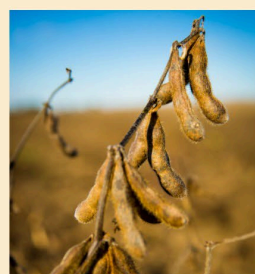
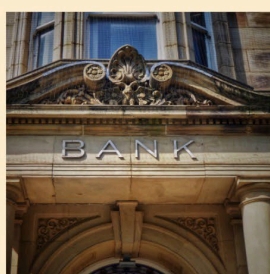
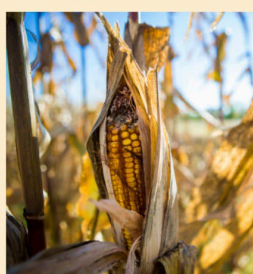




Rural & Farm Finance
Policy Analysis Center
University of Missouri

FALL 2025 FARM INCOME OUTLOOK FOR TEXAS

October 2025
RaFF Report 2025-20



The Goal of this Report

In September 2025, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) released state-level farm income estimates through calendar year 2024 and national farm income projections for calendar year 2025. The present report published by the Rural and Farm Finance Policy Analysis Center (RaFF) provides an updated outlook for Texas farm income in calendar years 2025 and 2026. It intends to inform policymakers, industry analysts, and agricultural practitioners about the state agricultural sector's expected profitability and its main drivers.

Methods Used to Develop the Outlook

The RaFF Farm Income Model consists of a collection of equations calibrated using historical data from the USDA's ERS, Risk Management Agency, and Farm Service Agency. RaFF's state-level forecasts are obtained by feeding national and regional projections from the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU 2025) to the RaFF model.

How Farm Income is Measured

Following the ERS methodology (USDA/ERS 2025a), net cash farm income is calculated based on cash receipts, government payments, and insurance indemnities minus cash expenses in the calendar year when the cash flow occurs. Net cash farm income is adjusted by non-cash income and expenses and changes in inventory values to obtain a net farm income (NFI) measure.

Disaster Relief Payments in 2025 and 2026

As of October 22, 2025, the federal government shutdown has extended for three weeks and there is no clarity on how fast the Farm Service Agency (FSA) will be able to disburse payments to farmers and ranchers from Title I programs or the American Relief Act (ARA) of 2025. As of October 10, 2025, the FSA reported having disbursed \$16.06 billion through three major ARA programs: the Emergency Commodity Assistance Program (ECAP), the Emergency Livestock Relief Program (ELRP), and the Supplemental Disaster Relief Program (SDRP).

RaFF's projections assume that all payments from Title I programs will be disbursed in calendar year 2025, as well as an additional \$7.72 billion from the ARA programs, reaching a cumulative total of \$23.78 billion disbursed of the \$30.78 billion (77%) by the end of the year. The remaining \$7.00 billion in ARA programs are assumed to be disbursed in calendar year 2026. The distribution of payments across states is assumed proportional to the state shares from ECAP, ELRP, and SDRP in 2025.

National Farm Income Trends

In September 2025, the ERS projected that U.S. NFI would increase by 41% in nominal terms from \$127.83 billion in 2024 to \$179.85 billion in 2025 (USDA/ERS 2025b). A \$30.42 billion increase in direct government payments is the major driver of this projected improvement in NFI, followed by a projected \$20.24 billion increase in cash receipts from meat animals, and a \$10.15 billion increase in cash receipts from poultry and eggs. Cash receipts from crops are expected to drop by \$6.07 billion, while an \$8.06 billion increase in crop inventory values would push the total value of crop production up by \$1.99 billion in 2025. Livestock and poultry purchases are the main driver of the \$11.12 billion projected increase in total agricultural expenses.

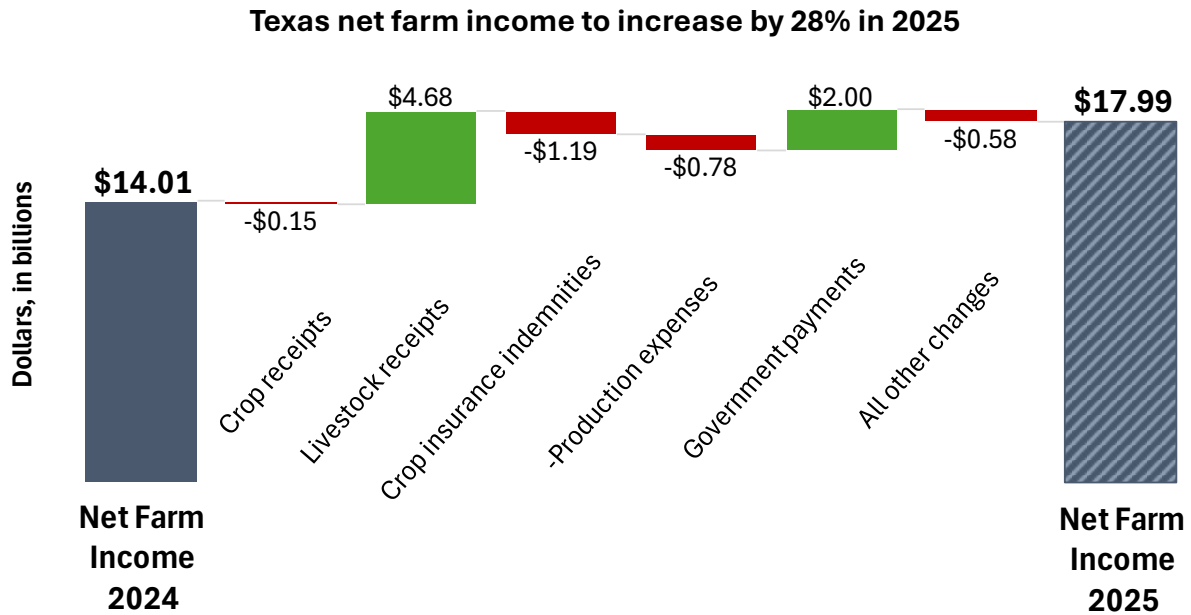
Also in September 2025, FAPRI projected that U.S. NFI would increase by 34% in inflation-adjusted terms from \$131.59 billion in 2024 to \$176.72 billion in 2025 (FAPRI-MU 2025). In agreement with ERS projections, the main driver of NFI according to FAPRI projections will be government payments, totaling \$40.48 billion in 2025 which is \$29.92 billion higher than in 2024. Similarly, FAPRI projections for 2025 are indicative of higher cash receipts from cattle (\$17.71 billion more than 2024) and hogs (+\$2.24 billion), and poultry and eggs (+\$10.31 billion), lower crop receipts (-\$6.47 billion), and higher expenses on purchased livestock (+\$10.58 billion).

The present Texas Farm Income Outlook by RaFF incorporates information from USDA/ERS (2025b) and FAPRI-MU (2025).

Texas Farm Income in 2025

Texas net farm income is projected to increase by 28% to \$17.99 billion in 2025, largely due to a substantial increase in livestock receipts and emergency relief government payments for agricultural losses in recent years, including 2024. Crop receipts are expected to decrease slightly in 2025, by \$149.56 million (-2%), while livestock receipts are expected to increase by \$4.68 billion (20%). Production expenses are projected to increase by \$0.78 billion (3%), as purchased livestock, chemicals, hired labor, and repair and maintenance expenses rise throughout 2025.

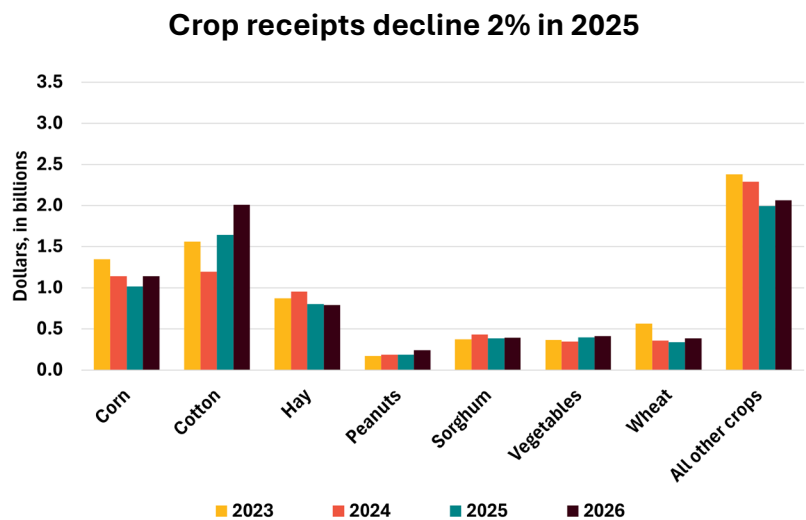
A projected \$2.00 billion (203%) increase in direct government payments, totaling \$2.99 billion, more than offsets the loss in crop insurance indemnities and crop receipts in 2025. Texas' projected 28% increase in net farm income is smaller than the projected 41% increase in U.S. net farm income for 2025.



Texas Crops

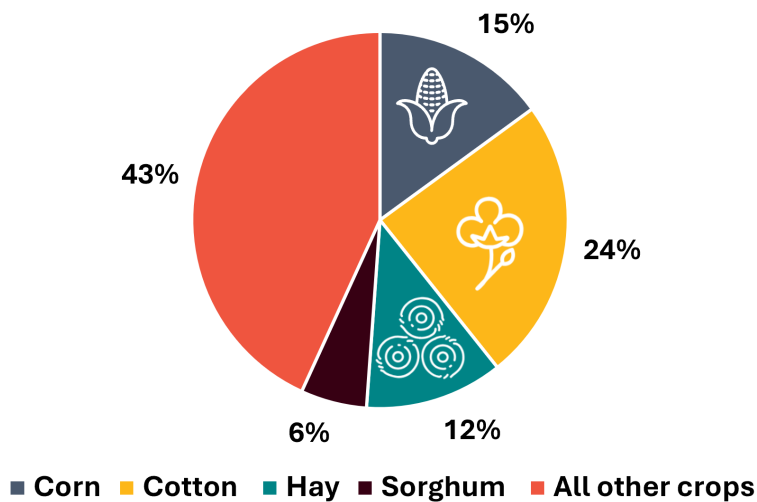
Total crop acres planted in 2025 are projected to remain stable, while crop receipts for the year are projected to decline slightly, by \$149.56 million (-2%), to \$6.77 billion with the largest declines in corn, hay, and sorghum receipts.

Cotton planted area decreased 661,000 acres (-11%) in 2025, to 5.32 million acres. However, a 4% increase in yields would result in a 26% increase in production to 5.14 million bales. Lower cotton prices are offset by increased production, resulting in a \$0.45 billion (37%) higher forecast for cotton receipts in 2025. Increased production and higher prices would translate to an additional \$0.37 billion (22%) increase in cotton receipts to \$2.01 billion in 2026.



In 2025, corn planted area was projected to increase 300,000 acres (14%), while better growing conditions would increase production by 37.68 million (18%) bushels. However, lower corn prices and smaller inventories of the old crop are projected to offset the production increase, reducing corn receipts by \$127.23 million (-11%), to \$1.01 billion in 2025. Receipts are projected to recover in 2026 largely due to anticipated higher corn prices.

2025 Share of Crop Receipts



Hay acres harvested in 2025 were reported slightly lower, at 4.80 million acres, a 2% decrease from the previous year. Despite stable hay prices, lower yields and production are expected to reduce hay cash receipts by \$151.40 million (-16%) for 2025, to \$0.80 billion. Receipts would be lower yet in 2026, as production is projected to see a 4% decline.

Wheat receipts are projected to be \$20.97 million (-6%) lower, at \$339.92 million as reduced production (-15%) and lower prices (-8%) set in for 2025, despite 19% higher yields. Texas

sorghum production increased 13% in 2025, to \$101.48 million bushels. However, a 9% reduction in prices translates to a \$49.47 million (-11%) loss in cash receipts compared to the previous year. Peanut production increased by 250.40 million pounds (44%) in 2025, as area planted and yields increased; however, 3% lower prices and small inventories from 2024 are expected to offset the positive developments in 2025, maintaining cash receipts stable.

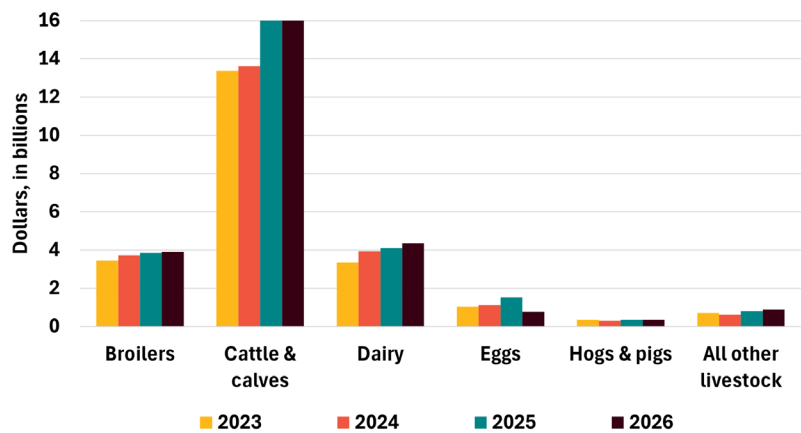
Cash receipts from vegetables are projected 14% higher in 2025, to \$396.97 million, as receipts for dry onions and potatoes increased 27% and 19% respectively. Total crop receipts are projected to increase 10% to \$7.45 billion in 2026, driven largely by increases in cotton, corn, peanuts, and wheat receipts.

Texas Livestock

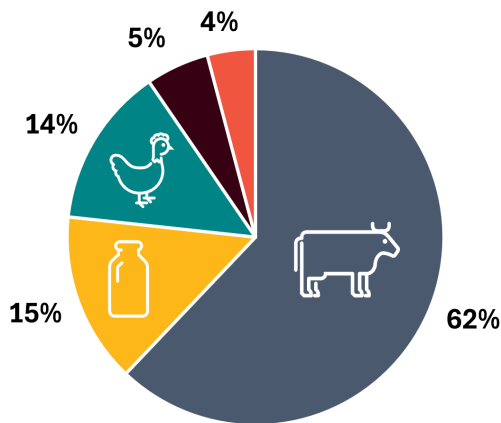
Cattle receipts are expected to increase by \$3.79 billion (28%) to \$17.41 billion in 2025, as prices and marketings trend 21% and 6% higher, respectively. Texas cattle and calves' inventory was at 12.20 million head as of January 2025, up 200,000 head from the previous year. The beef cow inventory increased 60,000 head (1%), while the calf crop declined by 63,820 head (-1%).

Anticipated lower cattle inventories and higher prices could support 4% higher cash receipts in 2026, at \$18.09 billion.

Livestock receipts increase by 20% in 2025



2025 Share of Livestock Receipts



■ Cattle ■ Dairy ■ Broilers ■ Eggs ■ All other livestock

Lower milk prices are offset by a 37,960 head (6%) increase in the number of milk cows on farms, steady milk production per cow and increased (7%) overall milk production, raising dairy receipts by \$157.79 million (4%) to \$4.10 billion in 2025. Dairy receipts are projected to increase 6% in 2026.

Stable broiler production and 2% stronger prices raise cash receipts by 3% to \$3.85 billion in 2025. Broiler cash receipts are projected to increase an additional 2% in 2026 due to increased production. Egg

receipts are projected to reach a record-high in 2025, at \$1.52 billion, as a 4% decline in production is offset by a 41% increase in prices.

A 30,000 head (3%) increase to market hog inventories, coupled with a 10% increase in prices, raises cash receipts a projected \$59.86 million (20%) to \$362.14 million in 2025. This increase is also supported by a 111,750 head (4%) increase in Texas' pig crop and a 37.33 million pound (8%) increase in marketings.

Texas Expenses

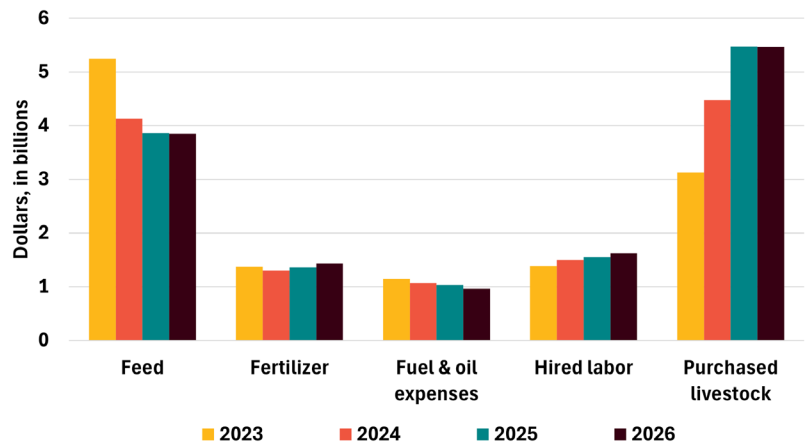
Total production expenses in Texas would increase by \$0.78 billion (3%) to 25.32 billion in 2025, in tandem with purchased livestock purchases.

Purchased livestock expenses would increase by \$1.00 billion (22%) to \$5.47 billion in 2025, before stabilizing in 2026.

Feed expenses are projected to decline by \$273.06 million (-7%) to \$3.86 billion in 2025 and remain steady in 2026.

Fuel and oil expenses decline by \$39.16 million (-4%), while fertilizer and soil amendments increase by \$59.44 million (5%) and electricity expenses increase by \$20.62 million (5%). Declines in interests, net rent to landlords, and contracted labor provide some relief.

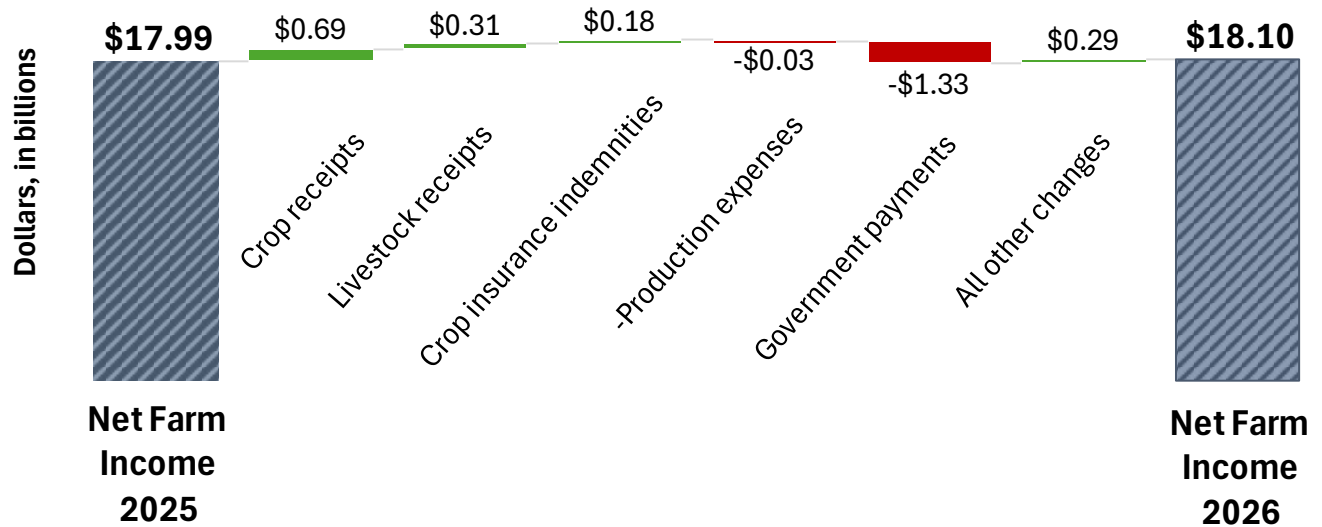
Production expenses increase 3% in 2025



Texas Farm Income in 2026

Net farm income is projected to remain stable in 2026 at \$18.10 billion (+1%) as direct government payments return to historical average levels, offsetting small increases in farm and livestock receipts. Texas net farm income averages \$17.08 billion across the 10-year baseline projection (2025-2034).

Net farm income to remain stable in 2026



Disclaimer

The results presented in this report do not consider market uncertainty. Small proportional changes in cash receipts or production expenses can dramatically change the outlook for net farm income.

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