

2025 REPORTS

What Farmers Can Expect From the American Relief Act

By John Newton, Ph.D.

The American Relief Act of 2025 provided the USDA with nearly \$31 billion to deliver ad hoc financial assistance to crop and livestock farmers experiencing economic and natural disasters (Congress also included a one-year farm bill extension). The financial assistance is a response to multiple hardships for U.S. agriculture:

- A historic downturn in the farm economy
- Expectations for crop margins to remain at or below break-even levels for a third consecutive year
- Multiple years of catastrophic natural disasters such as wildfires, droughts and hurricanes

The relief for natural disasters could potentially follow the framework of previous disaster assistance programs such as the Emergency Relief Program or the Wildlife and Hurricane Indemnity Program. Congress was much more prescriptive, however, on how to deliver relief for economic disasters to crop farmers.

The economic assistance payments, expected within 90 days of the law's December 21 enactment, are a modified version of the Farmer Assistance and Revenue Mitigation Act of 2024 (FARM Act), with a minimum payment based on 8% of the covered commodity's statutory reference price. The statutory reference price for corn, for example, is \$3.70/bu.

While the USDA ultimately has a significant amount of discretion in designing and administering the farm economic assistance payment, it is possible to use USDA cost-of-production forecasts, crop-level yield data, marketing year average price expectations, and Farm Service Agency program data to estimate the potential economic assistance payments by crop and by state.¹

¹These estimates should not be considered final, as payment rates will likely change as the USDA designs and implements the program.

FARM ECONOMIC ASSISTANCE PAYMENTS BY CROP

The American Relief Act’s farm economic assistance payment rates are calculated using either the reference price method or the cost-of-production method. The rate is then multiplied by an individual farmer’s planted acres and 50% of acres prevented from being planted in 2024. Based on the USDA’s crop acreage data on acres planted, failed, and prevented from being planted, I project economic assistance payments will total approximately \$9.8 billion.

These economic assistance payments could range from a high of \$87/ac. for cotton to a low of \$29/ac. for soybeans.

Of that total, corn, soybean and wheat producers combined are expected to receive nearly \$7.9 billion, or more than 80% of the economic support provided by Congress. Producers of other major crops such as cotton, sorghum, rice and peanuts are expected to receive nearly 16% of the support at \$1.6 billion.

For major program crops such as corn, soybeans, wheat, sorghum, oats and cotton, the estimated economic assistance payments offset a portion (26% on average nationally) of the farm’s negative margins – defined as the difference between the USDA’s estimated cost of production and the estimated revenue. These economic assistance payments could range from a high of \$87/ac. for cotton to a low of \$29/ac. for soybeans.

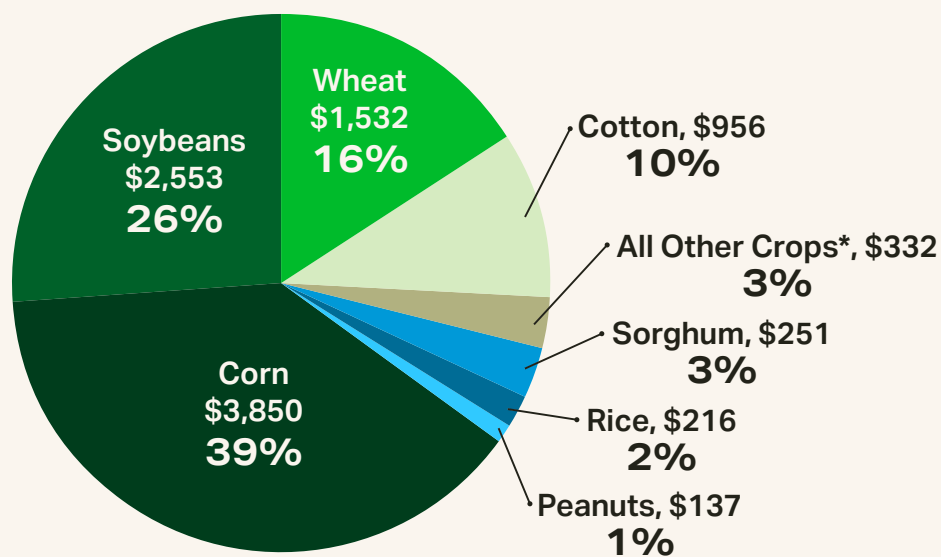
For other crops such as barley, peanuts and rice, the estimated economic assistance payments are expected to be based on the statutory reference price method. My calculations show a payment range of a high of \$76/ac. for peanuts to a low of \$5/ac. for sesame.

STATE-LEVEL FARM ECONOMIC ASSISTANCE PAYMENTS

The state-level distribution of economic assistance payments follows closely where the acres planted, failed, and prevented from being planted are located, and where the program payments by crop are the largest.

\$10 Billion in Farm Economic Assistance Payments

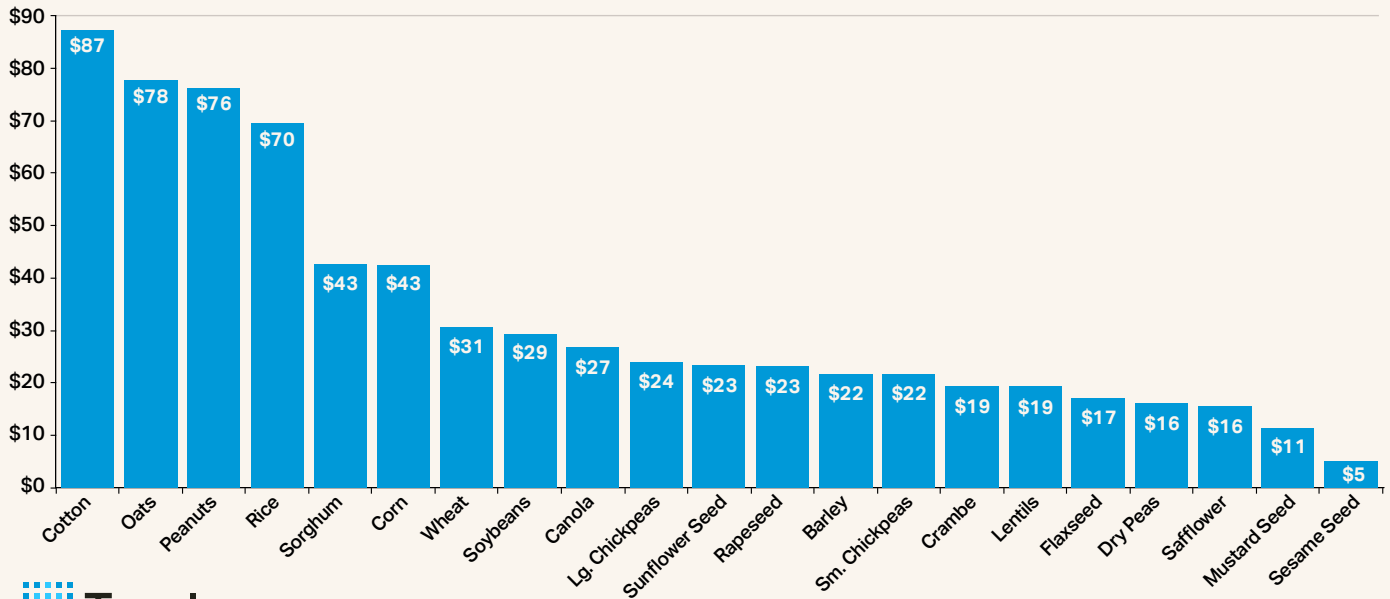
Estimated American Relief Act Farm Payments by Crop, Millions



*Other Crops include barley, oats, dry peas, lentils, chickpeas, and other oilseeds.
Sources: USDA ERS, USDA NASS, USDA FSA, Terrain

Farm Economic Assistance Payment Rates by Crop

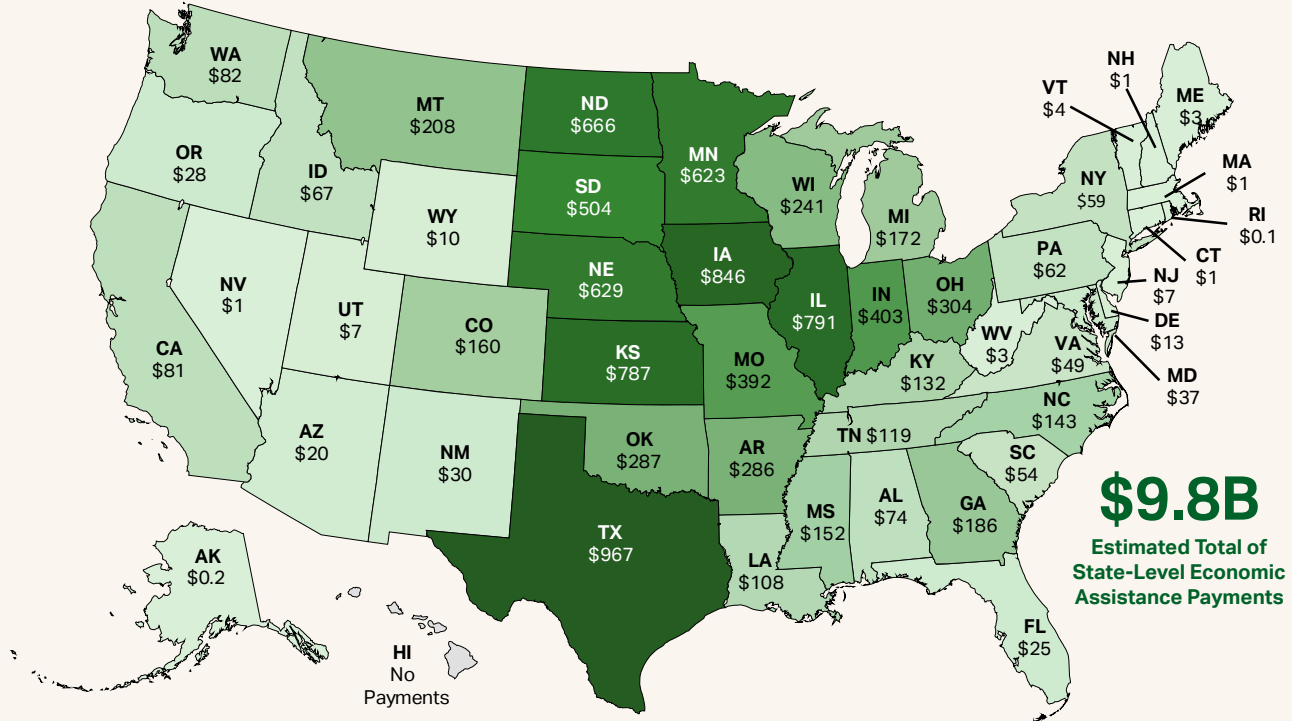
Estimated American Relief Act Farm Payments, Dollars per Acre



Sources: USDA ERS, USDA NASS, USDA FSA, Terrain

Farm Economic Assistance Payments by State

Estimated American Relief Act Farm Payments, Millions



Sources: USDA ERS, USDA NASS, USDA FSA, Terrain

Nationally, the average economic assistance payment is projected at \$38/ac.

For example, with more than 18 million acres eligible for economic assistance payments and a third of those acres eligible for the largest per acre payment, Texas is projected to receive the most support at \$967 million. Following Texas, corn belt states such as Iowa and Illinois and Plains states such as Kansas, Nebraska and the Dakotas are all projected to receive more than \$500 million each – with Iowa being the second highest nationally at \$846 million, followed by Illinois at \$791 million.

Nationally, the average economic assistance payment is projected at \$38/ac. and ranges from a low of \$28/ac. in Montana to a high of \$71/ac. in Georgia.

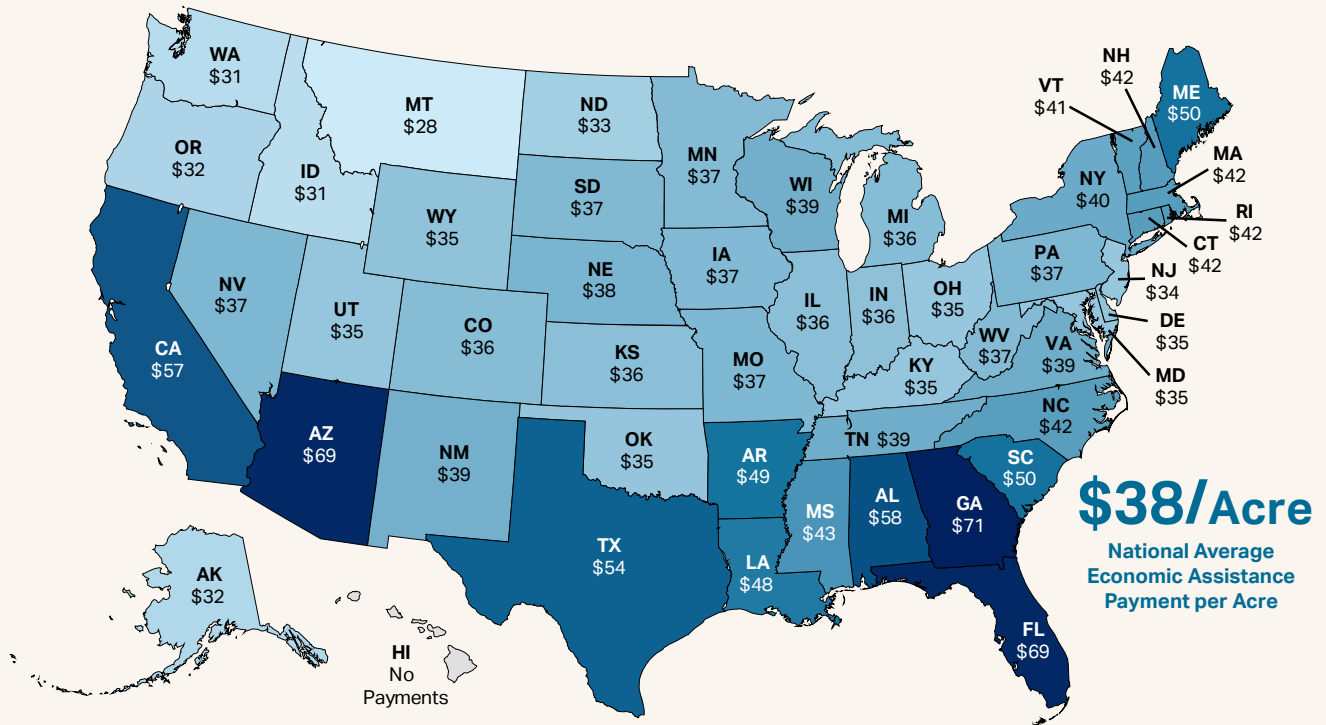
At the state level, the average expected payment per acre reflects crop mix and the estimated level of program payments. With nearly 40% of the acres in Georgia projected to receive farm economic assistance payments on cotton acres (cotton is expected to see the highest payment rate per acre), the average per acre payment tops the nation at \$71/ac. Following Georgia, Florida and Arizona are each expected to receive \$69/ac., driven by a large share of the eligible acres being in peanut or cotton production, and their associated revenue shortfalls, respectively.

PAYMENTS ARRIVE AT CRUCIAL TIME

For crop farmers, the economic headwinds in agriculture have been increasing for years as crop prices and revenues have fallen sharply while input costs remain elevated. These economic challenges have coincided with catastrophic natural disasters

What Will Farmers in Each State Receive?

Estimated American Relief Act Farm Payments, Dollars per Acre



Sources: USDA ERS, USDA NASS, USDA FSA, Terrain

such as hurricanes at harvest, wildfires and droughts to roil the financial position of many farm families across the U.S.

While farm bill programs like crop insurance and commodity support programs are designed to protect against declines in prices, revenues or, even worse, a prolonged downturn in the farm economy, these farm bill programs have not been meaningfully updated in over a decade.

To provide a bridge until a new, five-year farm bill can be reauthorized, Congress provided nearly \$31 billion in ad hoc support to farmers — \$10 billion of which is specifically designed to help offset lower crop revenues in the face of historically high input costs. This onetime

economic assistance payment will help bolster the health of the farm economy as farmers prepare for the upcoming growing season.²

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²Industry estimates of economic assistance payments will vary based on the assumptions made on the 10-year average yields and the Price Loss Coverage program yields used in the program payment formula.



ABOUT THE AUTHOR



John Newton, Ph.D., is the Executive Head of Terrain. Guiding the team's endeavors, he has more than two decades of experience using data to address agriculture's challenges. John has a deep understanding of how governmental policy and risk management programs impact the financial outcomes of America's farming and ranching families, most recently serving as Republican Chief Economist for the U.S. Senate Committee on Agriculture, Nutrition & Forestry. He earned his Ph.D. in agricultural economics and master's degrees in applied economics and macroeconomics from the Ohio State University.

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