Examining COVID-19 Financial Assistance to Farms and Farm Households

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Every individual, family, and business has been impacted by the COVID-19 pandemic. A national emergency was declared in March 2020 because of the pandemic and the federal government responded by creating financial assistance programs to counter the economic impacts.


The USDA-ERS researchers used data from USDA Farm Bill and the Market Facilitation Program (MFP). Other data sources included the USDA Agricultural Resource Management Survey, U.S. and State-Level Farm Income and Wealth Statistics, Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA), Small Business Administration (SBA), and the Department of Labor (DOL).

Because of space limitations, only report highlights are presented in this article. The complete working paper is available here: [https://www.ers.usda.gov/webdocs/publications/101712/ap-090.pdf?v=3375](https://www.ers.usda.gov/webdocs/publications/101712/ap-090.pdf?v=3375).

In 2020 there was a substantial increase in the amount of government payments to farm operations. When compared to 2019, the estimated increase is $23.8 billion (see Figure 1).

**Figure 1**
Direct Government payments to farm operations, 2011-2020F

*Thousand dollars*

Notes: 2020F = 2020 Forecasted values. COVID-19-related payments include Coronavirus Food Assistance Program 1 (CFAP 1), Coronavirus Food Assistance Program 2 (CFAP 2), and Paycheck Protection Program (PPP) payments. Amounts are presented in 2020 dollars. MFP stands for Market Facilitation Program; ARC stands for Agricultural Risk Coverage; and PLC stands for Price Loss Coverage.

A total of six economic relief and stimulus bills were passed, with farm operations receiving economic assistance from three in 2020. These included the Coronavirus Food Assistance Program (CFAP), Paycheck Protection Program (PPP), and the Economic Injury Disaster Loan (EIDL) program.

**Coronavirus Food Assistance Programs**
There were two Coronavirus Food Assistance Programs (CFAP 1) and (CFAP 2) administered by USDA. The CFAP programs made direct payments to producers who saw commodity price declines, market disruptions, additional production costs, and reduced prices because of the pandemic.

Combined, the CFAP programs paid $23.7 billion to farmers and ranchers. The USDA-ERS analysis shows that 49 percent of the $23.7 billion was distributed to livestock and livestock product production and 51 percent to crop production enterprises.

**Paycheck Protection Program**
Administered by the Small Business Administration (SBA), the PPP was put in place to help farmers and small businesses retain employees and/or rehire furloughed workers. Analysis shows that $5.9 billion was paid to farm operations. Publicly available data from the Small Business Administration shows 64 percent ($3.8 billion) was received by crop farmers and 36 percent ($2.1 billion) by livestock producers.

**Economic Injury Disaster Loan and Loan Advance**
Farm operations with 500 or less employees were eligible to apply for the Economic Injury Disaster Loan and Loan Advance (EIDL). These operations could receive up to $150,000 in low-interest non-forgivable loans and up to $10,000 ($1,000 per employee) in forgivable loans. These loans and advances could be used for fixed costs, payroll, and other bills.

The SBA opened the EIDL applications exclusively for agriculture in May 2020. While the SBA did not provide industry-specific data about EIDL advances, data from PPP applications indicated farm operations claimed 736,451 agricultural employees. If we assume all PPP applicants claimed the maximum advance of $1,000 per employee, EIDL advances could have been $736.5 million. However, this total would not have been in addition to the $5.9 billion under the PPP loans because the amount forgiven through PPP was reduced by the EIDL amount.

**Related Assistance Programs**
Farm families could have received financial assistance through the Economic Impact Payments (often referred to as stimulus payments) and the Federal Pandemic Unemployment Compensation program.

USDA-ERS researchers made certain assumptions when determining payments made through the Economic Income Payment program and estimated the total disbursed to farm households through this program was $4.3 billion.

**Non-COVID-19 Related Financial Assistance**
Direct payments were made to some farms in 2020 through existing USDA programs established in the 2018 Farm Bill. Programs designed to respond to market price changes include Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC), and Market Assistance Loan programs. Additional assistance
programs included Environmental Quality Incentive Program (EQIP) and the Dairy Margin Coverage (DMC) program. The USDA-ERS researchers also included MFP, Wildlife and Hurricane Indemnity Program (WHIP), and the Federal Crop Insurance Program payments in their analysis.

**Total Financial Assistance**
The analysis conducted by USDA-ERS estimated that in 2020 a total of $57.7 billion was distributed to farmers and farm households through standing, ad-hoc, and COVID-19 programs. Researchers estimated that more than 50 percent of the estimated total payments made directly to farmers and farm households came from COVID-19 related programs in 2020. The CFAP 1 and CFAP 2 programs were the largest, having paid $23.7 billion to farm businesses.

**Source:**