

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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Report RL32590

*Average Farm Subsidy Payments, by State, 2002*

Jasper Womach, Resources, Science, and Industry Division

September 16, 2004

**Abstract.** The U.S. Department of Agriculture makes direct subsidy payments through the Commodity Credit Corporation to farmers for commodity price and income support, certain conservation and environmental activities, and some disaster losses. In 2002, these direct farm subsidy payments amounted to \$12.151 billion. This report examines the distribution of these payments among states, calculates the average size of payments going to recipient farms in each state, and distinguishes between payments received by farm operators and landlords. This information is intended to aid in policy debates about subsidizing some farms but not others, changing per-person payment limits, and the altering eligibility rules for landlords to receive payments.

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# CRS Report for Congress

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## Average Farm Subsidy Payments, by State, 2002

**September 16, 2004**

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<http://wikileaks.org/wiki/CRS-RL32590>

# Average Farm Subsidy Payments, by State, 2002

## Summary

The U.S. Department of Agriculture makes direct subsidy payments through the Commodity Credit Corporation to farmers for commodity price and income support, certain conservation and environmental activities, and some disaster losses. In 2002, these direct farm subsidy payments amounted to \$12.151 billion.

This report examines the distribution of these payments among states, calculates the average size of payments going to recipient farms in each state, and distinguishes between payments received by farm operators and landlords. This information is intended to aid in policy debates about subsidizing some farms but not others, changing per-person payment limits, and the altering eligibility rules for landlords to receive payments.

More money went to Texas (\$1.2 billion) than any other state. Texas along with the next 10 leading states received 56% of total farm subsidy payments. These states were largely concentrated in the nation's central farm belt, where much of the subsidized corn, soybeans, wheat, cotton, and rice are produced. Also ranking high were California (due to cotton and rice) and Georgia (due to peanuts).

The subsidy payments were made to the operators and landlords of 707,596 farms (one-third of all farms in the nation). However, in some states a much higher proportion of the farms were subsidized (e.g., North Dakota, 78%, and Iowa, 70%).

On average, the payments amounted to \$17,172 per subsidized farm. The range was from a low of \$3,401 per subsidized farm in West Virginia to a high of \$90,214 per subsidized farm in California. Farm operators received an average of \$9,251 each and landlords received an average of \$5,617 each.

Data on state averages obscure the high concentrations of payments to a relatively small proportion of the farms receiving subsidies. While there were a total of 1,705,514 separate "persons" that received payments in 2002, 50% of the subsidy payments went to 85,358 persons (or just 5% of the recipients).

This report is intended as a reference and informational resource and is not expected to be regularly updated.

## Contents

Farm Subsidy Programs .....	4
State-By-State Distribution of Total Farm Subsidy Payments .....	7
Farms Receiving Subsidy Payments .....	11
Subsidy Payments per Farm .....	15
Subsidy Payments to Farm Operators and Landlords .....	19
Concentration of Farm Subsidy Payments .....	27

## List of Figures

Figure 1. Total Farm Subsidy Payments, 1996-2002 .....	2
Figure 2. Farm Subsidy Payments by Major Category, 2002 .....	3
Figure 3. Total Farm Subsidy Payments in 2002 .....	8
Figure 4. Percentage of Farms Receiving Subsidies in 2002 .....	12
Figure 5. Average Subsidy Payment per Farm in 2002 .....	16
Figure 6. Average Number of Landlords per Farm Receiving Subsidies in 2002 .....	20

## List of Tables

Table 1. Farm Subsidy Payments, by Program, 2002 .....	5
Table 2. Commodity Subsidy Payments, by Commodity, 2002 .....	6
Table 3. Subsidy Payments to Farm Operators and Landlords, by State, 2002 ..	9
Table 4. Proportion of Farms Receiving Subsidy Payments, by State, 2002 ...	13
Table 5. Total Subsidy Payments Per Farm, by State, 2002 .....	17
Table 6. Subsidy Recipients Per Farm, by State, 2002 .....	21
Table 7. Average Subsidy Payments to Farm Operators, by State, 2002 .....	23
Table 8. Average Subsidy Payments to Landlords, by State, 2002 .....	25
Table 9. Farm Subsidy Payments Reach a Large Number of Recipients, But Most of the Money Goes to a Few .....	27

# Average Farm Subsidy Payments, by State, 2002

Most federal farm subsidies are made as mandatory direct payments to producers from the U.S. Department of Agriculture's (USDA's) Commodity Credit Corporation (CCC).<sup>1</sup> These include commodity price and income support programs, certain conservation programs, and select disaster assistance programs. CCC direct payments to farmers in 2002 are examined in this report.<sup>2</sup>

The primary data sources are the *2002 Census of Agriculture* (available at [<http://www.nass.usda.gov/census/>]) and the Environmental Working Group's (EWG's) *Farm Subsidy Database* (available at [<http://ewg.org/farm/home.php>]). The EWG database is a compilation from CCC payment information supplied by USDA's Farm Service Agency (FSA). FSA's national network of county offices administers the subsidy programs and writes the CCC checks to the subsidy recipients.<sup>3</sup> These two data sets facilitate a state-by state examination of payments and the division of payments between farm operators and landlords.

There is unpredictability about the timing and size of market price movements as well as natural disasters. Consequently, the size of farm subsidies varies from year to year. **Figure 1** shows that from 1995 through 2002 annual farm subsidy payments ranged from a low of \$7.2 billion to a high of \$23.5 billion, averaging \$14.5 billion annually over the eight-year period.<sup>4</sup> Commodity price and income support accounts

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<sup>1</sup> The term *mandatory* means that the payments are not dependent on annual congressional appropriations. Payment obligations to farmers meeting the rules of the various subsidy programs are covered by the CCC. The CCC uses its borrowing authority to obtain needed funds from the U.S. Treasury. Later, Congress appropriates monies to reimburse the CCC, so it can repay the Treasury.

<sup>2</sup> The USDA does administer other farm subsidy programs that are not financed through the CCC and are not examined in this report. Among these are crop insurance (costing about \$2 billion annually in premium subsidies), and farm ownership and operating loans for limited resource farmers (costing nearly \$200 million annually in loan subsidies).

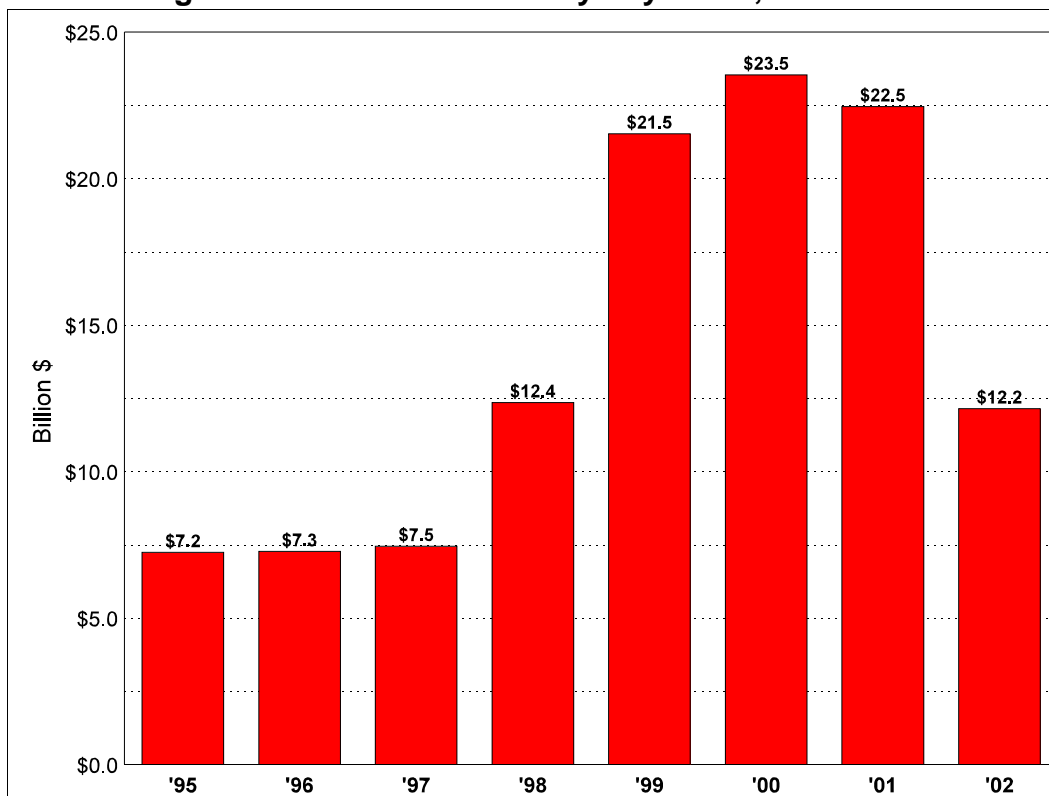
<sup>3</sup> The data obtained by EWG are developed in FSA county offices and pertain to the farm in the county and not the address of the recipient. Recipients are unduplicated but may receive multiple payments from multiple programs throughout the year. Generally, data pertain to the calendar year of payment, but there may be exceptions.

<sup>4</sup> The data reported by EWG for 2002 may include a combination of calendar year and crop year data, but are characterized by EWG as calendar year payments. The EWG data shown in Figure 1 differ only slightly from calendar year direct payment data published by USDA's Economic Research Service. The ERS payment numbers for 1995 through 2002 are \$7.3 billion, \$7.3 billion, \$7.5 billion, \$12.4 billion, \$21.5 billion, \$22.9 billion, \$20.7 billion, \$11.0 billion. The CCC maintains its most detailed accounts by fiscal year, but these  
(continued...)

for most farm subsidy payments. As shown in **Figure 2**, commodity payments amounted to 73% of CCC's total farm subsidy payments in 2002.

The year 2002, with total farm subsidy payments of \$12.151 billion, was selected for examination in this report because of data availability. At the same time, it is fairly close to annual average total payments from 1995 through 2002. However, 2002 is unique in that peanut producers received one-time quota buyout payments of about \$1 billion. Nearly half the peanut quota buyout payments were concentrated in Georgia (\$483 million), with the remainder divided largely among Texas (\$153 million), Alabama (\$150 million), North Carolina (\$107 million), Virginia (\$67 million), Oklahoma (\$62 million), and Florida (\$48 million).<sup>5</sup>

**Figure 1. Total Farm Subsidy Payments, 1996-2002**



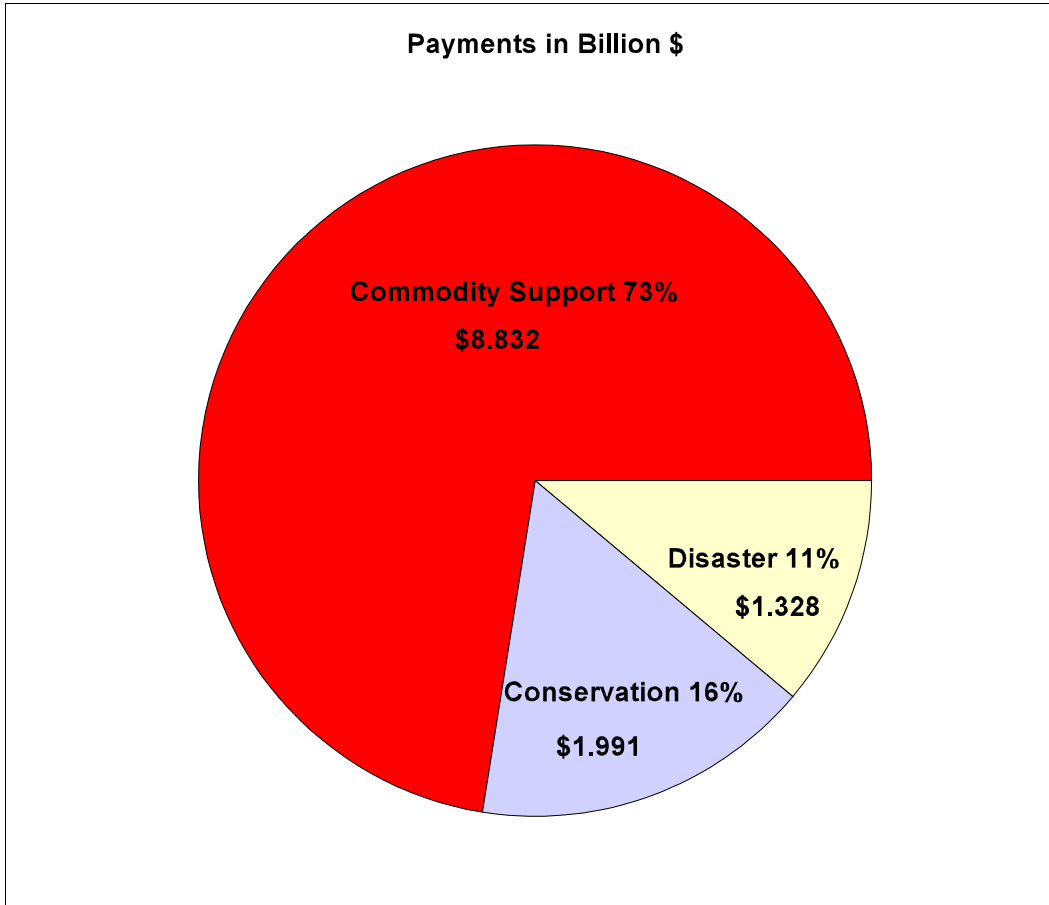
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<sup>4</sup> (...continued)

records do report payments at the state or recipient level. Data from the *2002 Census of Agriculture* are for calendar year 2002.

<sup>5</sup> A full description of the peanut marketing quota buyout program is available in CRS Report RL30924, *Peanut Program Policy Issues*.

**Figure 2. Farm Subsidy Payments by Major Category, 2002**



## Farm Subsidy Programs

Most commodity support program payments are linked to market prices.<sup>6</sup> When market prices decline, commodity support payments increase in order to support the income of producers whose revenue otherwise would decline. Conservation payments are made to encourage farmers to remedy environmental problems. Disaster assistance is provided when crop and livestock production is substantially damaged or destroyed by natural disasters such as drought, flood, and disease, thereby reducing revenue and/or increasing the expenses of producers.<sup>7</sup>

**Table 1** presents a program-by-program list of payments in 2002. Some of the payments (and refunds) shown in Table 1 were authorized by the 1996 farm bill, which originally covered the 1996 through 2002 crops. The 2002 farm bill (P.L. 107-171, the Farm Security and Rural Investment Act of 2002) was enacted on May 13, 2002, and was made immediately applicable to 2002 crops. So, 2002 was a year of transition from the previous Production Flexibility Contract Payments to the new Direct and Counter-Cyclical Payments. Also, Counter-Cyclical Payments became the permanent replacement for *ad hoc* Market Loss Payments.

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<sup>6</sup> Production Flexibility Contract Payments and decoupled Direct Payments for grain and cotton producers are exceptions. These payments were based on historical production of each of the grain and cotton crops only. Recipients of these payments were able to change their mix of crops or even produce nothing.

<sup>7</sup> Eligibility requirements for payments are specified in the law for each program. The payment triggers and size of commodity support payments are based upon specified price levels (an indirect income test) or physical damage levels for disaster assistance (a loss test).



**Table 1. Farm Subsidy Payments, by Program, 2002**

Program / Category	Subsidy Payments	Number of Recipients	Payment Per Recipient
<b>Total Farm Subsidies</b>	<b>\$12,150,563,185</b>	<b>1,705,514</b>	<b>\$7,124</b>
<b>Commodity Subsidies</b>	<b>\$8,831,971,671</b>	<b>1,319,110</b>	<b>\$6,695</b>
Production Flexibility Contract Payments	\$3,499,997,512	1,145,725	\$3,055
Loan Deficiency Payments (LDPs)	\$1,296,591,777	334,659	\$3,874
Peanut Quota Buyout and Miscellaneous Payments	\$1,174,674,015	130,516	\$9,000
Commodity Certificates	\$940,785,178	17,972	\$52,347
Dairy Payments	\$848,186,106	71,968	\$11,786
Direct and Counter-Cyclical Payments	\$570,589,219	210,540	\$2,710
Marketing Loan Gains	\$458,385,698	55,588	\$8,246
Lamb Payments	\$32,401,797	17,210	\$1,883
Market Loss Assistance, Non-Supported Commodities	\$5,509,671	18,051	\$305
Livestock Indemnity Program	\$3,173,145	2,099	\$1,512
Market Loss Assistance, Supported Commodities	\$1,417,765	1,287	\$1,102
Total LDP-like Grazing Payments	\$480,947	442	\$1,088
Oilseed Program	\$234,989	360	\$653
Wool and Mohair Payments	-\$16,025	1	-\$16,025
Deficiency Payments	-\$440,125	456	-\$965
<b>Conservation Programs</b>	<b>\$1,991,020,798</b>	<b>429,684</b>	<b>\$4,634</b>
Conservation Reserve Program	\$1,807,458,649	397,707	\$4,545
Environmental Quality Incentives Program	\$118,268,708	23,585	\$5,015
Emergency Conservation Program	\$38,610,984	13,580	\$2,843
Wetlands Reserve Program	\$17,238,484	678	\$25,425
Miscellaneous Conservation Payments	\$8,811,436	1,839	\$4,791
Agricultural Conservation Program	\$631,544	175	\$3,609
<b>Disaster Programs</b>	<b>\$1,327,570,716</b>	<b>469,165</b>	<b>\$2,830</b>
Crop Disaster Payments	\$1,324,095,908	469,068	\$2,823
Karnal Bunt Programs	\$3,044,719	241	\$12,634
Livestock Disaster / Emergency	\$431,298	182	\$2,370
Tree Assistance Programs	-\$216	1	-\$216

**Source:** Environmental Working Group, *Farm Subsidy Database*, United States: Subsidy Summary, Subsidy Detail, [<http://www.ewg.org:16080/farm/regiondetail.php?fips=00000&summlvl=2>].

**Note:** There is overlap of recipients across programs. For example, nearly all recipients of loan deficiency payments also were recipients of production flexibility contract payments. Similarly, many of the recipients of conservation reserve program payments also were recipients of production flexibility contract payments. On average, each individual recipient of farm subsidies received payments related to 1.71 separate programs.

Negative numbers represent reimbursements from farmers for excessive or disqualified payments.

It often is more helpful to examine commodity support payments by commodity rather than program. Farmers individually tend to specialize in certain commodities and this relates to the climate and soil conditions favored by the different commodities. In the absence of irrigation, corn and soybeans grow especially well in Iowa, Illinois, and surrounding states. Irrigation has made Texas and California leading cotton states, but production remains large in Mississippi, Georgia, and Arkansas. Rice, also, is a southern crop, with Arkansas the leading producer, while irrigation has moved California into second place. Wheat tolerates low rainfall and low humidity, and so is produced primarily in North Dakota, Kansas, Montana, Oklahoma, and Washington. Georgia dominates peanut production, but Texas is second with large irrigated acreage. **Table 2** presents the commodity support data by commodity.

**Table 2. Commodity Subsidy Payments, by Commodity, 2002**

Commodity	Total Payments	Number of Recipients	Payment Per Recipient
<b>Total Commodity Subsidies</b>	<b>\$8,831,971,671</b>	<b>1,319,110</b>	<b>\$6,695</b>
Corn	\$1,981,564,489	858,077	\$2,309
Cotton	\$1,669,746,908	127,582	\$13,088
Peanuts	\$1,092,846,187	63,139	\$17,309
Rice	\$1,073,167,886	34,888	\$30,760
Wheat	\$975,272,805	750,825	\$1,299
Dairy	\$848,347,339	71,976	\$11,787
Soybeans	\$670,801,852	250,622	\$2,677
Sorghum	\$188,981,974	312,031	\$606
Barley	\$82,801,044	182,657	\$453
Apples	\$74,334,966	6,469	\$11,491
Sugar	\$44,288,049	5,109	\$8,669
Sheep meat	\$32,401,797	17,210	\$1,883
Sunflower seed	\$6,518,597	5,910	\$1,103
Oats	\$6,226,386	345,197	\$18
Tobacco	\$4,990,960	17,623	\$283
Safflower seed	\$1,885,304	1,037	\$1,818

**Source:** Environmental Working Group, *Farm Subsidy Database*, United States Summary, 2002 [<http://www.ewg.org/farm/region.php?fips=00000&progcode=total&yr=2002>]

**Note:** There is overlap of recipients across commodities. For example, many recipients of corn subsidies also were recipients of soybean subsidies.

## State-By-State Distribution of Total Farm Subsidy Payments

**Figure 3** and **Table 3** show the geographic distribution of \$12.151 billion in total subsidy payments. Predictably, the farm states in the agricultural heartland of the country from the Canadian border to the Gulf of Mexico received most of the subsidy payments. The state receiving the largest amount was Texas, with nearly \$1.209 billion, followed by Iowa, Georgia, Arkansas, California, Illinois, and Nebraska, each receiving over \$500 million.

There were 2.129 million farms in the United States in 2002 according to the *2002 Census of Agriculture*, which defines a farm as producing and selling \$1,000 or more in agricultural products. The state with the largest number of farms was Texas (about 229,000), followed by Missouri (about 107,000). Not all farms in the nation received subsidy payments. Eligibility is linked to the production of certain commodities or to the adoption of certain conservation practices.

Commodities that received mandatory federal price and income support payments included wheat, corn, sorghum, barley, oats, rice, cotton, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, peanuts, dry peas, lentils, small chickpeas, milk, sugar, wool, mohair, honey, and tobacco. Major categories of commodities are not supported, including fruits, vegetables, tree nuts, livestock meat, greenhouse and nursery crops, and hay and forage crops. Farm cash receipts from sales of supported commodities amounted to about \$53 billion in 2002, or 28% of the \$193 billion in national total commodity cash receipts in 2002.<sup>8</sup> Some commodities not receiving mandatory support received disaster assistance and *ad hoc* market loss assistance payments in 2002.

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<sup>8</sup> Calculated from USDA, Economic Research Service, data on farm cash receipts.



**Table 3. Subsidy Payments to Farm Operators and Landlords, by State, 2002**

Rank	State	Payments to Operators		Payments to Landlords		Total Payments	
		(million \$)	Share of Total (%)	(million \$)	Share of Total (%)	(million \$)	Share of US Total (%)
<b>All States</b>		<b>\$6,545.7</b>	<b>54%</b>	<b>\$5,604.9</b>	<b>46%</b>	<b>\$12,150.6</b>	<b>100.0%</b>
1	Texas	\$529.0	44%	\$680.0	56%	\$1,208.9	9.9%
2	Iowa	\$538.9	73%	\$201.1	27%	\$740.0	6.1%
3	Georgia	\$118.5	18%	\$542.1	82%	\$660.7	5.4%
4	Arkansas	\$238.6	36%	\$421.3	64%	\$659.9	5.4%
5	California	\$168.7	26%	\$483.4	74%	\$652.1	5.4%
6	Illinois	\$412.6	67%	\$202.5	33%	\$615.1	5.1%
7	Nebraska	\$347.5	64%	\$191.7	36%	\$539.2	4.4%
8	Minnesota	\$350.7	75%	\$116.8	25%	\$467.5	3.8%
9	Kansas	\$328.2	72%	\$128.6	28%	\$456.8	3.8%
10	Mississippi	\$145.5	33%	\$292.3	67%	\$437.8	3.6%
11	Missouri	\$264.5	65%	\$141.4	35%	\$405.9	3.3%
12	North Dakota	\$293.1	76%	\$90.6	24%	\$383.6	3.2%
13	Indiana	\$224.7	67%	\$110.2	33%	\$334.9	2.8%
14	South Dakota	\$215.1	64%	\$119.5	36%	\$334.6	2.8%
15	Wisconsin	\$247.9	75%	\$84.5	25%	\$332.4	2.7%
16	North Carolina	\$97.7	30%	\$226.2	70%	\$323.9	2.7%
17	Oklahoma	\$149.9	47%	\$167.3	53%	\$317.2	2.6%
18	Alabama	\$77.9	27%	\$211.3	73%	\$289.2	2.4%
19	Ohio	\$197.4	70%	\$83.6	30%	\$281.0	2.3%
20	Louisiana	\$123.6	47%	\$139.1	53%	\$262.7	2.2%
21	Montana	\$210.7	80%	\$51.2	20%	\$261.9	2.2%
22	Washington	\$133.8	62%	\$82.0	38%	\$215.7	1.8%
23	Colorado	\$125.8	60%	\$85.0	40%	\$210.8	1.7%
24	Michigan	\$144.8	76%	\$45.9	24%	\$190.7	1.6%
25	Virginia	\$54.7	30%	\$127.3	70%	\$181.9	1.5%
26	Idaho	\$93.9	57%	\$71.5	43%	\$165.4	1.4%
27	New York	\$110.2	69%	\$49.1	31%	\$159.4	1.3%
28	Tennessee	\$59.2	41%	\$86.5	59%	\$145.7	1.2%
29	Kentucky	\$94.1	68%	\$44.2	32%	\$138.3	1.1%
30	Pennsylvania	\$85.8	66%	\$44.4	34%	\$130.2	1.1%
31	Florida	\$21.8	26%	\$61.1	74%	\$82.9	0.7%
32	Oregon	\$52.1	65%	\$28.1	35%	\$80.2	0.7%
33	New Mexico	\$50.2	68%	\$24.1	32%	\$74.3	0.6%
34	Arizona	\$31.8	45%	\$38.5	55%	\$70.2	0.6%
35	Wyoming	\$37.9	57%	\$28.2	43%	\$66.1	0.5%
36	South Carolina	\$38.4	59%	\$27.0	41%	\$65.4	0.5%

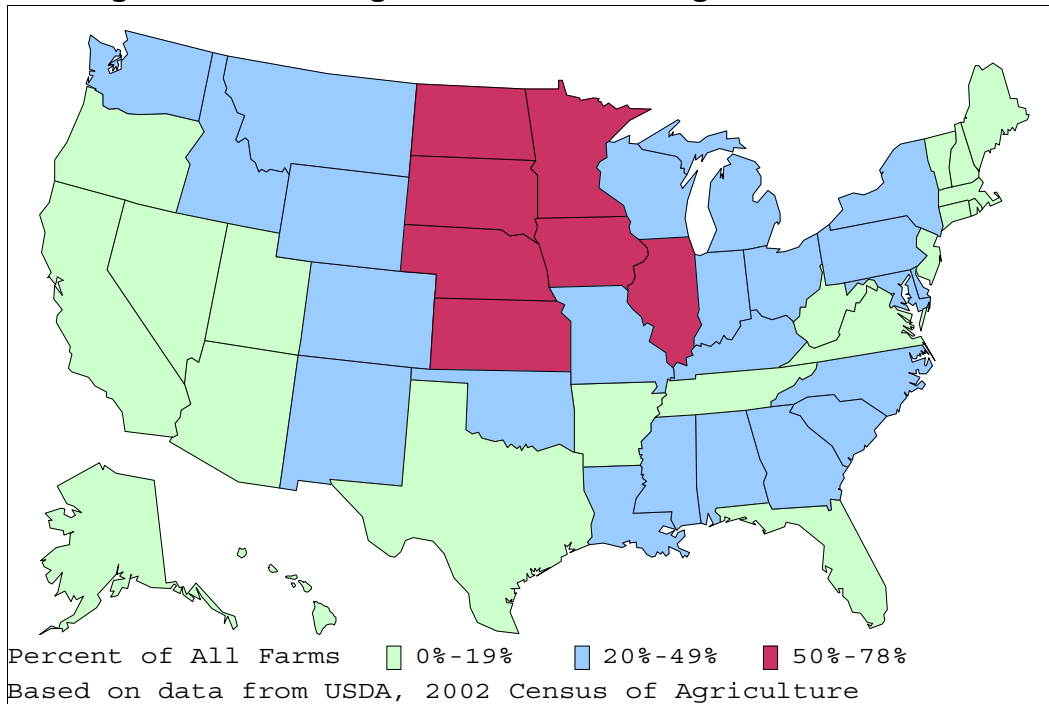
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Rank	State	Payments to Operators		Payments to Landlords		Total Payments	
		(million \$)	Share of Total (%)	(million \$)	Share of Total (%)	(million \$)	Share of US Total (%)
37	Utah	\$26.7	49%	\$27.6	51%	\$54.3	0.4%
38	Maryland	\$33.1	68%	\$15.8	32%	\$49.0	0.4%
39	Vermont	\$24.4	67%	\$12.1	33%	\$36.4	0.3%
40	Maine	\$8.7	63%	\$5.1	37%	\$13.7	0.1%
41	Delaware	\$8.6	72%	\$3.3	28%	\$11.9	0.1%
42	Nevada	\$4.3	38%	\$7.1	62%	\$11.4	0.1%
43	New Jersey	\$4.4	69%	\$2.0	31%	\$6.5	0.1%
44	Massachusetts	\$4.3	70%	\$1.8	30%	\$6.1	0.0%
45	West Virginia	\$5.2	91%	\$0.5	9%	\$5.7	0.0%
46	Connecticut	\$3.7	74%	\$1.3	26%	\$4.9	0.0%
47	New Hampshire	\$3.8	103%	-\$0.1	-3%	\$3.7	0.0%
48	Hawaii	\$0.9	46%	\$1.0	54%	\$1.9	0.0%
49	Alaska	\$1.8	99%	\$0.0	1%	\$1.8	0.0%
50	Rhode Island	\$0.5	81%	\$0.1	19%	\$0.7	0.0%

**Source:** Data on subsidy payments to farm operators are based on payments to farms reported in the *2002 Census of Agriculture*. Data on total subsidy payments are from the Environmental Working Group, *Farm Subsidy Database*. Payments to non-operator recipients are calculated as the difference between total payments and payments to operators.

## Farms Receiving Subsidy Payments

Of the nation's 2.1 million farms, 707,596 (33%) received subsidy payments and 1,421,386 (67%) did not receive payments in 2002. **Figure 4** and **Table 4** show the percentage of farms in each state that received payments in 2002. In North Dakota, 78% of farms received subsidy payments, followed by Iowa, Illinois, Nebraska, South Dakota, Kansas, and Minnesota, each with payments going to more than half the farms in the state. This concentration reflects the specialization of farms in these states in the production of subsidized feed grains, oilseeds, and wheat. Generally the other states proportionally have more livestock and specialty crops that do not receive price support.

**Figure 4. Percentage of Farms Receiving Subsidies in 2002**

Nationally, 33% of farms received subsidies (707,596 farms out of 2,128,982).

More than 50% of the farms in each of seven states received subsidies in 2002. This proportion of subsidized farms reflects highly concentrated production of wheat, corn, and/or soybeans by most farms in these state. These states were:

- North Dakota (78%)
- Iowa (70%)
- Illinois (66%)
- Nebraska (65%)
- South Dakota (64%)
- Kansas (61%)
- Minnesota (54%)



**Table 4. Proportion of Farms Receiving Subsidy Payments, by State, 2002**

Rank	State	All Farms	Farms w/ Subsidies	Share of Farms w/ Subsidies (%)
<b>All States</b>		<b>2,128,982</b>	<b>707,596</b>	<b>33%</b>
1	North Dakota	30,619	23,892	78%
2	Iowa	90,655	63,074	70%
3	Illinois	73,027	47,857	66%
4	Nebraska	49,355	32,007	65%
5	South Dakota	31,736	20,259	64%
6	Kansas	64,414	39,191	61%
7	Minnesota	80,839	43,927	54%
8	Wisconsin	77,131	37,234	48%
9	Indiana	60,296	26,841	45%
10	Montana	27,870	12,389	44%
11	Missouri	106,797	43,379	41%
12	Ohio	77,797	28,851	37%
13	Michigan	53,315	18,133	34%
14	Wyoming	9,422	3,163	34%
15	Colorado	31,369	10,163	32%
16	Georgia	49,311	15,510	31%
17	Mississippi	42,186	12,383	29%
18	Oklahoma	83,300	24,316	29%
19	Alabama	45,126	12,863	29%
20	Idaho	25,017	7,098	28%
21	Maryland	12,198	3,372	28%
22	Louisiana	27,413	7,562	28%
23	New York	37,255	9,896	27%
24	Kentucky	86,541	22,825	26%
25	Delaware	2,391	617	26%
26	South Carolina	24,541	6,112	25%
27	North Carolina	53,930	12,312	23%
28	New Mexico	15,170	3,246	21%
29	Pennsylvania	58,105	11,991	21%
30	Washington	35,939	7,332	20%
31	Vermont	6,571	1,296	20%
32	Utah	15,282	2,987	20%
33	Virginia	47,606	9,206	19%
34	Texas	228,926	42,217	18%
35	Tennessee	87,595	16,034	18%
36	Maine	7,196	1,244	17%
37	Arkansas	47,483	7,811	16%
38	Nevada	2,989	439	15%
39	Alaska	609	72	12%
40	Arizona	7,294	833	11%
41	Oregon	40,033	4,430	11%
42	New Hampshire	3,363	359	11%
43	California	79,631	7,228	9%
44	West Virginia	20,812	1,675	8%

CRS-14

Rank	State	All Farms	Farms w/ Subsidies	Share of Farms w/ Subsidies (%)
45	Massachusetts	6,075	415	7%
46	Connecticut	4,191	254	6%
47	Rhode Island	858	52	6%
48	New Jersey	9,924	582	6%
49	Florida	44,081	2,554	6%
50	Hawaii	5,398	113	2%

Source: Data on farms and farms receiving subsidies are from the *2002 Census of Agriculture*.

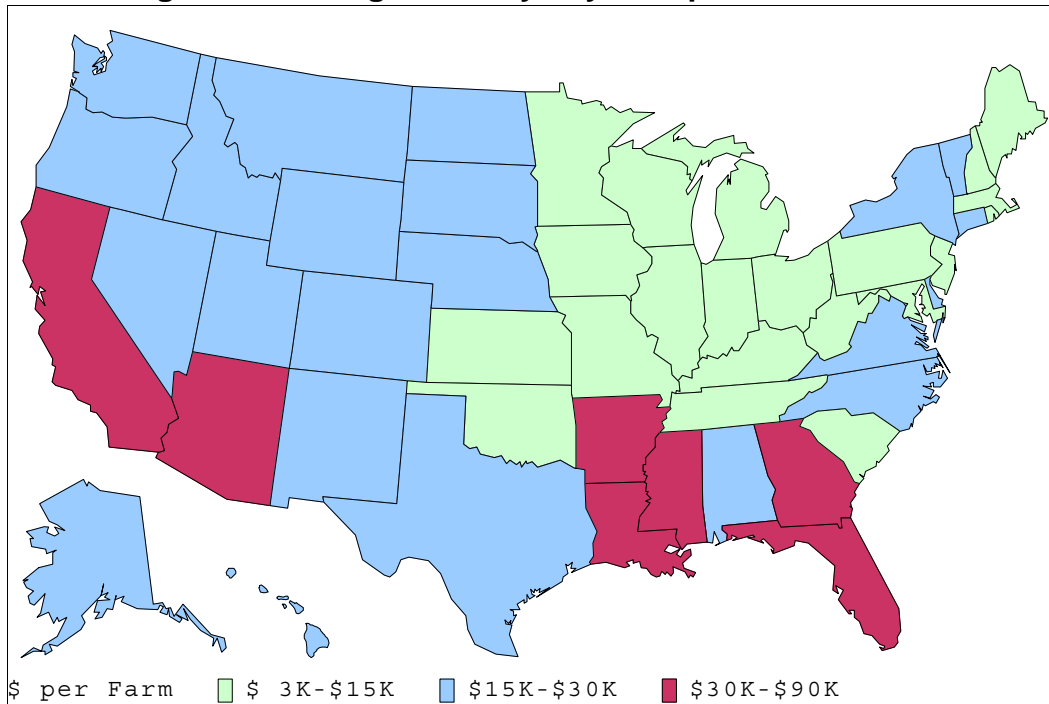
## Subsidy Payments per Farm

Total subsidy payments of \$12.151 billion divided among 707,596 recipient farms is equal to \$17,172 per farm. However, the average by state ranges from \$90,214 per farm in California to \$3,401 in West Virginia (see **Figure 5** and **Table 5**). Generally, the states with the largest per-farm payments are those that produce rice and cotton. Other states receiving the larger per-farm payments in 2002 benefitted from peanut quota buyout payments, disaster payments, and apple market loss assistance payments.

While each farm has an operator, there may be other individuals associated with the farm who are eligible to receive subsidy payments. Generally, individuals must be actively engaged in the farming operation to receive subsidy payments. Actively engaged means providing a significant contribution of capital, land, or equipment, as well as a significant contribution of personal labor or active personal management to the operation. This personal contribution of labor or management must be in proportion to the share of the farm's profits and losses and it must be at risk. A landlord receiving crop share rent is likely considered actively engaged while a landlord receiving cash rent is not actively engaged.<sup>9</sup>

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<sup>9</sup> The interpretation and application of the legal requirement concerning the phrase “actively engaged” was examined in General Accounting Office testimony titled *Farm Program Payments: USDA Should Correct Weaknesses in Regulations and Oversight to Better Ensure Recipients Do Not Circumvent Payment Limitations* before the Senate Committee on Finance on June 16, 2004 (GAO-04-861T).

**Figure 5. Average Subsidy Payment per Farm in 2002**

**Source:** Based on data from USDA, 2002 Census of Agriculture, and Environmental Working Group, Farm Subsidy Database.

Subsidy payments per farm (among only the farms receiving subsidies) averaged \$17,172 in 2002.

The highest per-farm payments were made in California, Arkansas, and Arizona.

- California (\$90,214 per farm) is notable for large rice, cotton, and dairy farms dominating the farm subsidy payments.
- Arkansas (\$84,480 per farm) is the leading rice state, with many of the rice farms being large. Also, rice cooperatives in Arkansas may be the initial recipient of payments that are subsequently distributed among member farms.
- Arizona (\$84,329 per farm) is notable for payments to a few, but large, cotton, dairy, and peanut farms.
- Large per-farm payments in Georgia and Florida reflect peanut quota buyout payments that were unique to 2002.
- Large per-farm payments in Mississippi reflect payments for peanuts, rice, cotton, and milk.
- Large per-farm payments in Louisiana reflect payments for rice, cotton, and milk.

**Table 5. Total Subsidy Payments Per Farm,  
by State, 2002**

Rank	State	Farms w/ Subsidies	Total Payments (thousand \$)	Subsidy Per Recipient Farm (average)
<b>All States</b>		<b>707,596</b>	<b>\$12,150,563</b>	<b>\$17,172</b>
1	California	7,228	\$652,065	\$90,214
2	Arkansas	7,811	\$659,871	\$84,480
3	Arizona	833	\$70,246	\$84,329
4	Georgia	15,510	\$660,662	\$42,596
5	Mississippi	12,383	\$437,762	\$35,352
6	Louisiana	7,562	\$262,702	\$34,740
7	Florida	2,554	\$82,881	\$32,451
8	Washington	7,332	\$215,736	\$29,424
9	Texas	42,217	\$1,208,944	\$28,636
10	Vermont	1,296	\$36,441	\$28,118
11	North Carolina	12,312	\$323,911	\$26,309
12	Nevada	439	\$11,378	\$25,918
13	Alaska	72	\$1,783	\$24,766
14	Idaho	7,098	\$165,428	\$23,306
15	New Mexico	3,246	\$74,323	\$22,897
16	Alabama	12,863	\$289,183	\$22,482
17	Montana	12,389	\$261,945	\$21,143
18	Wyoming	3,163	\$66,085	\$20,893
19	Colorado	10,163	\$210,758	\$20,738
20	Virginia	9,206	\$181,928	\$19,762
21	Connecticut	254	\$4,946	\$19,472
22	Delaware	617	\$11,939	\$19,350
23	Utah	2,987	\$54,304	\$18,180
24	Oregon	4,430	\$80,177	\$18,099
25	Hawaii	113	\$1,911	\$16,911
26	Nebraska	32,007	\$539,214	\$16,847
27	South Dakota	20,259	\$334,633	\$16,518
28	New York	9,896	\$159,377	\$16,105
29	North Dakota	23,892	\$383,645	\$16,057
30	Massachusetts	415	\$6,070	\$14,627
31	Maryland	3,372	\$48,953	\$14,517
32	Oklahoma	24,316	\$317,194	\$13,045
33	Illinois	47,857	\$615,111	\$12,853
34	Rhode Island	52	\$651	\$12,519
35	Indiana	26,841	\$334,917	\$12,478
36	Iowa	63,074	\$739,968	\$11,732
37	Kansas	39,191	\$456,829	\$11,656
38	New Jersey	582	\$6,476	\$11,127
39	Maine	1,244	\$13,745	\$11,049
40	Pennsylvania	11,991	\$130,179	\$10,856
41	South Carolina	6,112	\$65,358	\$10,693
42	Minnesota	43,927	\$467,542	\$10,644
43	Michigan	18,133	\$190,686	\$10,516

## CRS-18

Rank	State	Farms w/ Subsidies	Total Payments (thousand \$)	Subsidy Per Recipient Farm (average)
44	New Hampshire	359	\$3,701	\$10,308
45	Ohio	28,851	\$281,031	\$9,741
46	Missouri	43,379	\$405,873	\$9,356
47	Tennessee	16,034	\$145,723	\$9,088
48	Wisconsin	37,234	\$332,425	\$8,928
49	Kentucky	22,825	\$138,257	\$6,057
50	West Virginia	1,675	\$5,696	\$3,401

**Source:** Data on the number of farms receiving subsidies are from the *2002 Census of Agriculture*. Data on total subsidy payments are from the Environmental Working Group, *Farm Subsidy Database*.

## Subsidy Payments to Farm Operators and Landlords

There were 1,705,514 separate recipients of farm subsidy payments in 2002, associated with 707,596 farms. In nearly all cases, the recipients were individual farm operators and non-operator landlords. However, in some cases the recipients were legal business entities, such as partnerships, corporations, cooperatives, and trusts involving more than one individual. In the terminology of the law each of the farm operators, landlords, or other legal entities is called a “person” and is subject to limits on the size of payments from subsidy programs.<sup>10</sup>

A simplifying assumption is made for purposes of this analysis that each of the 707,596 farms receiving subsidy payments has a single operator. It is further assumed the difference between the 707,596 farm operators and the 1,705,514 total subsidy recipients (equaling 997,918) are farm landlords.<sup>11</sup> For the most part, these 997,918 landlords are the owners of farmland that is rented to operators. Often, the landlords are relatives of farm operators and neighboring landowners who have left farming. It is typical for farmland to be owned collectively by the children of a former farm family, none of whom remains in farming but who continue to retain ownership of their former family farm.

Given the aforementioned assumption, **Figure 6** and **Table 6** show the proportion of landlords to farm operators in each state. On average there were 1.41 landlords receiving subsidy payments for every farm operator who received payments. However, there was a range among states from 4.05 landlords per operator in Arizona down to 0.44 in Alaska. Differences between states in the ratio of farm operators to landlords reflect differing commodity specializations, regional approaches to farm consolidation, and regional attitudes toward farmland ownership. Also, annual per-person payment limits create an incentive to add actively engaged landlords rather than expand the acreage owned by the farm operator.

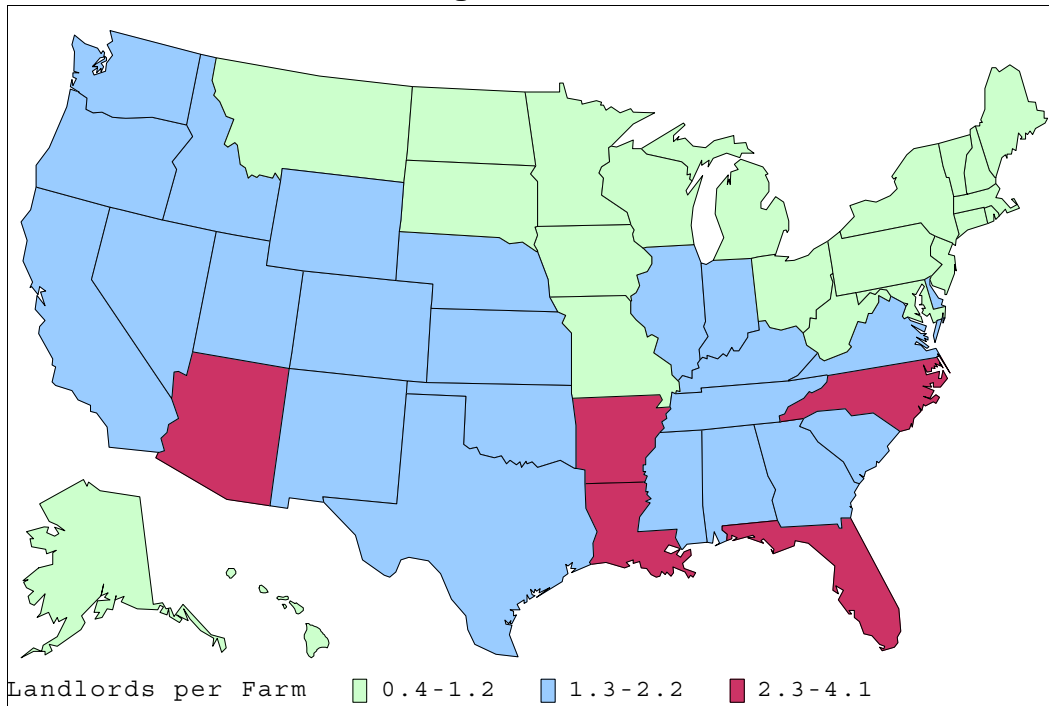
The national average farm subsidy payment to each farm operator in 2002 was \$9,251, and the average subsidy to each non-operator recipient was \$5,617. Since there were 1.41 off-farm landlords for each farm, the average subsidy per farm to off-farm landlords was \$7,921 (86% of the amount paid to each operator). **Table 7** shows the distribution payments to farm operators and **Table 8** shows the distribution of payments to off-farm landlords.

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<sup>10</sup> See CRS Report RS21779, *Grains, Cotton, Oilseeds, and Peanuts: Payments Under the 2002 Farm Bill*, for more information on per-person payment limits related to commodity support programs.

<sup>11</sup> To be eligible for commodity payments, a person must be actively engaged in farming. This can be achieved by providing a significant contribution of capital, land, or equipment, as well as a significant contribution of personal labor or active personal management to the operation. Few people qualify for commodity payments who are not operators or landlords.

**Figure 6. Average Number of Landlords per Farm Receiving Subsidies in 2002**



**Source:** Based on data from USDA, 2002 Census of Agriculture, and Environmental Working Group, Farm Subsidy Database.

The national average number of landlords (non-operator recipients) per farm that received subsidies in 2002 was 1.41.

- Arizona (4.1) and Louisiana (3.2) had the largest number of landlords per farm that received subsidies.
- In the northeast and along the northern border of the country there were more full owner-operators. These states fell below the national average of 1.41 landlord per farm.



**Table 6. Subsidy Recipients Per Farm, by State, 2002**

Rank	State	All Recipients	Operator Recipients	Landlord Recipients	Landlord Recipients Per Farm
<b>All States</b>		<b>1,705,514</b>	<b>707,596</b>	<b>997,918</b>	<b>1.41</b>
1	Arizona	4,209	833	3,376	4.05
2	Louisiana	31,889	7,562	24,327	3.22
3	North Carolina	46,599	12,312	34,287	2.78
4	Arkansas	28,758	7,811	20,947	2.68
5	Florida	8,340	2,554	5,786	2.27
6	Kentucky	74,083	22,825	51,258	2.25
7	Tennessee	51,298	16,034	35,264	2.20
8	Alabama	40,477	12,863	27,614	2.15
9	Georgia	46,951	15,510	31,441	2.03
10	Nevada	1,257	439	818	1.86
11	Kansas	111,751	39,191	72,560	1.85
12	Illinois	134,870	47,857	87,013	1.82
13	Virginia	25,375	9,206	16,169	1.76
14	New Mexico	8,916	3,246	5,670	1.75
15	California	19,780	7,228	12,552	1.74
16	Colorado	27,164	10,163	17,001	1.67
17	Indiana	71,615	26,841	44,774	1.67
18	Texas	111,512	42,217	69,295	1.64
19	South Carolina	16,134	6,112	10,022	1.64
20	Idaho	18,505	7,098	11,407	1.61
21	Oklahoma	63,183	24,316	38,867	1.60
22	Washington	18,650	7,332	11,318	1.54
23	Nebraska	78,240	32,007	46,233	1.44
24	Mississippi	29,444	12,383	17,061	1.38
25	Utah	7,063	2,987	4,076	1.36
26	Oregon	10,474	4,430	6,044	1.36
27	Delaware	1,436	617	819	1.33
28	Wyoming	7,360	3,163	4,197	1.33
29	Hawaii	253	113	140	1.24
30	Ohio	64,311	28,851	35,460	1.23
31	Montana	27,591	12,389	15,202	1.23
32	South Dakota	44,982	20,259	24,723	1.22
33	Massachusetts	909	415	494	1.19
34	Missouri	94,784	43,379	51,405	1.19
35	Vermont	2,821	1,296	1,525	1.18
36	Michigan	38,093	18,133	19,960	1.10
37	North Dakota	49,089	23,892	25,197	1.05
38	Maine	2,533	1,244	1,289	1.04
39	Rhode Island	105	52	53	1.02
40	West Virginia	3,297	1,675	1,622	0.97
41	Connecticut	494	254	240	0.94
42	New Jersey	1,129	582	547	0.94
43	Maryland	6,510	3,372	3,138	0.93
44	Iowa	119,308	63,074	56,234	0.89

Rank	State	All Recipients	Operator Recipients	Landlord Recipients	Landlord Recipients Per Farm
45	New Hampshire	643	359	284	0.79
46	New York	17,087	9,896	7,191	0.73
47	Minnesota	75,310	43,927	31,383	0.71
48	Wisconsin	63,345	37,234	26,111	0.70
49	Pennsylvania	19,992	11,991	8,001	0.67
50	Alaska	104	72	32	0.44

**Source:** Data on the number of subsidy recipients are from the Environmental Working Group, *Farm Subsidy Database*. The data on the number of farm operators receiving subsidies are assumed to equal the number of farms receiving subsidies, which are from the *2002 Census of Agriculture*.

**Table 7. Average Subsidy Payments to Farm Operators,  
by State, 2002**

Rank	State	Operator Recipients	Payments to Operators	
			Total \$ (thousand)	\$ Per Operator
<b>All States</b>		<b>707,596</b>	<b>\$6,545,678</b>	<b>\$9,251</b>
1	Arizona	833	\$31,760	\$38,127
2	Arkansas	7,811	\$238,577	\$30,544
3	Alaska	72	\$1,765	\$24,514
4	California	7,228	\$168,698	\$23,340
5	Vermont	1,296	\$24,377	\$18,809
6	Washington	7,332	\$133,763	\$18,244
7	Montana	12,389	\$210,749	\$17,011
8	Louisiana	7,562	\$123,599	\$16,345
9	New Mexico	3,246	\$50,201	\$15,465
10	Connecticut	254	\$3,681	\$14,492
11	Delaware	617	\$8,643	\$14,008
12	Idaho	7,098	\$93,934	\$13,234
13	Texas	42,217	\$528,979	\$12,530
14	Colorado	10,163	\$125,774	\$12,376
15	North Dakota	23,892	\$293,067	\$12,266
16	Wyoming	3,163	\$37,913	\$11,986
17	Oregon	4,430	\$52,085	\$11,757
18	Mississippi	12,383	\$145,508	\$11,751
19	New York	9,896	\$110,234	\$11,139
20	Nebraska	32,007	\$347,517	\$10,858
21	New Hampshire	359	\$3,823	\$10,649
22	South Dakota	20,259	\$215,084	\$10,617
23	Massachusetts	415	\$4,268	\$10,284
24	Rhode Island	52	\$528	\$10,154
25	Nevada	439	\$4,322	\$9,845
26	Maryland	3,372	\$33,131	\$9,825
27	Utah	2,987	\$26,669	\$8,928
28	Illinois	47,857	\$412,636	\$8,622
29	Iowa	63,074	\$538,896	\$8,544
30	Florida	2,554	\$21,818	\$8,543
31	Kansas	39,191	\$328,244	\$8,375
32	Indiana	26,841	\$224,701	\$8,372
33	Minnesota	43,927	\$350,709	\$7,984
34	Michigan	18,133	\$144,771	\$7,984
35	North Carolina	12,312	\$97,696	\$7,935
36	Hawaii	113	\$886	\$7,841
37	Georgia	15,510	\$118,535	\$7,642
38	New Jersey	582	\$4,441	\$7,631
39	Pennsylvania	11,991	\$85,794	\$7,155
40	Maine	1,244	\$8,664	\$6,965
41	Ohio	28,851	\$197,425	\$6,843
42	Wisconsin	37,234	\$247,942	\$6,659

Rank	State	Operator Recipients	Payments to Operators	
			Total \$ (thousand)	\$ Per Operator
43	South Carolina	6,112	\$38,384	\$6,280
44	Oklahoma	24,316	\$149,942	\$6,166
45	Missouri	43,379	\$264,475	\$6,097
46	Alabama	12,863	\$77,930	\$6,058
47	Virginia	9,206	\$54,677	\$5,939
48	Kentucky	22,825	\$94,053	\$4,121
49	Tennessee	16,034	\$59,231	\$3,694
50	West Virginia	1,675	\$5,180	\$3,093

**Source:** Operator recipients are assumed to match data on farms receiving subsidies as reported by the 2002 Census of Agriculture.

**Table 8. Average Subsidy Payments to Landlords,  
by State, 2002**

Rank	State	Landlord Recipients	Payments to Landlords	
			Total \$ (thousand)	\$ Per Landlord
<b>All States</b>		<b>997,918</b>	<b>\$5,604,885</b>	<b>\$5,617</b>
1	California	12,552	\$483,367	\$38,509
2	Arkansas	20,947	\$421,294	\$20,112
3	Georgia	31,441	\$542,127	\$17,243
4	Mississippi	17,061	\$292,254	\$17,130
5	Arizona	3,376	\$38,486	\$11,400
6	Florida	5,786	\$61,063	\$10,553
7	Texas	69,295	\$679,965	\$9,813
8	Nevada	818	\$7,056	\$8,626
9	Vermont	1,525	\$12,064	\$7,911
10	Virginia	16,169	\$127,251	\$7,870
11	Alabama	27,614	\$211,253	\$7,650
12	Hawaii	140	\$1,025	\$7,321
13	Washington	11,318	\$81,973	\$7,243
14	New York	7,191	\$49,143	\$6,834
15	Utah	4,076	\$27,635	\$6,780
16	Wyoming	4,197	\$28,172	\$6,712
17	North Carolina	34,287	\$226,215	\$6,598
18	Idaho	11,407	\$71,494	\$6,268
19	Louisiana	24,327	\$139,103	\$5,718
20	Pennsylvania	8,001	\$44,385	\$5,547
21	Connecticut	240	\$1,265	\$5,270
22	Maryland	3,138	\$15,822	\$5,042
23	Colorado	17,001	\$84,984	\$4,999
24	South Dakota	24,723	\$119,549	\$4,836
25	Oregon	6,044	\$28,092	\$4,648
26	Oklahoma	38,867	\$167,252	\$4,303
27	New Mexico	5,670	\$24,122	\$4,254
28	Nebraska	46,233	\$191,697	\$4,146
29	Delaware	819	\$3,296	\$4,025
30	Maine	1,289	\$5,081	\$3,942
31	Minnesota	31,383	\$116,833	\$3,723
32	New Jersey	547	\$2,035	\$3,720
33	Massachusetts	494	\$1,802	\$3,648
34	North Dakota	25,197	\$90,578	\$3,595
35	Iowa	56,234	\$201,072	\$3,576
36	Montana	15,202	\$51,196	\$3,368
37	Wisconsin	26,111	\$84,483	\$3,236
38	Missouri	51,405	\$141,398	\$2,751
39	South Carolina	10,022	\$26,974	\$2,691
40	Indiana	44,774	\$110,216	\$2,462
41	Tennessee	35,264	\$86,492	\$2,453

Rank	State	Landlord Recipients	Payments to Landlords	
			Total \$ (thousand)	\$ Per Landlord
42	Ohio	35,460	\$83,606	\$2,358
43	Illinois	87,013	\$202,475	\$2,327
44	Rhode Island	53	\$123	\$2,321
45	Michigan	19,960	\$45,915	\$2,300
46	Kansas	72,560	\$128,585	\$1,772
47	Kentucky	51,258	\$44,204	\$862
48	Alaska	32	\$18	\$568
49	West Virginia	1,622	\$516	\$318
50	New Hampshire	284	-\$122	-\$431

**Source:** Data in this table are tabulated from 2002 *Census of Agriculture* and Environmental Working Group, *Farm Subsidy Database*, data shown elsewhere in this report.

## Concentration of Farm Subsidy Payments

Data on average payment per farm operator and the average payment per landlord mask the fact that payments were concentrated among a comparatively small proportion of the recipients. **Table 9** shows that 85,358 top recipients (5% of all recipients) received 50% of all payments for an average of \$70,523 per recipient. Included in the very top recipients are a number of cooperatives, corporations, and trusts that divided the payments among several and sometimes numerous farmers. In addition, several individuals received multi-million dollar payments, particularly in conjunction with the peanut quota buyout.

**Table 9. Farm Subsidy Payments Reach a Large Number of Recipients, But Most of the Money Goes to a Few**

% of All Recipients	% of Payments	Number of Recipients	Total Subsidy Payments	Average Payment Per Recipient
Top 5%	50%	85,358	\$6,019,739,668	\$70,523
Next 5%	15%	85,359	\$1,865,686,784	\$21,857
Next 10%	16%	170,718	\$1,970,454,705	\$11,542
Remaining 80%	19%	1,365,741	\$2,294,682,028	\$1,680
All Recipients	100%	1,705,514	\$12,150,563,185	\$7,124

**Source:** Environmental Working Group, *Farm Subsidy Database*.