involved in more loans than what is just reported by that direct loan category.

Thanks Katherine. Another question notes that in the presentation, it looked like non-Hispanic, Asian farms have uh larger loans and receive uh high average government payments and indemnity payments, but this wasn't discussed. Can you provide more information on these statistics?

Yeah, that's an excellent question. So, as the report notes and I mentioned earlier in the webinar, we only discuss statistics that are statistically different. And when I say statistically different, we're comparing uh those different statistics like proportions or averages to the non-Hispanic White category. And if there are differences, that's when we're mentioning them – statistical differences. But if they're not statistically different, then we're not mentioning them in the report. So, although these values may look very different, if we were to do another round of the survey, say today, we might not see those values look very different in this next round. And because of that, we cannot reliably say they're different. So, we're not going to be um discussing those differences since they're not uh statistically different.

Alright, another question here um notes that you report that Black farms have lower government payments, lower loan amounts and lower household income, but you didn't provide an explanation as to why this is the case. Could you elaborate there some more as well?

So, in the report, we provide those statistics, but my co-authors and I did not explore the data further to look at reasons behind the statistics.

Got it. Okay, up next...Why are the average loan amounts for large farms so much larger than small farms?

Yeah, that's another excellent question. As we kind of mention in the report, and I briefly mentioned in the webinar, um we know that um farming is capital intensive. And we do see that largescale family farms account for the majority of U.S. agricultural production, which is one of the reasons why we might see average loan payments for, or average loan amount, for large scale family farms being larger than other uh farms within the farm typology.

Okay, thanks. Up next...Why do so many small farms participate in the Conservation Reserve Program?

Yeah, that's another excellent question. So, we reported the statistics by different uh government program types, but we do not explore why certain farm sizes uh participate in different types of government programs.

Got it. Alright, next...Can you provide a definition of trade credit?

Sure, if you bear with me for one quick second, I will bring us back to the credit figure here. Then we can at least see one of them, and I'm sorry it's a very small print on the screen. But in

the notes of the table, we do provide definitions if you're looking for definitions after the webinar. Trade credit is financing through a vendor where farmers are billed over time. So, in the questionnaire, we explain trade credit includes input suppliers, implement dealers, co-ops and other merchants.

Okay thanks. Up next, um in the credit section, you have a category of all other lenders. Can you provide a definition of this term?

Sure, and I'll stick to staying on this slide with that question then. So, all 'other lenders' includes loan service by 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.

Got it. Okay, next up... You mentioned farm income can be negative. Can you provide more information on which types of farms have negative income?

Yeah, that's another really good question. So, we do have a table in the report that was not included in the webinar that looks at farm operator income per household by source and farm type. I actually have the report pulled up here. So if we go to I believe it's page 16, yes page 16 contains Table 3, uh and that is the table I'm representing here. And that table has a column, which is the percent of households with negative income, which is income from farming and we see that 52% of family farms have um negative farm income. Now this column is broken out by farm typology since it's a household statistic. We do not include nonfamily farms, so it's only the family farms by typology. It's a complicated table, so I don't want to uh try to explain all of the numbers without you being able to see it, but it is on page 16 and if you have any follow-up questions about this table, feel free to send me an email, and I would be happy to discuss the table with you.

Great. Thanks Katherine. Let's see...Next, what is the Farm Credit system?

Yeah, that's another excellent question. So, the farm credit system is a nationwide lending network. It was established by Congress in 1916 and it's a network that specializes in serving the agricultural community. So, it's made up of cooperative banks and associations who provide credit to farm businesses.

Okay, um another question here... You mentioned countercyclical type payments. Can you explain this term?

Sure, so if you are looking at the report and you happen to be at the government payments figure. In the notes, we will provide the definitions just like with the credit uh figures if you're looking for a definition after the webinar. But those countercyclical type payments include payments from the price loss coverage program and agricultural risk coverage program. And both of those programs are administered by the Farm Service Agency.

Alright, that's all we have for today. Thanks again Katherine for sharing the latest insights into America's Farms and Ranches at a Glance and thank you to our listeners for tuning in today. We hope this has been helpful.

Before closing, I'd like to quickly highlight the many ways you can stay current with ERS research. Along with our website, we have our Chart of Note mobile app, where digital snapshots of ERS research can be delivered straight to your mobile device.

You can also find us on social media via LinkedIn and X, formally known as Twitter, or subscribe for weekly notifications as well. Again, thanks for your time today. This concludes our webinar.