



CONSUMER**ENERGY**ALLIANCE

FROM FARM TO FAMILY TABLE

How Energy Costs Shape America's Food
Prices



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ENERGY AND FOOD: THE DOLLARS & CENTS BETWEEN THE FARM AND YOUR TABLE

When a family sits down for a meal, they likely are not thinking about how the food got to their plates. Not just the preparation in the kitchen that makes the meal, but the American farmers and ranchers that provided the food.

When you look down at your mashed potatoes, think about the process that went beyond mashing and seasoning. A farmer grew and harvested that potato using fertilizer, water, dirt, and machinery. That potato was then packaged and distributed with other potatoes with more heavy machinery to be sold at a grocery store, which took a diesel-powered semi-truck to get to its destination. Then, the family goes to the store and purchases the potatoes from a temperature-controlled store from a produce section with automated water and light to keep things fresh.

It doesn't end there. The family then gets in their car and drives home to boil the potatoes on the stove using electricity or gas to then serve them as a side dish on the table.

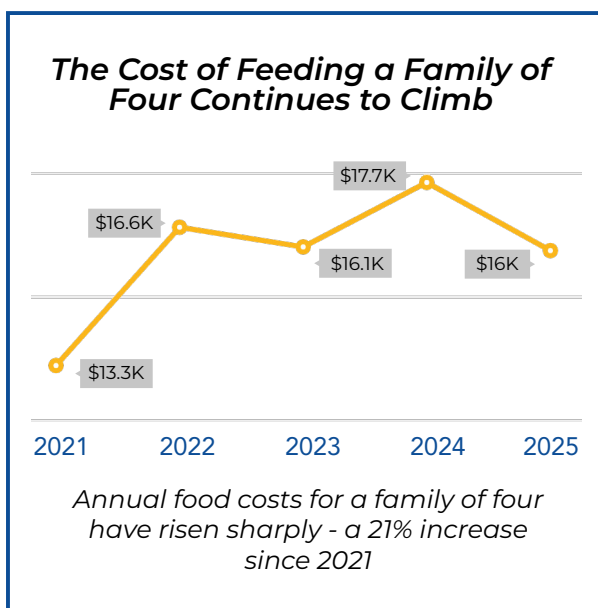
Besides the potato, what else made the journey we described possible, working in the background to bring the food from farm to table? Energy.

Every aspect of the farm-to-table story required energy to get the potato from the ground to being mashed, baked or served au gratin. This is why grocery prices are intertwined with energy prices, which directly affects farmers and in turn, families.

Roughly [97%](#) of American farms are family-owned, and many [rely](#) on off-farm income to make ends meet each year. **Rising energy costs** add to the strain, **making it more expensive to produce the milk, meat, and cheese that end up on your family's kitchen table.**

Why? The costs that go into the farming process end up in the prices we pay at the grocery store, farmers market booth, or local bistro.

Feeding a family of four now tops \$16,096 a year, a 21% increase since 2021, according to the United States Agriculture Department's (USDA) latest [data](#). That cost remains high even though inflation is [easing](#) after years of some of the highest rates in a generation.



As seen in the potato example, **energy isn't a short-term factor for farmers, it's a steady cost built into every step** of getting food from the field to the table. Like a hidden ingredient, energy prices quietly influence what families pay at the grocery store. When **those costs rise**, they don't just cut into farm earnings, they ripple through the entire supply chain, **driving up the price of the food families rely on every day.**

The World Bank has [found](#) that energy costs are the leading driver of ongoing food price increases. In simple terms, when the price of energy goes up, so does the cost of groceries, hitting [hardest](#) for households with limited or fixed incomes that are already stretching their budgets to make ends meet.

POWERING FAMILY DINNER: FUEL, FERTILIZER & ELECTRICITY COSTS

For family farms, fuel, fertilizer and electricity make up [anywhere](#) from 19% to 37% of total operating costs, depending on the region, crop, and the specific energy needs of the farm itself, according to a CEA analysis of USDA crop [data](#). No matter how large or small, energy is a cornerstone of farming and ranching, ensuring that clean, fresh, and tasty food makes its way to your kitchen.

So what happens when energy prices go way up on the average family farm? A typical family farm is about 466 acres on [average](#) according to the USDA (imagine around 450 football fields). If diesel rises by \$2 per gallon and natural gas by \$2 per MMBtu (about as much energy as 8 gallons of gasoline), an average-size farm would see costs rise by about \$14,000-\$31,000 per year. This can be the difference between a farm continuing to produce crops and having to close down.

Based on 2024's average net cash farm income of [\\$56,200](#), a fuel and fertilizer price shock could eat up anywhere from 25%-55% of yearly profit. That would remove about \$6.82 billion or nearly 5% of [national](#) farm income. Affordable energy is extremely important to keep farms in business and our favorite foods available in our grocery store aisles.

Since farmers' product pricing reflects the prices on the market, other factors that are uncontrollable such as the weather are also a threat to the profitability of the farm. While higher energy costs are always subject to different market conditions, policies that increase the price of energy are controllable and fortunately, can be changed to help deliver affordable, reliable and cleaner energy. That means more affordable food.



\$49.2 BILLION

That's What America's Farms And Ranches Spent On Energy In 2024, **Not Including Electricity.**

Crops Like Corn, Wheat, And Cotton **Require Nearly Twice As Much Energy As Livestock**, Making Agriculture One Of The Nation's Largest Energy-Consuming Industries.

FARMS AT RISK

The stakes for family farms, and for the rest of us who depend on them, are high. **Since 97% of U.S. farms are family-owned, the financial pressure of rising energy costs reaches into nearly every rural community nationwide.** These family-run businesses are an important part of our food system but also support local economies and America's long rural heritage. When energy prices rise, the cost of potatoes, steak, and green beans rise, straining the family food budget. This is especially harmful for low-income families who already struggle to choose between food, health care, and everyday products.

Sudden shifts in energy pricing can create long-lasting impacts on the agricultural sector. For many family farms it can often force tough choices, sometimes resulting in closing down operations. This does not just hurt farmers. **Farm closures can drive up food prices and limit local produce and meat options.**

USDA research shows that [between 52%-79% of small family farms operate in the "high risk" zone.](#) With operating profit margins of less than 10% (for every dollar of sales, the company has 10 cents left as profit after accounting for all of its operating expenses), even modest cost increases threaten their stability. As a result, energy shocks don't just raise costs, they raise the likelihood of farm closures, land sales, and lost generational knowledge, with long-term impacts for food security and rural America.

Taken together, these realities show why sound energy policies are so vital for U.S. agriculture and, ultimately, for every family gathered around an American dinner table. **Without affordable, reliable energy in our agricultural sector, the result isn't just fewer crops – it's an empty plate.**