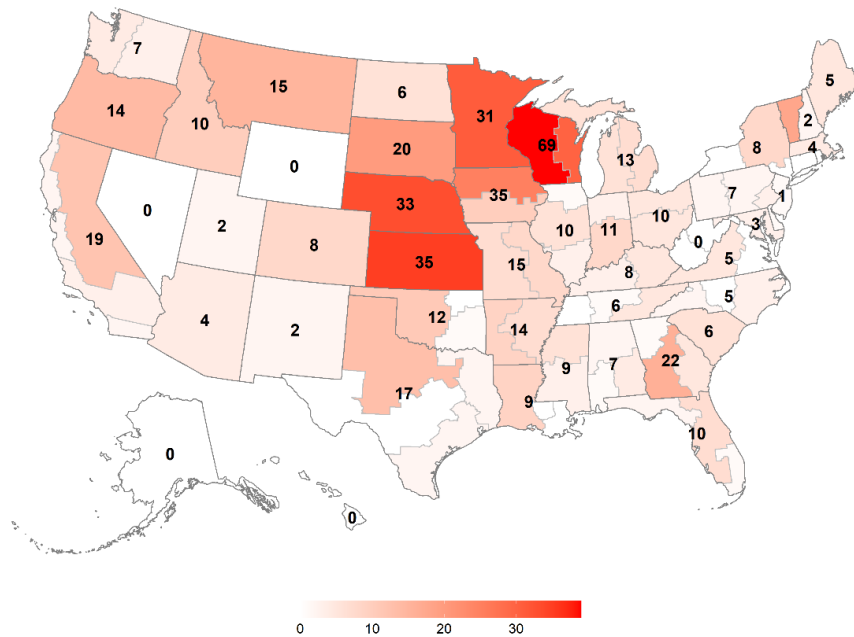


Farm Bankruptcies Update: Fourth Quarter of 2020

Kevin N. Kim and Ani L. Katchova
Farm Income Enhancement Program
Department of Agricultural, Environmental, and Development Economics
The Ohio State University
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The US Courts recently released the bankruptcy filing numbers for the fourth quarter of 2020. Despite the concern over the sharp increase in the number of new COVID-19 cases with the third wave of outbreak which started at the end of 2020, a total of 120 Chapter 12 bankruptcies were reported in the fourth quarter of 2020. This is a decrease from the 147 bankruptcy filings in the fourth quarter of 2019. This is also a decrease from the third quarter of 2020, when 149 Chapter 12 bankruptcy filings were reported.

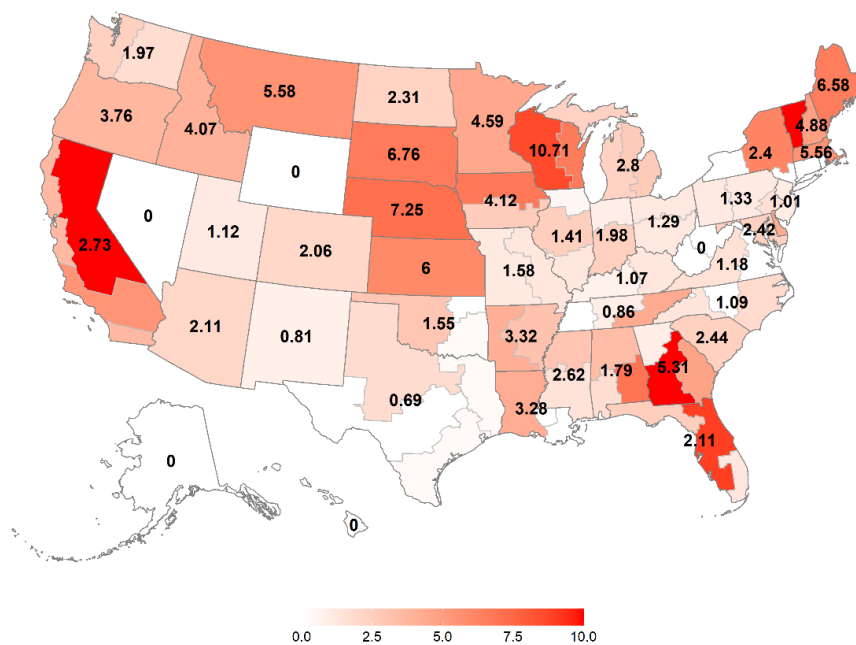
Total Chapter 12 Bankruptcies Filed
 From January 2020 through December 2020: 553



Combined with the bankruptcy filings in the first half of 2020, there were a total of 553 Chapter 12 bankruptcies filed in 2020, which is a decrease compared to the previous year. In 2019, a total of 601 Chapter 12 bankruptcy filings were reported, making the 2020 bankruptcy filing cases lower by 8% compared to the previous year. Historically, the number of farm bankruptcy filings has been lower for the second half of each year, based on statistics since 2010. Bankruptcy filings in 2020 also followed

this trend, as the number of farm bankruptcy filings reached 284 in the first half of the year, while a total of 269 bankruptcy filings were reported in the second half of 2020. The only other exception from this trend was in 2019, when the number of Chapter 12 bankruptcy filings were 294 in the first half of the year and 307 for the second half of the year, respectively.

Total Chapter 12 Bankruptcies Filed per 10,000 Farms
From January 2020 through December 2020: 2.65



The farm bankruptcy rate in Ohio was again below the national leverage. In Ohio, there were 10 farm bankruptcy filings reported in 2020, representing 1.8% of total farm bankruptcy filings in the US. When converted, the number is equal to 1.41 farm bankruptcy filing per 10,000 farms in Ohio. On a national level, there were 2.65 Chapter 12 bankruptcies per 10,000 farms from January 2020 through December 2020, a rate that is twice higher than the observed rate in Ohio. Yet, the national level bankruptcy rate was significantly below the historical average of 4.37 between 1986 and 2020.

During the pandemic, the U.S. farm economy has been supported by strong government payments; government payments reached \$46.3 billion in 2020, the largest amount in history. While farmers experienced a decrease in cash receipts, net farm income reached \$121.1 billion in 2020 with government payments compensating for the loss in cash receipts. Farmland values also remained strong; the Federal Reserve Bank of Chicago has stated that exceptionally low interest rates, which are expected to continue into 2023, and consistent demand for farmland were the main drivers of strong farmland values.

Overall, the number of Chapter 12 bankruptcy filings has not increased in the fourth quarter of 2020 nor in 2020 as many had been initially concerned at the beginning of the pandemic. However, it must be noted that 2020 farm cash income and net farm income were boosted heavily by the ad hoc and COVID-19-related government payments, which are forecasted to decrease in 2021.