ARMS Phase 3 - Presentations

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Introduction

Laci Banks-Walker
Eastern Mountain Region
What is ARMS?

• Agricultural Resource Management Survey

• Project conducted in cooperation with ERS

• Primary source of information for agricultural resource use, costs, and farm finance

• Supports key uses of enterprise, farm, and household data
ARMS: Data Collection Phases

• Phase I/ISS (May – July): Screens list frame operations for in-business status, operating arrangement, and presence of targeted commodities.

• Phase II: (Oct – Dec): Collects data on chemical use, production practices, and variable input costs for targeted commodities.

• Phase III: (January – April): Focuses on farm economics and risk management practices; typically includes the entire ARMS II sample and a general sample.
Expectations

• Read & review mailed packages from RFO
• Study manual
• Work with supervisors
• Participate in trainings
• Practice exercises
2024 ARMS III Workshop

Eric Gerlach
South Dakota State Stat
Federal law prohibits tampering with, disabling, or destroying a lavatory smoke detector.
POWELL: POLITICAL CONSIDERATIONS HAVE PLAYED NO ROLE IN OUR POLICY
POWELL: FED IS DATA DEPENDENT
Data Drives the Conversation & Decision Making
Chapter 2

Priorities of ARMS Data

The ARMS program represents a significant investment of time, talent, respondent burden, and resources. To justify this investment, the survey must be responsive to a set of core requirements that address legislative, programmatic, and analytical needs. These core requirements build on those of the predecessor surveys, which converted into ARMS when it was established in 1996, and have been supplemented by more contemporary and changing requirements.1

The task of meeting these core requirements translates into a series of priorities for the ARMS program. The data items needed to meet the core requirements have largely been maintained and protected by making sure these items are included before any other items are added. For the National Agricultural Statistics Service (NASS) and the Economic Research Service (ERS), these priorities affect the content of the questionnaires, which in turn are instrumental to the survey’s ability to meet the core requirements.

Mandated Uses

USDA is required by Congress, through both authorizing and appropriation legislation, to produce a sizeable portion of the data items that are included in ARMS. Cost-of-production data are required by several pieces of legislation, and one piece of legislation is very specific. The U.S. Code states that the “Secretary of Agriculture, in cooperation with the land grant colleges, commodity organizations, general farm organizations, and individual farmers, shall conduct a cost of production study of the wheat, feed grain, cotton, and dairy commodities under the various production practices and establish a current national weighted average cost of production. This study shall be updated annually and shall include all typical variable costs, including interest costs, a return on fixed costs, and a return for management” (U.S. Code, Title 7).

Environmental and food safety legislation call for data on chemical use on field crops. The Food, Agriculture, Conservation, and Trade Act of 1990 and the Food Quality Protection Act of 1996 require NASS to collect data on field crop chemical use and publish those data annually (in the Agricul-
• **Staff analysis:** ARMS data are used to respond to informational requests from non-profit groups and government stakeholders such as other USDA agencies, Congress, and the White House.

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**Topic Area Highlights and Economic Implications**

The core research and data program of the Economic Research Service covers the breadth of USDA programs touched by farm legislation: farming, nutrition, conservation, rural development, research, and energy. These webpages provide highlights and summaries of important new programs and provisions, as well as some economic implications of the new farm legislation based on ERS expertise, in the following policy areas:

- **Crop Commodity Programs** (includes provisions from Titles I and XI)
- **Dairy & Livestock** (includes provisions from Titles I and XII)
- **Conservation** (includes provisions from Titles II and XI)
- **Nutrition** (Title IV only)
- **Rural Development** (Title VI only)
- **Research, Extension, and Related Matters** (Title VII only)
- **Energy** (Title IX only)
- **Crop Insurance** (includes provisions from Titles XI and XII)
- **Specialty Crops** (includes provisions from Titles III, IV, VII, and X)
- **Organic Agriculture** (includes provisions from Titles II, VII, X, and XI)
- **Local and Regional Foods** (includes provisions from Titles IV, V, VI, and X)
- **Beginning Farmers and Ranchers** (includes provisions from Titles II, V, VI, VII, XI)
- **Socially Disadvantaged and Veteran Farmers and Ranchers** (includes provisions from Titles II, V, VI, VII, and XII)
USDA Forecasts Sharpest Decline in U.S. Farm Income in History

Key Takeaways

- Highlighting the volatility inherent in farming and farm income, the U.S. Department of Agriculture’s (USDA) most recent farm income forecast projects U.S. net farm income, a broad measure of farm profitability to plummet by $42 billion in 2023 to $141 billion, resulting in a 23% income drop compared to the year prior. If realized, the $42B decline in U.S. net farm income will be the largest on record in nominal terms and the third largest of all time when adjusted for inflation.

- Given expectations for elevated production expenses alongside weakening crop and livestock prices, farm incomes are likely to be pressured even lower in 2024. The opportunity for Congress to invest in a meaningful and enhanced farm safety net and suite of risk management tools while reauthorizing the farm bill should be a top priority given the headwinds facing the farm economy.
High expenses bite farmers as prices weaken heading into farm bill

02/08/23 6:40 AM  By Philip Brasher

USDA's latest farm income forecast could provide some ammunition to farm groups and their allies in Congress who argue that soaring production costs are eating into farm earnings while producers have little chance of seeing payments from commodity programs.
Falling Survey-Response Rates Undermine Economic Data

The declines skew government measures of inflation and the job market.

In recent months, markets have been laser-focused on every scrap of economic data for evidence on whether inflation is coming down or a recession is approaching. Unfortunately, that data suffers from a growing problem: reduced responses from the people whose activity it seeks to measure.
In most consumers’ eyes, transparency is no longer optional. In fact, if consumers do not deem an organization to be transparent, they believe the organization does not have a good story to tell or that they must be hiding something.
After years of resisting, Netflix releases viewing statistics for nearly all titles

PUBLISHED TUE, DEC 12 2023•2:54 PM EST | UPDATED TUE, DEC 12 2023•4:17 PM EST

Alex Sherman
@SHERMAN4949

KEY POINTS

• Netflix is increasing transparency for almost all the movies and shows on its service.

• Netflix will release “What We Watched” reports every six months.

• Co-CEO Ted Sarandos said Netflix’s protectiveness of its data has led to distrust in the creative community.
Roxi Beck, who grew up on her family's dairy farm in Minnesota and today works with The Center for Food Integrity (CFI), a not-for-profit group whose mission is to help today's food system earn consumer trust said where farmers and ranchers fear there is too much danger in being transparent, that space will be filled with other voices happy to tell their version of ag's story. "They will tell your story in a way that you are not going to be pleased with," she added.
MY CALCULATIONS INDICATE WE'RE SLOWLY BOILING ALIVE!

I DON'T FEEL ANYTHING!
Face Page and Screening Supplement

Click Here to return to topic list

Statistician - Mike Laird
Great Lakes Region
Questionnaire Versions

CRR Version

Peanuts Version

Oats Version

Soybeans Version
Screening Process

- ARMS 3 Operators
  - Screened and determined to be in business in referenced survey year (2023 in this case)
  - Operators were contacted between May and July of the referenced survey year by mail and/or phone to complete the ISS / ARMS 1 survey
  - Previously Reported Data (PRD) was used to reduce respondent burden
SURVEY CODE-2704-61DF-SRNL
ID 12301200100  01  01  1  182  0  00 80   025   00   00   123
-111-9701   0  124   068   023   260  0281
SEQ001-04501
MASH FARMS
Hawkeye Pierce
650 COUNTY ROAD A
WHEREVER, XX 99999

Operation County ID
State 9-digit POID
Online Survey Code
Operation District ID
OpDom Status
Sequence Number
County ID
Enumerator ID
Supervisor ID
Phone
Person Name
Operation Name
Survey Code

- Survey code for operator to complete survey over the internet
- Website: agcounts.usda.gov
OpDom Status Intro

• 00
  • Target is the person listed on front of questionnaire

• 85/45
  • Operator has 2 or more separate operations
    • Example: One is the crops operation and the other is the livestock

• 99
  • Special Operation
OpDom Status: 00

• Person name is the target

SURVEY CODE-2704-61DF-SRNL
ID 27301200100 01 01 1 182 0 00
80 025 00 00 123-111-9701 0 124 068 023
260 0281
SEQ001-04501
MASH FARMS
Hawkeye Pierce
650 COUNTY ROAD A
WHEREVER, XX 99999

• Op Dom Status=00 indicates Hawkeye Pierce is the target
OpDom Status: 85/45

• Multiple operations
  • Person Name is still the Target

• Only collect data for the operation listed
OpDom Status: 99

• Operation is Managed – Operation name is the target

• Op Dom Status=99 indicates MASH Farms is the target
Partners

• All known partners pre-printed

• Verify Partner Information
  • Your Regional Office will direct you how they’d like you to make updates, on paper form or in CAPI

<table>
<thead>
<tr>
<th>Partner 1</th>
<th>Partner 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner Name</td>
<td>Partner Name</td>
</tr>
<tr>
<td>Radar O’Reilly</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td>Address</td>
</tr>
<tr>
<td>1484 STATE HWY 99</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>State</td>
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<td>City</td>
<td>State</td>
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</tbody>
</table>

United States Department of Agriculture
National Agricultural Statistics Service
Adding/Deleting Partners

Adding Partner(s)
• Write in contact info for new Partner(s)
• Complete ARMS 3 survey

Deleting Partner(s)
• Cross Off Partner(s) info on Face page
• Complete ARMS 3 survey

<table>
<thead>
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<tr>
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<tr>
<td>Phone Number</td>
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</table>

<table>
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</tr>
<tr>
<td>Phone Number</td>
</tr>
<tr>
<td>123-111-6540</td>
</tr>
</tbody>
</table>
Target Partner Switch

• Write SWITCH on Face page with notes

• Complete ARMS 3 survey

Radar O'Reilly
1484 STATE HWY 99
WHEREVER, XX 99999
-111-6540

MASH FARMS
Hawkeye Pierce
650 COUNTY ROAD A
WHEREVER, XX 99999

Hawkeye has stepped down but is still involved. Radar should be the main contact/target

USDA
United States Department of Agriculture
National Agricultural Statistics Service
Partner Take-Over

- Complete Screening Supplement

- DO NOT COMPLETE ARMS 3 survey

Hawkeye has stepped down completely and is no longer involved.

**Partner 1**

<table>
<thead>
<tr>
<th>Partner Name</th>
<th>Radar O’Reilly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>1484 STATE HWY 99</td>
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<td>State</td>
<td>XX</td>
</tr>
<tr>
<td>Zip</td>
<td>99999</td>
</tr>
<tr>
<td>Phone Number</td>
<td>123-111-6540</td>
</tr>
</tbody>
</table>

**Surveys Information**

- Survey Code: 2704-61DF-SRNL
- ID 27301200100 01 01 1 182 0 00
- 80 025 00 00 123-111-9701 0 124 068 023
- 260 0281
- SEQ001-04501
- OOB
Out of Business....Are you sure???

Screening Supplement

• Questions 1-4, at least one of the questions was answered YES
  • Complete ARMS 3 survey

• Questions 1-4, all are answered NO
  • Complete Screening Form
  • Do Not complete ARMS 3 Survey
Part of Year Operations

• Examples
  • Floriculture Operation – In business until April of the referenced survey year

  • Commercial Dairy – Went of business the first half of the referenced survey year
Section A: Land in Farm/Ranch

Gretchen Divincen
Heartland Region
### Section A – Acres Operated

**SECTION A LAND IN FARM / RANCH**

For 2023, please report farm/ranch land owned, rented, or used by you, your spouse, or by the partnership, corporation or organization for which you are reporting. Include all cropland, idle land, Conservation Reserve Program (CRP), pastureland, woodland, wetland, farmland, acres used for crop/ livestock production facilities, and all other buildings sites associated with this operation, etc.

<table>
<thead>
<tr>
<th>ACRES OPERATED</th>
<th>None</th>
<th>Number of Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How many acres of farm/ranch land were <strong>owned</strong>?</td>
<td>0020</td>
<td>+</td>
</tr>
<tr>
<td>2. How many acres of farm/ranch land were <strong>rented</strong> or leased from <strong>others</strong> — <em>(Exclude land used on an animal unit month (AUM) or fee per head basis under a grazing permit.)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. for a <strong>fixed cash rent</strong> payment?</td>
<td>0021</td>
<td>+</td>
</tr>
<tr>
<td>b. for a <strong>flexible rent</strong> payment? <em>(Include hybrid rental arrangements where rent paid is based on a fixed cash payment plus some shared production.)</em></td>
<td>0022</td>
<td>+</td>
</tr>
<tr>
<td>c. for a <strong>share of the crop or livestock production</strong>? <em>(Exclude hybrid rental arrangements.)</em></td>
<td>0023</td>
<td>+</td>
</tr>
<tr>
<td>d. for <strong>free</strong>?</td>
<td>0024</td>
<td>+</td>
</tr>
<tr>
<td>3. How many acres of farm/ranch land were <strong>rented</strong> or leased <strong>to others</strong>? <em>(Include land rented for cash, for a flexible rent, for a share of crop or livestock production, or rent free.)</em></td>
<td>0025</td>
<td>-</td>
</tr>
<tr>
<td>4. Then the TOTAL ACRES in this operation in 2023 were: <em>(Total items 1 + 2a + 2b + 2c + 2d - 3)</em></td>
<td>0026</td>
<td></td>
</tr>
<tr>
<td>5. How many of the (Item 4) acres were considered <strong>cropland</strong> in 2023? <em>(Include land in government programs, fruit/ nut/ berry/ nursery acres, and land planted to hay, including wild hay. Exclude CRP acres planted to trees.)</em></td>
<td>0083</td>
<td>-</td>
</tr>
</tbody>
</table>
Section A – Land Rented From Others

<table>
<thead>
<tr>
<th>LAND RENTED FROM OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Including rent for land and/or buildings, what was the total CASH RENT PAID in 2023 by this operation? (Include rent paid in 2023 for previous years and rent paid in advance. Exclude storage bins, to be reported in SECTION I, Item 21. Exclude grazing of livestock, to be reported in Item 7 below.)</td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

| 7. Report any land this operation used (on a per head or AUM basis) that is administered either by: public or private agencies, industrial corporations, grazing associations, or rented from individuals on a short term grazing arrangement in 2023. |
| a. In 2023, what were the total fees this operation paid for the use of publicly owned land on an AUM basis? (Include fees paid for privately owned land administered by a public agency through exchange-of-use.) |
| None | Dollars |
|      | 0.00    |
| b. In 2023, how much did this operation spend on pasturing or grazing of livestock on privately owned land (railroads, another farm/ranch, etc.) used on a fee per head (AUM) or gain basis? |
| None | Dollars |
|      | 0.00    |

| 8. Report any crop or livestock SHARE RENT payments for land rented from others in 2023. |
| a. What was the estimated total MARKET VALUE of your landlord’s share of crop production from this operation in 2023? |
| None | Dollars |
|      | 0.00    |
| b. What was the estimated total MARKET VALUE of your landlord’s share of livestock production sold or removed from this operation in 2023? (Exclude shared livestock production not part of a land rental arrangement.) |
| None | Dollars |
|      | 0.00    |

| 9. What was the estimated market value of the land and buildings on the acres rented or leased FROM OTHERS on December 31, 2023? |
| None | Dollars |
|      | 0.00    |
Section A – Land Rented To Other

<table>
<thead>
<tr>
<th>LAND RENTED TO OTHERS</th>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Including rent for land and/or buildings, what was the total CASH RENT RECEIVED in 2023 for acres rented TO OTHERS by this operation? (Include rent received in 2023 for previous years, rent received in advance, and government payments received from those acres. Exclude grazing of livestock, to be reported in SECTION H, Item 3b.).</td>
<td>☐</td>
<td>$   0.00</td>
</tr>
<tr>
<td>11. For acres SHARE-RENTED to others, what was the total value of crop or livestock shares received in 2023 by this operation? (Include rent received in 2023 from previous years and government commodity payments received from those acres.).</td>
<td>☐</td>
<td>$   0.00</td>
</tr>
<tr>
<td>12. What was the estimated market value of the land and buildings on the acres rented or leased TO OTHERS on December 31, 2023?</td>
<td>☐</td>
<td>$   0.00</td>
</tr>
</tbody>
</table>
Section A – Historic Conservation Payments

HISTORIC CONSERVATION PAYMENTS

13. Has this operation ever received financial assistance from the Environmental Quality Incentives Program (EQIP) or the Conservation Stewardship Program (CSP)?

   1  Yes  3  No

14. Has this operation ever received technical assistance from the Natural Resources Conservation Service (NRCS)?

   1  Yes  3  No
Section A – Conservation Practices

**Column 1**- provide the total # of acres where the appropriate conservation management practice was implemented

**Column 2**- provide the number of acres where a conservation (FINANCIAL PAYMENT) was received for implementing the management practice. Indicate a zero if no payment received (no blanks or dashes)
Section A – Reminders

Section A asks about *all* land that an operator is associated with – owned, rented from others, and rented to others.

We also want to record all conservation practices across all land operated by the target.
Section B
Acreage, Production, and Cash Sales

Gretchen Divincen
Statistician - Heartland Region
Section B- Acreage, Production, and Cash Sales

What do we collect?

- Harvested Acres
- Total Production
- Production Used on the Operation
- Cash Sales
- Unsold Commodity Inventory
- Precision Agriculture
Section B- Acreage, Production, and Cash Sales

Why do we collect this information?
• Describes vital parts of the farm economy – crop production and cash sales
• Helps identify farm diversity in crop production
• Used by other researchers and agencies
  • Example: Agricultural Marketing Service (AMS) use Section B data to determine how much grain is trucked
Section B- Acreage, Production, and Cash Sales

**Harvested Acres**

- Harvested not planted acres
- Including acres still intended to be harvested
- Exclude acreage for a second or later harvest (for the same use) ex. second pickings of cotton

**Total Production**

- Including the landlord’s share
- Units are important
- If harvest is not complete- ask respondent for an estimated final production
Section B- Acreage, Production, and Cash Sales

Production

Used on this Operation

- Example: the production the operation will use or has used for feed or seed
- Exclude production for human consumption (record market value in Section I, item 31)

Cash Sales

- From any year’s production sold during the reference year
  - Exclude contract sales or removals and landlord’s share of sales (landlord sales = Sec A)
- If the crop was grown in reference year: all columns should be completed
- If not, only dollars recorded in column 5 should be completed
Section B - Acreage, Production, and Cash Sales

Friendly Reminders

• Field Crops Acres:
  - Potatoes & Tobacco: can record to a tenth of an acre
  - All other field crops: record to a whole acre

• Nursery and Greenhouse:
  - Under protection: square feet
  - Acres in the open: can record to a tenth of an acre

• All other crops:
  - Examples: sweet corn, sweet potatoes, hemp, brown and wild rice, haylage, and maple syrup
Section B- Unsold Commodity Inventory

• **Did the operation own and store any unsold crops?**

  Yes?

  • Report quantity stored on-farm or off-farm for each of the 4 dates. **Exclude** any under marketing contract or CCC loan.

  **Wheat?**

  • Mark the type of wheat- Durum, Other spring, Winter
Section B- Precision Agriculture

Use Precision ag technologies
Yes or No?

Why did you use the technology?
Listed- Codes for Column 3

Why did you not use the technology?
Listed-Codes for Column 4
Thank you!
Section C: Livestock Inventory, Number Sold/Removed, and Cash Sales
Section C - Livestock Inventory, Number Sold/Removed, and Cash Sales

Purpose

- Record inventory, ownership, removal, and cash sales for the operation
- Collected information allows us to better understand various compositions of operations with different types of livestock. This data helps us assess trends in the livestock industry
Section C - Inventory

• Record total number of livestock on hand **regardless of ownership**

• **Include:**
  • All livestock under contract or on a custom basis if on total acres operated
  • 4-H and FFA livestock
  • Livestock on short-term pasture or crop residue grazing to be returned to operation

• **Exclude:**
  • Livestock owned but being custom fed on another operation (will be recorded in Section D)
**Section C - Inventory Owned**

- Record the number of livestock owned and operated.
- Number owned (Column 3) is less than or equal to number on hand (Column 2).

<table>
<thead>
<tr>
<th>LIVESTOCK</th>
<th>INVENTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>On Dec. 31, 2023, how many [column 1] regardless of ownership were on hand? (Number)</td>
</tr>
</tbody>
</table>
Section C - Number Sold/Removed

What’s included?
- Sold on the open market
- Delivered under a marketing contract
- Removed under a production contract

What’s excluded?
- Do not record animal deaths
- Exclude any livestock moved short term to pasture or grazing and returned to the operation
Section C - Cash Sales

- Subtract marketing expenses to get final cash sales
  - Check-off fees, drying, commission, inspection, storage, transportation, yardage, etc.
  - Marketing expenses reported in Section I
Section C - Reminders

General:
- Livestock expenses are reported in Section I – Operating Expenses
- If livestock is owned, market value of livestock is reported in Section J – Assets

Cattle:
- Cull cows are considered removed from the breeding herd are recorded in Question 2c – Other Cattle
- Beef or diary heifers that have not calved are recorded in Question 2c – Other Cattle, not with cows
- Question 2c also includes bulls, cattle on feed, and calves
- Question 2d is the sum of questions 2a + 2b + 2c

<table>
<thead>
<tr>
<th>LIVESTOCK</th>
<th>1</th>
<th>2 On Dec. 31, 2023, how many [column f] regardless of ownership were on hand? (Number)</th>
<th>3 On Dec. 31, 2023, how many [column f] were owned by and located on or off this operation? (Number)</th>
<th>4 What was the total number of [column f] sold or removed in 2023? (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Beef cows (Include beef heifers that have calved, Exclude heifers that have not calved, steers, calves, and bulls.)</td>
<td>0255</td>
<td>0256</td>
<td>0254</td>
<td></td>
</tr>
<tr>
<td>b. Milk cows, including any dry cows (Exclude any heifers not yet freshened.)</td>
<td>0258</td>
<td>0259</td>
<td>0257</td>
<td></td>
</tr>
<tr>
<td>c. Other cattle and calves (Include fed cattle, beef and dairy cull animals, stockers and feeders, veal calves, etc.)</td>
<td>0262</td>
<td>0253</td>
<td>0251</td>
<td></td>
</tr>
<tr>
<td>d. Total cattle and calves (Items a + b + c)</td>
<td>0361</td>
<td>0396</td>
<td>0360</td>
<td></td>
</tr>
</tbody>
</table>
Section D
Other Operations Growing/Feeding/Raising Livestock for this Operation
Section D - Purpose

- Record information related to livestock owned by the operation and raised under contract by another producer
- Shows a complete picture of farm income and loss
- Receipts (sales), expenses, and assets are only reported in this section and should not be reported elsewhere in the questionnaire
  - “In the Fence”
• Cow/calf producer weans calves and has another producer raise the cattle to a certain weight for them

• Dairy operator pays another producer to raise dairy replacement heifers until they return to the dairy

• Hog farrowing operation contracts with another hog operation to raise weaned pigs up to slaughter weight
Section D - Livestock Type

- **Column 1** – Record the livestock contracted out
  - Be Specific!!
  - Do not write just “hogs” or “chickens”
  - Write finishing hogs, laying chicken pullets, dairy heifers, etc.

- **Column 2** – Record the commodity code
  - Use the respondent booklet
  - Record the 3-digit livestock code

<table>
<thead>
<tr>
<th>1 What livestock or poultry were being raised or fed for this operation?</th>
<th>2 Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>[List type below.]</td>
<td>Office Use Only (Code)</td>
</tr>
<tr>
<td></td>
<td>0277</td>
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<tr>
<td></td>
<td>0283</td>
</tr>
<tr>
<td></td>
<td>0289</td>
</tr>
</tbody>
</table>
Section D - Value

- **Column 3** – Record the estimated value of contracted commodities on other operations on January 1.
- **Column 4** – Record the estimated value of commodities placed under contract during the year.
  - If there are multiple arrangements or if arrangements exist for more than one commodity, record each one on a separate line.
  - If needed, please use an extra sheet of paper.
    - Be sure to label the extra sheet with the operator information.

<table>
<thead>
<tr>
<th>3</th>
<th>What was the market value of [type] on hand on contractee operations on Jan. 1, 2023? (Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>0278</td>
<td></td>
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<td>0284</td>
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</table>

<table>
<thead>
<tr>
<th>4</th>
<th>What was the estimated market value (at placement) of [type] placed under contract DURING 2023? (Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>0279</td>
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<tr>
<td>0285</td>
<td></td>
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<tr>
<td>0291</td>
<td></td>
</tr>
</tbody>
</table>
Section D - Fees and Receipts

• **Column 5** – Record the total amount paid to contractees
  • Include labor, management fees, expenses reimbursed

• **Column 6** – Record the gross receipts for the commodity sold or removed under contract
  • This value can be ZERO if the commodity was not sold but returned to the target operation
  • Example: Dairy heifers
Section D - Unsold Value

- **Column 7** – Record the market value of the unsold commodity under contract on December 31.

- **Reminder!** – Data reported in Section D is **NOT** reported anywhere else in the questionnaire.
Thank You!
Why use contracts?

**Farmers**
- Manage risks
- Compensation for quality
- Outlet for products
- Assurance for financing

**Processors**
- Timely flow
- Control over attributes
- Consistency
Marketing vs. Production Contracts

• **Marketing Contracts** identify an outlet for a commodity and set pricing and delivery specifications
  • Producer owns the commodity
  • Payment is like a “Price”, because commodity changes hands

• **Production Contracts** specify responsibilities for the provision of inputs, payment of expenses, production practices, compensation, and removal
  • Producer does NOT own the commodity. They provide a service.
  • Payment is a “Fee for service”
Examples of Each

• **Marketing**
  - Row Crops (corn, soybeans, wheat)
  - Cotton, Peanuts
  - Fruits & Nuts
  - Vegetables
  - Milk

• **Production**
  - Hogs (nursey, farrow-to-ween, finishers, etc.)
  - Chickens (broilers, layers, pullets, etc.)
  - Turkeys
  - Fed cattle
SECTION E  MARKETING and PRODUCTION CONTRACTS

1. Did this operation have marketing or production contracts for any commodities delivered in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting prices, conditions, and fees to be paid by the contractor to the producer for the production of crops, livestock, or poultry.)

   - □ Yes - Continue
   - □ No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contracts. Include quantity delivered and the final price/fee received. (Include the quantity delivered or removed under contract and count livestock and egg contracted to be sold as reimbursement for expenses. Exclude livestock shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34.).)

   "Delivered in [reference year]"

Section I – Farm Assets

Marketing Contract undelivered, still on-hand

Production Contract still not delivered, but inputs used
**MARKETING and PRODUCTION CONTRACTS**

1. Did this operation have marketing or production contracts for any commodities delivered in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

   - Yes - Continue
   - No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contracts and the final price/fee received. (Include the quantity delivered or removed under contract and the fee paid to contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

   - None

3. What was the ESTIMATED MARKET VALUE for the farm share (item) on —
   - a. crops owned and stored or off this operation?
   - b. breeding livestock owned by and located on or off this operation?
   - c. non-breeding livestock owned by and located on or off this operation?
   - d. production inputs already used by this operation for cover crops or crops planted but not yet mature for harvest (also known as sunk costs), or the value of inputs used for production contracts that have yet to be delivered?

   - Beginning of Year: JAN. 1, 2023?
   - End of Year: DEC. 31, 2023?

   - Dollars:

   - $ 0.00

   - $ 0.00

   - $ 0.00

   - $ 0.00

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United States Department of Agriculture
National Agricultural Statistics Service

Section I – Farm Assets

Marketing Contract from prior year crop, delivered in [reference year]

Inputs for Production Contract started in prior year

“Delivered in [reference year]”
### MARKETING and PRODUCTION CONTRACTS

1. Did this operation have marketing or production contracts for any commodities delivered\(^1\) in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

<table>
<thead>
<tr>
<th>No.</th>
<th>Yes - Continue</th>
<th>No - Go to Item 3</th>
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<tr>
<td>3</td>
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</table>

2. Report the commodities delivered in 2023 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

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\(^1\) Commodities delivered in 2023.

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[Image: USDA National Agricultural Statistics Service]
### MARKETING and PRODUCTION CONTRACTS

1. Did this operation have marketing or production contracts for any commodities delivered in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

   3991
   1. Yes - Continue
   3. No - Go to Item 3

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</table>
### SECTION E  MARKETING and PRODUCTION CONTRACTS

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   - [ ] Yes - Continue
   - [ ] No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

<table>
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<th>$37500</th>
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</tbody>
</table>

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**United States Department of Agriculture**

**National Agricultural Statistics Service**
SECTION E  MARKETING and PRODUCTION CONTRACTS

1. Did this operation have marketing or production contracts for any commodities delivered\(^1\) in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

   3991
   1  Yes - Continue
   3  No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

<table>
<thead>
<tr>
<th>Commodity example</th>
<th>Code</th>
<th>Office Use Only (Code)</th>
<th>Marketing or Production Contract? Marketing 1 Production 2</th>
<th>Quantity of this commodity delivered through this contract? (Exclude landlord’s share)</th>
<th>Unit Code (from list below)</th>
<th>What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars &amp; Cents)</th>
<th>What was the total dollar amount received in 2023 from this contract? (Total Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3927</td>
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</table>
### SECTION E  MARKETING and PRODUCTION CONTRACTS

1. Did this operation have marketing or production contracts for any commodities delivered\(^1\) in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

   □ Yes - Continue   □ No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

<table>
<thead>
<tr>
<th>Commodity example</th>
<th>Commodity Code</th>
<th>Marketing or Production Contract Code</th>
<th>Quantity of this commodity delivered through this contract? (Code)</th>
<th>Unit Code (from list)</th>
<th>What was (will be) the FINAL PRICE/FEES RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars &amp; Cents)</th>
<th>What was the total dollar amount received in 2023 from this contract? (Total Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3927</td>
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<td>3943</td>
<td>3944</td>
<td>$</td>
<td>$ 3946 .00</td>
</tr>
</tbody>
</table>
The producer raised 160,000 broilers under a marketing contract for $0.28 per bird and was paid-in-full ($44,800 total).

Be careful of the units 1= lbs but is not the same as per bird which is an 11.
**EXAMPLE:** The producer raised 640,000 pounds of chickens for a total of $44,800.

In Section C, the farmer reported 160,000 broilers “sold or removed”.

### Marketing and Production Contracts

1. Did this operation have marketing or production contracts for any commodities delivered\(^1\) in 2023? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)

   - [ ] Yes - Continue
   - [x] No - Go to Item 3

2. Report the commodities delivered in 2023 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

<table>
<thead>
<tr>
<th>Commodity Code</th>
<th>Marketing or Production Contract?</th>
<th>Quantity of this commodity delivered through this contract? (Exclude landlord's share)</th>
<th>Unit Code (from list below)</th>
<th>What was (will be) the final price/fee received per unit by this operation for this commodity delivered under this contract? (Dollars &amp; Cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broilers</td>
<td></td>
<td>640,000</td>
<td>04</td>
<td>$3.75</td>
</tr>
</tbody>
</table>

\(^1\) “Delivered” includes commodities for which partial payment was made even if not physically delivered by December 31, 2023.
### INCENTIVES FROM COMMODITY BUYERS

3. Did your buyers (including cooperatives) require or encourage you to use sustainable livestock or crop production practices such as cover crops or reduced fertilizer application rates, or changes to livestock diets or feed additives through any of the following methods? Exclude certified-organic production.

   a. Contracts or agreements that specify the use of particular practices ............. 2663 1 □ Yes 3 □ No
   b. Additional payments or price premiums ............................................. 2664 1 □ Yes 3 □ No
   c. Technical information or production decision tools ................................ 2665 1 □ Yes 3 □ No
   d. Other methods. ................................................................. 2666 1 □ Yes 3 □ No

4. If any of 3a - 3d are marked YES, is the arrangement related to carbon sequestration or GHG emission reductions?

   5765 1 □ Yes 3 □ No
Section F: Accounts Receivable

- Deferred payments across calendar years
  - NOT the same as unsold crops
- Unsold vs. Money owed (do not duplicate)
  - Unsold commodities belong in E.O.Y. inventory (Assets Section), because they have not been sold yet
  - Accounts Receivable is what is owed for commodities that have already been sold (delivered), but not paid yet (think contracts)
EXAMPLE:
The producer delivered 1,000 cwt of milk @ $15/cwt in December last year, and was paid in the first week of January.

At the end of this year, he delivered 1,000 cwt of milk @ $17/cwt, and was paid the first week of next year.

**SECTION F  ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS**

1. For each item below, report income received or the amount owed to the operation on the dates specified. (Include cash sales, marketing contract sales, and production contract removals. Exclude crops in storage and not yet sold.)

   [NOTE: Crops in storage and not sold as of the reference date should be reported in Section J, Item 3a.]

   a. On January 1, 2023, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2023?  $15,000
   
   (i) How much did this operation receive from Item 1a during 2023?  $15,000

   b. What was the total dollar amount owed to this operation on December 31, 2023, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2023 and earlier years?  $17,000
**SECTION E**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Code</th>
<th>Marketing or Production Contract?</th>
<th>Quantity</th>
<th>Unit Code</th>
<th>What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars &amp; Cents)</th>
</tr>
</thead>
<tbody>
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<td>3550</td>
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<td>3929 2</td>
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<td>3931 $ 867,000</td>
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</table>

\[(52,000 \text{ cwt}) \times (\$17/\text{cwt}) = \$884,000\]

\[(\$884,000 - \$17,000) = \$867,000 \text{ received}\]

**SECTION F**

### ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS

1. For each item below, report income received or the amount owed to the operation on the dates specified.
   (Include cash sales, marketing contract sales, and production contract removals. Exclude crops in storage and not yet sold.)

   [NOTE: Crops in storage and not sold as of the reference date should be reported in Section I, Item 3a.]

<table>
<thead>
<tr>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$15,000</td>
</tr>
</tbody>
</table>

a. On January 1, 2021, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2021? 

   (i) How much did this operation receive from Item 1a during 2021?

b. What was the total dollar amount owed to this operation on December 31, 2021, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2021 and earlier years?
SECTION E

What commodities did this operation have MARKETING or PRODUCTION contracts for in 2021?

[Write in commodities]

Processed Cherries

<table>
<thead>
<tr>
<th>Commodity Code</th>
<th>Marketing or Production Contract?</th>
<th>Quantity of this commodity delivered through this contract? (Exclude landlord’s share)</th>
<th>Unit Code (from list below)</th>
<th>What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars &amp; Cents)</th>
<th>What was the total dollar amount received in 2021 from this contract? (Total Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3929 6156</td>
<td>3550 1</td>
<td>100 000</td>
<td>3929 1</td>
<td>$ 0 . 42</td>
<td>$ 21 000 . 00</td>
</tr>
</tbody>
</table>

(100,000 lbs) x (42 cents/lb) = $42,000

SECTION F

ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS

1. For each item below, report income received or the amount owed to the operation on the dates specified.
   (Include cash sales, marketing contract sales, and production contract removals. Exclude crops in storage and not yet sold.)

   [NOTE: Crops in storage and not sold as of the reference date should be reported in Section I, Item 3a.]

   a. On January 1, 2021, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2021? . . 0885

   (i) How much did this operation receive from Item 1a during 2021? . . 0875

   b. What was the total dollar amount owed to this operation on December 31, 2021, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2021 and earlier years? . . 0886

   $ 21 000 . 00

United States Department of Agriculture
National Agricultural Statistics Service
Conclusion

- Marketing/Production Contracts and Accounts Receivable tell an important part of the farm financial story
Sec. G – Direct Sales
Why is this important?

• Understand farm operations utilizing direct sales
Direct sales by marketing channel and farm size, 2019 and 2020

Sec. G - Questionnaire

• Please be aware of includes and excludes.

• Item 1 - Sales are split out Edible and Non-edible Products by category (Consumers, Retail markets, Institutions, and Intermediate markets).

• Item 2 – Include marketing expenses related to products reported in Item 1.

• Item 3 – Questions pertain to the sale of processed/value-added products.
Sec. G – In conclusion...

• Please be aware of what types of direct sales and sales to intermediate markets you may see in your area.
• Sales in Sec. G should appear elsewhere on the questionnaire.
Sections H:
Government Payments & Other Farm Related Income

David Garcia
Statistician - Pacific Region
Objectives & Purpose

• This section will help measure income other than crop and livestock sales.
• Government payments and other farm income contribute to a farm’s bottom line.
• Only account for income that belongs to the operation identified on the label.
Item 1: CCC Loans

• What is Commodity Credit Corporation (CCC) Loan?
  • Provides producers an interim financing option at harvest time for cash flow.
  • Crop is posted as collateral.
  • Farmers have the option to pay back the loan or deliver the crop.
  • Maximizes the return to the farmer.
Item 2: Farm Payments & Programs

- Farm Program Payments
- Conservation Reserve Program (CRP)
  - 10-15 year program to mitigate erosion, improve water quality, and wildlife habitat.
- Environmental Quality Incentives Program (EQIP)
  - Provides assistance to plan/implement conservation practice to improve soil, water, plant, animal, air, and other natural resources.
- Conservation Stewardship Program (CSP)
  - Promotes sustainable production on working lands
- Other Conservation Programs
  - Wetlands Reserve, Grassland Reserve, among other types
Item 2: Government Programs

• **Price Loss Coverage (PLC)**
  • Program payments issued when effective crop price is less than the program reference price.

• **Agricultural Risk Coverage (ARC)**
  • Income support program tied to the historical base acres, not current production of that crop.

• **Dairy Margin Coverage (DMC)**
  • Risk management program for dairy producers.

• **Disaster Payments**
  • Emergency funding made available after severe weather events, drought or fire.
Item 3: Other Farm Related Income

• Do NOT include income previously reported.
• All income reported must be part of this operation.

• Custom Work
  • This operation provides both labor and the machine for a fee.

• Grazing of Livestock
  • Include short term grazing contracts (2-4 months).
Item 3: Other Farm Related Income (continued)

• Insurance Indemnity Payments
  • Includes insurance payments from crop insurance, hail insurance, vehicle and equipment insurance policies, and the owner's home (if owned by the operation).

• All Other Farm Income
  • Hedging (futures contract) profits or losses
  • Refunds claimed for marketing charges
  • Sale of value-added goods
  • Payments received for cell phone towers, access roads, etc.
Item 4: Crops vs Livestock

4. In 2023, did the largest portion of this operation’s total gross value of sales come from crops or livestock? (If the operation had no sales in 2023, choose crops if the value of cropland on the operation exceeds the value of any livestock on the operation in 2023. Otherwise, choose livestock).

0562 1  □  CROP  2  □  LIVESTOCK
ANY QUESTIONS
Operating & Capital Expenditures

Brad Medlock
Upper Midwest Region
Uses of Expenditure Data

- Provides annual weights for NASS’s computation of the Prices Paid Indexes
- Bureau of Economic Analysis (BEA)
- USDA Office of the Chief Economist
How it all Fits

Income

EXPENSES

Assets

Debt
**Expenditures - General**

- Include expenses related to this operation
- Watch Include/Exclude Instructions
- Landlord expenses asked at the end of the section
- Best Estimates are Acceptable

### SECTION I OPERATING & CAPITAL EXPENDITURES

In 2023, how much was spent for each item by the PRODUCER(S) and PARTNER(S): (Include only expenses related to this operation. Exclude expenses NOT related to this farm/ranch, expenses of performing custom work FOR others, if this is a separate business; and expenses on land rented to others.)

**OPERATING EXPENSES in 2023**

<table>
<thead>
<tr>
<th>Item</th>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (Include technology or other fees, seed treatments, and seed cleaning cost. Exclude items purchased for resale without additional growth.)</td>
<td>☐</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. nutrients, fertilizer, lime, and soil conditioners? (Include cost of custom application and organic materials. Exclude potting mixes, vermiculite, and sterilized soil.)</td>
<td>☐</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (Include biological pest controls and custom application costs.)</td>
<td>☐</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Operating Expenses

- Feed
- Chemicals
- Tools
- Farm Services
- Insurance
- Livestock Purchases
- Rent
- Irrigation
- Seed
- Taxes
- Fertilizer
- Fuel
- Labor
Seed/Fertilizer/Chemicals: Items 1 – 3

- Want amount paid by operation in this year regardless of when the input was used
- May not be entirely used

### SECTION I OPERATING & CAPITAL EXPENDITURES

In 2023, how much was spent for each item by the PRODUCER(S) and PARTNER(S): (Include only expenses related to this operation. Exclude expenses NOT related to this farm/ranch; expenses of performing custom work FOR others, if this is a separate business; and expenses on land rented to others.)

<table>
<thead>
<tr>
<th>OPERATING EXPENSES in 2023</th>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (Include technology or other fees, seed treatments, and seed cleaning cost. Exclude items purchased for resale without additional growth.)</td>
<td>$</td>
<td>0.00</td>
</tr>
<tr>
<td>2. nutrients, fertilizer, lime, and soil conditioners? (Include cost of custom application and organic materials. Exclude potting mixes, vermiculite, and sterilized soil.)</td>
<td>$</td>
<td>0.00</td>
</tr>
<tr>
<td>3. agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (Include biological pest controls and custom application costs.)</td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Livestock: Items 4-8

- Check Section C for Inventory
- Include Commission, Yardage, Insurance, and Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. livestock purchases of -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. breeding stock for beef cattle, dairy cattle, hogs and sheep?</td>
<td>0621</td>
<td>$0.00</td>
</tr>
<tr>
<td>b. other cattle, calves, hogs and pigs? [Report other sheep in Item 4d]</td>
<td>0624</td>
<td>$0.00</td>
</tr>
<tr>
<td>c. chickens and turkeys? [Report ducks and game birds in Item 4d]</td>
<td>0627</td>
<td>$0.00</td>
</tr>
<tr>
<td>d. other livestock and poultry? (include other sheep, lambs, bees, brood fish, fingerlings, eggs for hatching, goats, etc.)</td>
<td>0630</td>
<td>$0.00</td>
</tr>
<tr>
<td>5. leasing of livestock? (include bees, bulls, dairy cattle, etc.)</td>
<td>0633</td>
<td>$0.00</td>
</tr>
<tr>
<td>6. purchased feed for livestock and poultry? (include grain, hay, silage, mixed feeds, concentrates, etc.)</td>
<td>0636</td>
<td>$0.00</td>
</tr>
<tr>
<td>7. bedding and litter for livestock?</td>
<td>0639</td>
<td>$0.00</td>
</tr>
<tr>
<td>8. medical supplies, veterinary and custom services for livestock?</td>
<td>0642</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Fuel Breakout – Item 9

• IRS Schedule F will help a bit
• Only Include Farm Share
• Item 9a (code 663) should be the sum of the fuels below

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>All fuels, oils and lubricants?</td>
<td>$0.00</td>
</tr>
<tr>
<td>(i) diesel fuel? (Include biodiesel)</td>
<td>$0.00</td>
</tr>
<tr>
<td>(ii) gasoline and gasohol? (Include ethanol blends.)</td>
<td>$0.00</td>
</tr>
<tr>
<td>(iii) natural gas?</td>
<td>$0.00</td>
</tr>
<tr>
<td>(iv) LP gas (propane, butane)?</td>
<td>$0.00</td>
</tr>
<tr>
<td>(v) oils and lubricants? (Include grease, hydraulic fluids, motor oils, transmission fluids, etc.)</td>
<td>$0.00</td>
</tr>
<tr>
<td>(vi) all other fuel? (Include coal, fuel oil, kerosene, wood, etc.)</td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Supplies, Repairs & Maintenance

- Items 13 – 15: Supplies, Repairs, Maintenance of Farm Buildings
- Item 16: Repairs to Operator’s Dwelling *(ONLY IF IT IS OWNED BY THE OPERATION)*

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Farm supplies, marketing containers, hand tools and farm shop power equipment?</td>
<td>.0702</td>
</tr>
<tr>
<td>14.</td>
<td>Repairs, parts and accessories for motor vehicles, machinery and farm equipment?</td>
<td>.0708</td>
</tr>
<tr>
<td>15.</td>
<td>Maintenance and repair for the upkeep of all farm buildings, houses other than the producer’s, land improvements, and all other farm/ranch improvements?</td>
<td>.0714</td>
</tr>
<tr>
<td>16.</td>
<td>Maintenance and repair of the producer’s house if it was owned by the operation?</td>
<td>.0726</td>
</tr>
</tbody>
</table>

*Note: Values entered in the table are in USD.*
## Wages and Labor Expenses

The following table applies to items 24 and 25.

### Include
- Cash wages
- Incentives and bonuses
- Payments to corporate officers and family members, including yourself and other producers if they received a wage

### Exclude
- Draws by individual producers and partners
- Wages paid for custom labor or contract work
- Payments to pensions or retirement plans
- Social Security on owner/producer

### Employer’s share of:
- Social Security and unemployment taxes
- Health and life insurance
- Worker’s compensation

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.</td>
<td>CASH WAGES paid to hired farm and ranch labor?</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Of the (Item 24) dollars, how much salary or wage was paid to —</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(total 25a + 25b + 25c + 25d + 25e must equal item 24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>you (the principal producer)?</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td>your (the principal producer’s) spouse? (Even if your spouse is a producer, include his/her wages here.)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td>other members of your (the producer’s) household? (Even if your other household members are producers, include their wages here.)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td>other producers (outside the producer’s household)? (Those persons responsible for the day-to-day management decisions for this operation.)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td>all other paid farm and ranch labor?</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>payroll taxes for hired labor? (Include any amounts the farm paid for farm workers that are part of your (the producer’s) household.)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>benefits for hired labor? (Include employer’s share of health insurance, pension or retirement plans, Worker’s Compensation, etc.)</td>
<td>$0.00</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**
Marketing Charges

• Section I, Item 34
  • Almost all operations that sell commodities have marketing expenses.
  • If operator reports no marketing charges, probe to find out if anything was subtracted out of the total price before the farmer received the check.
  • Get total quantity and unit sold if operator doesn't know the total marketing charges.
Operating Expenses not located in Section I

• Gross rent components: Section A
  • Cash Rent
  • Share rent
  • Grazing fees

• Contractor Expenses: Section D, Item 1, Column 5

• Livestock contract production fees: Section E
  • Section E, Item 2, last two columns
Operating vs Capital Expenses
Capital Improvements

- Focus on expenses which add value to the farm assets and businesses
## Vehicles, Machinery, and Equipment

- Important to distinguish assets used by the farm or ranch versus other businesses or the household

### Table for Items 38 through 45

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Total Net Cost (after deducting the value of trade-ins, rebates &amp; discounts) for items purchased in 2023 for the farm/ranch</th>
<th>Percent for farm/ranch use</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.</td>
<td>Cars</td>
<td>0.017</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>39.</td>
<td>Trucks</td>
<td>0.019</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>40.</td>
<td>ATVs, Side by Sides, UTVs, etc.</td>
<td>0.014</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>41.</td>
<td>Tractors</td>
<td>0.020</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>42.</td>
<td>Self-propelled equipment</td>
<td>0.021</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>43.</td>
<td>Other farm machinery, non-self-propelled farm equipment, pumps, and capital equipment for crop or livestock production.</td>
<td>0.022</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>44.</td>
<td>Office equipment, furniture, and computers that were placed on a depreciation schedule.</td>
<td>0.023</td>
<td>□</td>
<td>$0.00</td>
</tr>
<tr>
<td>45.</td>
<td>Farmland and other farm real estate for expanding this operation</td>
<td>0.022</td>
<td>□</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Catch-All Questions

• All Other Capital Expenses – Question 46
• All Other Production Expenses – Question 47
## Landlord Expenses

- Skip if there is no rental agreement.
- If exact amounts unknown, write notes if landlord paid expenses.
- All landlords should have property tax expenses.

### In 2023, how much was spent for each item by the operation's LANDLORD(S):

**OPERATING EXPENSES in 2023**

<table>
<thead>
<tr>
<th>Item Description</th>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>48. seeds, sets, plants, seed cleaning and treatments, transplants, trees and nursery stock? (Include technology or other fees, seed treatments, and seed cleaning cost. Exclude items purchased for resale without additional growth.)</td>
<td>None</td>
<td>$0.00</td>
</tr>
<tr>
<td>49. nutrients, fertilizer, lime, and soil conditioners? (Include cost of custom application and organic materials. Exclude potting mixes, vermiculite, and sterilized soil.)</td>
<td>None</td>
<td>$0.00</td>
</tr>
<tr>
<td>50. agricultural chemicals and biocontrols for crops, livestock, poultry, and general farm use? (Include biological pest controls and custom application costs.)</td>
<td>None</td>
<td>$0.00</td>
</tr>
<tr>
<td>51. property taxes on real estate (land and buildings)? (Include real estate taxes on the producer's dwelling, if owned by the operation)</td>
<td>None</td>
<td>$0.00</td>
</tr>
<tr>
<td>52. Marketing and storage expenses incurred by this operation? (Include check-off, commissions, storage, inspection, ginning, etc. Include marketing expenses for contract sales.)</td>
<td>None</td>
<td>$0.00</td>
</tr>
<tr>
<td>53. All other landlord expenses → Please specify.</td>
<td>None</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Data Relationships – Crop Operations

- Crops
- Seed
- Fertilizer
- Chemicals
- Fuel
- Labor
- Rent
Data Relationships – Livestock Operations

- Feed
- Livestock Purchases
- Bedding & Litter
- Veterinarian Expenses
- Repairs
- Custom Services
Data Relationships – All Farms

- Taxes
- Fuel
- Farm Supplies
- Utilities
- All Farms
- Vehicles
- Insurance
- Interest
- Labor
Data Relationships – EXAMPLES

• *Debt Reported in Section K?* Should have Interest expenses in item 19
• *Paid Labor Hours Reported in Section L?* Cash Wages in items 24 & 25
• *Land Owned in Section A?* Real estate taxes in Item 20
• *Land Rented in Section A?* Landlord real estate taxes in Item 51
• *Dairy Operation?* Milk Hauling Expenses in Item 29a
• *Vehicles Owned/Leased?* Registration/Licensing Fees in Item 22
Encourage Use of Farm Records

### SCHEDULE F (Form 1040)

#### Profit or Loss From Farming


**Part II - Farm Expenses - Cash and Accrual Method.** Do not include personal or living expenses. See instructions.

<table>
<thead>
<tr>
<th>Part</th>
<th>Farm Expenses</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Car and truck expenses (see instructions). Also attach Form 4562</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Chemicals</td>
<td>10</td>
</tr>
<tr>
<td>12</td>
<td>Conservation expenses (see instructions)</td>
<td>23</td>
</tr>
<tr>
<td>13</td>
<td>Custom hire (machine work)</td>
<td>24b</td>
</tr>
<tr>
<td>14</td>
<td>Depreciation and section 179 expense (see instructions)</td>
<td>24b</td>
</tr>
<tr>
<td>15</td>
<td>Employee benefit programs other than on line 23</td>
<td>24b</td>
</tr>
<tr>
<td>16</td>
<td>Feed</td>
<td>27</td>
</tr>
<tr>
<td>17</td>
<td>Fertilizers and lime</td>
<td>28</td>
</tr>
<tr>
<td>18</td>
<td>Freight and trucking</td>
<td>29a</td>
</tr>
<tr>
<td>19</td>
<td>Gasoline, fuel, and oil</td>
<td>29b</td>
</tr>
<tr>
<td>20</td>
<td>Insurance (other than health)</td>
<td>29b</td>
</tr>
<tr>
<td>21</td>
<td>Interest (see instructions):</td>
<td>30</td>
</tr>
<tr>
<td>a</td>
<td>Mortgage (paid to banks, etc.)</td>
<td>32a</td>
</tr>
<tr>
<td>b</td>
<td>Other</td>
<td>32b</td>
</tr>
<tr>
<td>22</td>
<td>Labor hired (less employment credits)</td>
<td>32c</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All Other Operating Expenses</td>
</tr>
</tbody>
</table>

### USDA

United States Department of Agriculture

National Agricultural Statistics Service
Summary and Highlights

• All farms and ranches have expenses.
• Difference between Operating and Capital Expenses.
• Ask yourself if the questionnaire make sense?
• Leave comments when in doubt and for unusual situations.
• Do not double count, record only once.
• Encourage the use of farm records.
Farm Equity Purpose

Why so much detail on a *sensitive* subject?

• A *complete* and *accurate* financial picture of the *agricultural sector* requires wealth measurement via the balance sheet

• Equity = assets - debt

• Provides more detailed picture of the sector balance sheet’s strengths and weaknesses
Farm Equity Purpose (continued)

• To evaluate credit and lending conditions in the farm sector
• Many of the current financial concerns about agriculture involve asset (land values) and debt repayment
• Without good data, lenders may be too cautious and leave farmers with fewer borrowing opportunities
• Needed by:
  • Lenders
  • Input providers
  • Policymakers
Fair Market Value

Fair Market Value – price for which the assets could be sold under the market conditions existing at the specified date

• Assumes that buyers and sellers exist
• Assumes no unusual circumstances

Value may be available by respondent from:

• Net worth statements from loans
• Business financial statement
We collect the Fair Market Value of specific assets owned by:
• the operation (or corporation)

What if the assets are owned by the farmer?
• Report it under the household Section N

What if assets are used in multiple operations?
• Asset belongs to operation that uses it the most
## Farm Assets – Land and Buildings

### SECTION J  FARM ASSETS

1. What was the MARKET VALUE of the following assets OWNED by this operation on December 31?

   (Include owned assets on rented land.)

   a. farm producer’s dwelling, if **owned by the operation?** (Owned by the operation means the house is recorded as an asset in farm record books or deeded as part of the farm.)

   b. all other dwellings?

   c. all other farm buildings and structures? (Include barns and other livestock facilities, cribs, grain bins, greenhouses, silos, storage sheds, fences, corrals, etc.)

   d. orchard trees and vines, nursery trees, and trees grown for woody crops?

   e. oil, gas, and mineral rights

   f. land? (Include land rented to others. Exclude houses, buildings, orchard trees and vines, and trees grown for woody crops.)

   

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td>$0.00</td>
</tr>
<tr>
<td>dwelling</td>
<td>$0.00</td>
</tr>
<tr>
<td>all other dwellings</td>
<td>$0.00</td>
</tr>
<tr>
<td>all other farm buildings</td>
<td>$0.00</td>
</tr>
<tr>
<td>orchard trees and vines</td>
<td>$0.00</td>
</tr>
<tr>
<td>oil, gas, and mineral rights</td>
<td>$0.00</td>
</tr>
<tr>
<td>land</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

If living “off-farm” pay attention to the ownership, asset may belong to the household.

All the homes owned by the farm – empty or occupied.

Separate orchard crops from the land they are on.

Include all the acres recorded in Section A, item 1 even if rented out.
Vehicles and Machinery

2. What was the ESTIMATED MARKET VALUE of the following on December 31?
   a. trucks and cars **owned** by the operation? *(Include farm share only)* ...........
   b. tractors, machinery, tools, equipment and implements **owned** by the operation? *(Include ATVs and UTVs)* ..............
   c. stock in farm cooperatives and the Farm Credit System?

- Values dependent on farm type and size
- If equipment is expected but not reported, check for expenses on leased equipment

Use Reference Date – Assets may depreciate over time

Include shares received in lieu of dividends

Check Loan Section
Assets – Jan 1 and Dec 31

Net Farm Income looks at changes in inventory

For each item below, report the MARKET VALUE(S) of the assets owned by the operation on the dates specified.

3. What was the ESTIMATED MARKET VALUE for the farm share of [item] on —
   a. crops owned and stored on or off this operation?
   
   None

<table>
<thead>
<tr>
<th>Beginning of Year</th>
<th>End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN. 1, 2023? (Dollars)</td>
<td>DEC. 31, 2023? (Dollars)</td>
</tr>
</tbody>
</table>

Dollars (billions)

- Crop value of production down $3.4 billion
- Livestock value of production down $12.0 billion
- Production expenses are forecast to RISE which would LOWER net farm income

2022 - 2023F change

- $31.8 billion (17.4%)
**Assets - Crop and Livestock**

For each item below, report the MARKET VALUE(S) of the assets owned by the operation on the dates specified.

3. What was the ESTIMATED MARKET VALUE for the farm share of [item] on —
   
a. crops owned and stored on or off this operation? *(Include crops stored at co-op or gin warehouse, specialty crops, fruit storage, hay, silage, and nursery and greenhouse products not in the ground. Exclude trees and vines and crops under CCC loans.)*

   Stored crops must be in whole form, can be purchased or harvested

   Regardless of location

   If BOY = EOY, probe. We expect these values to be different. If you are told they are the same, educate us with a note.

   It is possible that BOY or EOY = 0 when farm is starting or stopping a practice.

   Exclude production under contract
Make sure data across sections make sense

• Asset Section J – December 31 owned
• Livestock Section C – December 31 owned

• Livestock operations may have animals at separate locations based on age
Assets – Livestock Exclusions

Livestock Assets – Jan 1 and Dec 31

- **Exclude** livestock not owned, including raised under contract
- **Exclude** livestock raised by another farm under a contract
- **Exclude** livestock owned for pleasure (except equine)
Assets - Production Inputs

Production inputs are divided based on

• 3d - “Paid and waiting to be used”
• 3e - “Paid and already used”
  • These are ‘sunk costs’ and lead to a potential asset or income
  • May be reflected on expenses section this year or previous year
  • If unaccounted for: expenses with no corresponding income or assets
  • Can apply to contractees not yet reimbursed
Liquid Assets

• Can farmers convert assets to cash?
• Includes liquid and semi-liquid assets
• Almost every producer should have some other farm assets.
  • Cash, bonds, CDs, savings, checking accounts
  • Hedging account balances
  • Government payments due
  • Balance of land contract sales
  • Money owed to the operation outside Section F
  • Quotas and allotments (if excluded from item 1)
  • Livestock products stored but not sold (milk before hauling)
Debt Section K

- Debt is recorded only once in the questionnaire
  - Farm debt: Section K
  - Household debt: Section N
- Include previous year debt not paid off by January 1
- Include amounts used from established lines of credit
- Include all loans taken out in current year, regardless if repaid
Operating Loans

• Item 2 is for loans repaid during the reference year, commonly referred to as “operating loans”
• Loans repaid but not in their entirety during current year belong in Item 3
What loans belong in the debt table?

- Loans not fully repaid from Question 2
- Loans with a positive Dec 31 balance

Having a 0 balance on Dec 31 - disqualifier
Having a 0 balance on Jan 1 is OK
Debt Table

1. **Who is the lender?**
   - [From Lender Codes Above.]
   - [Code] [Dollars] [Code] [Dollars] [Code] [Dollars] [Code] [Dollars] [Code] [Dollars] [Code] [Dollars]
   - 1001 1050 1002 1003 1004 1005 1008 1006
   - 1010 1051 1011 1012 1013 1014 1017 1015
   - 1019 1052 1020 1021 1022 1023 1026 1024
   - 1028 1053 1029 1030 1031 1032 1035 1033
   - 1037 1054 1038 1039 1040 1041 1044 1042

2. **What was the balance owed on January 1, 2023 including outstanding principal plus unpaid interest?**
   - [Dollars]
   - 1001 $0.00
   - 1010 $0.00
   - 1019 $0.00
   - 1028 $0.00
   - 1037 $0.00

3. **What was the balance owed on December 31, 2023 including outstanding principal plus unpaid interest?**
   - [Code] [Dollars] [Code] [Dollars] [Code] [Dollars] [Code] [Dollars] [Code] [Dollars]
   - 1001 1002 1003 1004 1005 1008 1006
   - 1010 1011 1012 1013 1014 1017 1015
   - 1019 1020 1021 1022 1023 1026 1024
   - 1028 1029 1030 1031 1032 1035 1033
   - 1037 1038 1039 1040 1041 1044 1042

4. **What was the interest rate on December 31, 2023?**
   - [Report in hundreds of a percent. Example: 9% = 09.00]
   - [Percent]
   - 1001
   - 1010
   - 1019
   - 1028
   - 1037

5. **What is the type of loan?**
   - [From Loan Type Codes Above.]
   - [Code]
   - 1001
   - 1010
   - 1019
   - 1028
   - 1037

6. **What year was it obtained?**
   - [For refinanced loans, report year refinanced.]
   - [Year] [YYYY]
   - 1001
   - 1010
   - 1019
   - 1028
   - 1037

7. **What is the original term of the loan?**
   - [Number of Years]
   - 1001
   - 1010
   - 1019
   - 1028
   - 1037

8. **What percentage is for expenses of running this farm operation?**
   - [Percent]
   - 1001
   - 1010
   - 1019
   - 1028
   - 1037

---

4. If you had farm loans in addition to the five recorded above, what is the total amount of debt from these loans owed on December 31, 2023? *(Include farm/ranch loans and debt on the producer's house if it is owned by the operation. Exclude any loans exclusively for non-farm purposes that are secured by assets of the farm/ranch.)*

<table>
<thead>
<tr>
<th>None</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

---

United States Department of Agriculture
National Agricultural Statistics Service
Debt Table – Lender Type

- You can have the same lender code for multiple loans.
- Loans through private lenders but guaranteed by FSA – not FSA code.
- Loans borrowed from a life insurance company – Code 7.
- Loans borrowed against life insurance policies – Code 14 ‘other debts’.
- Unpaid bills – Code 14 ‘other debts’.

<table>
<thead>
<tr>
<th>Lender Codes (Column 1)</th>
<th>Lender Codes (Column 1) (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>Code</td>
</tr>
<tr>
<td>FARM CREDIT SYSTEM</td>
<td>1</td>
</tr>
<tr>
<td>USDA Farm Service Agency (FSA)</td>
<td>2</td>
</tr>
<tr>
<td>Small Business Administration (SBA)</td>
<td>3</td>
</tr>
<tr>
<td>State &amp; county government lending agencies</td>
<td>4</td>
</tr>
<tr>
<td>Savings and loan associations, residential mortgage lenders</td>
<td>5</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>6</td>
</tr>
<tr>
<td>Life insurance companies</td>
<td>7</td>
</tr>
<tr>
<td>Trade credit, including input suppliers, implement dealer, co-ops and other merchants</td>
<td>8</td>
</tr>
<tr>
<td>Contractor</td>
<td>9</td>
</tr>
<tr>
<td>Individuals</td>
<td>10</td>
</tr>
<tr>
<td>Credit Union</td>
<td>11</td>
</tr>
<tr>
<td>Any other lenders</td>
<td>12</td>
</tr>
<tr>
<td>Credit cards</td>
<td>13</td>
</tr>
<tr>
<td>Other debts (such as unpaid bills, etc.)</td>
<td>14</td>
</tr>
</tbody>
</table>
Debt Table – Balance

<table>
<thead>
<tr>
<th></th>
<th>What was the balance owed on January 1, 2023 including outstanding principal plus unpaid interest?</th>
<th>What was the balance owed on Dec. 31, 2023 including outstanding principal plus unpaid interest?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Delinquent interest (Dollars)</td>
<td>Must be Positive (Dollars)</td>
</tr>
<tr>
<td>3</td>
<td>1050</td>
<td>1002</td>
</tr>
</tbody>
</table>

- We report the balance owed at the beginning and end of year
- Remember that December 31 balance must be positive
- No need to determine interest owed for remainder of the loan
Debt Table – Interest Rate

• Interest rate reported to the hundredth of a percent
• Interest rate as of December 31
• You can have debt recorded with zero percent
  • Common with short term financing
  • Common with debt owed to family members
Debt Table – Loan Types

• Line of credit balances often designated as ‘production loans’, seasonal to finance production then repaid after sales

• To determine the code, asking 1 characteristic at a time may help:

Is Real Estate?

  NO

  More than 12 months?

    NO

    Code 1

    YES

    Code 2

  YES

  Producer’s House?

    NO

    Code 3

    YES

    Code 4

Loan Type Codes (Column 5)

<table>
<thead>
<tr>
<th>Type</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year or less production or other loans</td>
<td>1</td>
</tr>
<tr>
<td>Non-real estate loan more than one year</td>
<td>2</td>
</tr>
<tr>
<td>Real estate loans more than one year excluding producer’s house</td>
<td>3</td>
</tr>
<tr>
<td>Real estate loan more than one year only for the producer’s house</td>
<td>4</td>
</tr>
</tbody>
</table>
Debt Table – Year and Term

**Column 6 -** Enter the 4-digit year the loan was obtained
- If refinanced, enter year loan was refinanced instead

**Column 7 -** Enter # of years of the original term of loan
- Minimum = 1 (round up as needed)
- If refinanced, enter # of years for which it was refinanced

```markdown
<table>
<thead>
<tr>
<th>Column 6</th>
<th>Column 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>What year was it obtained?</td>
<td>What is the original term of the loan?</td>
</tr>
<tr>
<td>[For refinanced loans, report year refinanced] (Year) (YYYY)</td>
<td>(Number of Years)</td>
</tr>
</tbody>
</table>
```
Debt Table – Column 8

We determine % of loan used for the farm operation

• Commonly 100%

• If operation owns a residence, debt on residence is valid

Duplication Warning - The purpose is to exclude non-farm purposes relating to debt
Where does this debt belong?

New 30-year loan used to finance farmland

- Item 2 – does not belong
- Item 3 table
- New debt will have no column 2, BOY value

```
2. What was the total amount repaid on farm business loans taken out in 2023? (Record any outstanding balances of loans taken out in 2023 in Item 3.)

[Include only seasonal production and other short term farm loans.]

<table>
<thead>
<tr>
<th></th>
<th>Who is the lender? [From Lender Codes Above.]</th>
<th>What was the balance owed on January 1, including outstanding principal plus unpaid interest? (Dollars)</th>
<th>What was the balance owed on Dec. 31, including outstanding principal plus unpaid interest? (Dollars)</th>
<th>What was the interest rate on Dec. 31, ? [Report in hundredths of a percent. Example: 9% = 09.00] (Percent)</th>
<th>What is the type of loan? [From Loan Type Codes Above.] (Code)</th>
<th>What year was it obtained? [For refinanced loans, report year refinanced] (Year) (YYYY)</th>
<th>What is the original term of the loan? (Number of Years)</th>
<th>What percentage is for expenses of running this farm operation? (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1001</td>
<td>0</td>
<td>1002</td>
<td>1003</td>
<td>1004</td>
<td>1005</td>
<td>1006</td>
<td>1008</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>395500</td>
<td>.00</td>
<td>.00</td>
<td>3.25</td>
<td>30</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Where does this debt belong?

Loans used to finance farm equipment
Variable interest rate averaging 5%, was 4.25% on Dec 31
• Item 3 table

<table>
<thead>
<tr>
<th>1</th>
<th>Who is the lender?</th>
</tr>
</thead>
<tbody>
<tr>
<td>[From Lender Codes Above]</td>
<td>(Code)</td>
</tr>
<tr>
<td>8</td>
<td>$17500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>What was the balance owed on January 1, including outstanding principal plus unpaid interest?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1002</td>
<td>(Dollars)</td>
</tr>
<tr>
<td>11860</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th>What was the balance owed on Dec. 31, including outstanding principal plus unpaid interest?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1003</td>
<td>(Dollars)</td>
</tr>
<tr>
<td>11860</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>What was the interest rate on Dec. 31?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1004</td>
<td>(Percent)</td>
</tr>
<tr>
<td>4</td>
<td>25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5</th>
<th>What is the type of loan?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1005</td>
<td>(Code)</td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6</th>
<th>What year was it obtained?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1006</td>
<td>(Year)</td>
</tr>
<tr>
<td>YYYY</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7</th>
<th>What is the original term of the loan?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1007</td>
<td>(Number of Years)</td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8</th>
<th>What percentage is for expenses of running this farm operation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1008</td>
<td>(Percent)</td>
</tr>
<tr>
<td>100</td>
<td>%</td>
</tr>
</tbody>
</table>
Where does this debt belong?

Seasonal production loan of less than 1 year was taken out current year

- Item 2 – what was already repaid on loan
- Item 3 table – includes end of year balance

### Table 2: What was the total amount repaid on farm business loans taken out in 2023?

(Reduce any outstanding balances of loans taken out in 2023 in Item 3.)

(include only seasonal production and other short-term farm loans.)

<table>
<thead>
<tr>
<th>Who is the lender?</th>
<th>What was the balance owed on January 1, including outstanding principal plus unpaid interest? (From Lender Codes Above.)</th>
<th>What was the balance owed on Dec. 31, including outstanding principal plus unpaid interest? (Dollars)</th>
<th>What was the interest rate on Dec. 31, %? (Report in hundredths of a percent. Example: 9% = 0.0900)</th>
<th>What is the type of loan? (From Loan Type Codes Above.)</th>
<th>What year was it obtained? (For refinanced loans, report year refinanced)</th>
<th>What is the original term of the loan? (Year) (YYYY)</th>
<th>What percentage is for expenses of running this farm operation? (Number of Years)</th>
<th>(Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>$0</td>
<td>$150000</td>
<td>.00</td>
<td>1003</td>
<td>1005</td>
<td>1008</td>
<td>1006</td>
<td>1002</td>
</tr>
</tbody>
</table>

|$25000.00$
Where does this debt belong?

Seasonal production loan of less than 1 year was taken out current year and fully repaid

• Item 2 – repayment amount on loan

Not item 3
Where does this debt belong?

100% non-farm debt – **Does not belong**

The amount of the non-farm debt secured by a farm asset is recorded in **Section N**: Farm Producer Household.
Digital Banking

5. In 2023, what type of digital banking services did you use? Choose one. Digital banking refers to the use of either mobile or online banking. Mobile banking means banking with a smartphone, tablet, or other mobile device using an app; online banking means banking through a bank’s website using a desktop or laptop computer.

- [□] Only mobile banking
- [□] Only online banking
- [□] Both mobile and online banking
- [□] Neither mobile nor online banking – Go to Item 8

Question applies to business and personal banking

- Online banking - logging in to bank’s website using computer
- Mobile banking – accessing bank via an app from mobile device

6. In 2023, for which finances did you use your online or mobile banking? Choose one.

- [□] Only business finances
- [□] Only household finances
- [□] Both business and household finances
Digital Banking

The questionnaire then asks usage of digital banking for types of services and how often in-person banking took place.

<table>
<thead>
<tr>
<th>Service</th>
<th>(1) Did you use the digital banking service?</th>
<th>(2) If YES, how has your use of these services changed since 2019?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online bill pay</td>
<td>5777 Yes → 5776 Use about the same amount</td>
<td>1 Use about the same amount</td>
</tr>
<tr>
<td></td>
<td>3 No</td>
<td>2 Use more frequently</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Use less frequently</td>
</tr>
</tbody>
</table>
Reminders

• A farm’s assets and debt play an important role in understanding their financial well-being
• Check for duplication among assets
• Be able to explain liquid assets to respondents
Section L: Personal Characteristics and Farm Management

Caleb Alexander
Northwest Region
Who are the farmers?

Personal Characteristics...

Goals of this section:
• To gather information on age, gender, education, ethnicity, race, major occupation, and other characteristics of the individuals involved in agriculture.
Demographics

• Collect information for up to four people who are involved in decisions for this operation.

• For operations with more than four operators, identify the four most senior operators.
Principal Producer

- ERS produces estimates of farm household income from the principal operator’s household.

If you enter the spouse into a column, you do not need to do Questions 6 – 10
- Principal producer does not need to be the target from the label.
Farm Management

- Value of labor is an important element in the cost of agricultural production.
- How does on-farm labor compare to off-farm labor financially?
- What kind of labor do different farms depend on?
- Why do farm operators work off the farm and where do they work?
- Question 11 (hours worked): Is captured in weekly hours worked for that operator who has worked a minimum of 1 hour. Multiple workers can be summed into one number (10 workers, 40 hours = 400 weekly).
## Farm operator income per household by source and farm type, 2021

<table>
<thead>
<tr>
<th>Farm type</th>
<th>Mean wealth (dollars)</th>
<th>Mean total income (dollars)</th>
<th>Income from farming</th>
<th>Mean income from off-farm sources (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mean (dollars)</td>
</tr>
<tr>
<td><strong>Mean (dollars)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Small family farms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>1,814,986</td>
<td>74,877</td>
<td>5,052</td>
<td>45</td>
</tr>
<tr>
<td>Off-farm occupation</td>
<td>1,781,636</td>
<td>141,761</td>
<td>-315</td>
<td>57</td>
</tr>
<tr>
<td>Low sales</td>
<td>1,651,265</td>
<td>83,584</td>
<td>-334</td>
<td>56</td>
</tr>
<tr>
<td>Moderate sales</td>
<td>2,792,306</td>
<td>128,255</td>
<td>62,354</td>
<td>17</td>
</tr>
<tr>
<td>Midsize family farms</td>
<td>3,975,636</td>
<td>239,971</td>
<td>152,442</td>
<td>14</td>
</tr>
<tr>
<td><strong>Large-scale family farms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>6,692,775</td>
<td>556,974</td>
<td>461,413</td>
<td>11</td>
</tr>
<tr>
<td>Very large</td>
<td>15,201,685</td>
<td>1,744,401</td>
<td>1,662,892</td>
<td>7</td>
</tr>
<tr>
<td>All family farms</td>
<td>2,100,879</td>
<td>135,281</td>
<td>30,821</td>
<td>48</td>
</tr>
</tbody>
</table>

## Farm households with income or wealth below the median for all U.S. households, 2021

<table>
<thead>
<tr>
<th></th>
<th>Farm households with...</th>
<th></th>
<th>Wealth below U.S. median</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income below U.S. median</td>
<td>($70,784)</td>
<td>($132,037)</td>
</tr>
<tr>
<td>Percent of farm households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small family farms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>56.2</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Off-farm occupation</td>
<td>24.0</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Low sales</td>
<td>53.9</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>Moderate sales</td>
<td>25.9</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Midsize family farms</td>
<td>16.9</td>
<td>4.1</td>
<td></td>
</tr>
<tr>
<td>Large-scale family farms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>12.1</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Very large</td>
<td>7.9</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>All family farms</td>
<td>37.7</td>
<td>2.4</td>
<td></td>
</tr>
</tbody>
</table>

Section M: Type of Organization

Hunter Peoples
Mountain Region
Why Do We Ask This?

• Over the nation’s history, farms have gotten larger and more sophisticated
• The traditional “one farm, one farmer, one household” concept became inadequate
• ERS examines changes to the tax code and the potential impacts on agribusinesses
• A farm’s legal structure determines how benefits are distributed
Is This a Family Farm?

- **Family Farm** = At least 50% of the operation’s assets are owned by the principal producer or those related by blood, marriage, or adoption

- **Not a Family Farm** = More than 50% of the operation’s assets are owned by people unrelated to the principal producer, household members or relatives
How Many Owners?

• Question 2 asks how many people own the operation, including those outside the operator’s household
  • Based on the operation’s assets
  • Exclude landlords, contractors, and lenders

• Question 2a is asking the percentage that the principal producer and their household own
An Operation’s Legal Status

4. In 2023, what was this operation’s legal status for tax purposes (select only one)?

1. Family or individual operation (Exclude partnerships and corporations.)
2. Legal partnership operation (Include family partnerships.)
   a. Is this partnership registered under State law?  
   b. How many partners are there in this operation?
3. C-Corporation
4. S-Corporation
5. Other (Include estates, trusts, cooperatives, grazing associations, etc.)

6. Is this operation a C-Corporation or an LLC that chose to file as a C-Corporation in 2023?

1. Yes - Continue
2. No - Go to Item 7
   a. How much did the principal producer and his/her household receive in corporate dividends from this farming operation in 2023? (If your operation is an LLC that elected to file for tax purposes as a C-Corporation, consider this as income here.)

United States Department of Agriculture
National Agricultural Statistics Service
Legal Status Definitions

• **Family Operation:** No partners or shareholders; regarded as self-employed and taxed as such

• **C-Corporation:** Owners and shareholders are taxed separately from the entity at the corporate level

• **S-Corporation:** Small business entity taxed like a partnership or sole proprietor
Legal Status Definitions

• **Limited Liability Company (LLC):** Provides limited liability for owners at the state level.
  - An LLC with a single member may be considered an individual operation for tax purposes, unless said member is a corporation
    - In this case, the operation should be classified as a C-Corp or S-Corp
  - Example: If a married couple owns an operation, they should be considered a sole-proprietorship, unless it is legally organized as a partnership or corporation
Share of the Net Farm Income

- Question 7 asks what percent of the net farm income the principal producer and their household entitled to
  - If they own more than 50% of the assets, then they should receive more than 50% of the net income
- Expect an answer when it’s family operation, legal partnership or an LLC

7. What percent of net income (whether profit or loss) were the principal producer and his/her household entitled to receive from this farming operation in 2023? (If the operation is an LLC that elected to report income for tax purposes as a pass-through, consider this as income here.)

<table>
<thead>
<tr>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.974</td>
</tr>
</tbody>
</table>
Example #1

• A married couple are owner operators, with no other partners
• Their operation is classified as a non-LLC family operation
• They own 100% of the farm and are entitled to receive 100% of the NFI
• How would Section M be filled out?

4. In 2023, what was this operation’s legal status for tax purposes (select only one)?

1. Family or individual operation (Exclude partnerships and corporations.)

2. Legal partnership operation (Include family partnerships.)

   a. Is this partnership registered under State law? . . . . . . . . . . . . . . . . . . .
2. In 2023, how many people owned this operation? (Exclude landlords, contractors, and lending institutions holding farm debt. Include the principal producer if he/she has an ownership interest.) ........................................ 1246

<table>
<thead>
<tr>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 %</td>
</tr>
</tbody>
</table>

a. What percent of the ownership interest did the principal producer and his/her household hold? (Exclude relatives not living in his/her household.) ......................................................... 1248

5. In 2023, did any households, other than the principal producer’s household, share in the net farm income of this business? (Sharing can occur by receiving a share of profits/losses or, if incorporated, receiving corporate dividends.)

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

1. Yes - Continue  
3. No - Go to Item 6

a. How many other households shared in the net income of the farm business? ........................................ 0976

6. Is this operation a C-Corporation or an LLC that chose to file as a C-Corporation in 2023?

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

1. Yes - Continue  
3. No - Go to Item 7

a. How much did the principal producer and his/her household receive in corporate dividends from this farming operation in 2023? (If your operation is an LLC that elected to file for tax purposes as a C-Corporation, consider this as income here.) [Skip Item 7 and proceed to Section N.] ........................................ 0975

<table>
<thead>
<tr>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

7. What percent of net income (whether profit or loss) were the principal producer and his/her household entitled to receive from this farming operation in 2023? (If the operation is an LLC that elected to report income for tax purposes as a pass-through, consider this as income here.) ........................................ 0974

<table>
<thead>
<tr>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 %</td>
</tr>
</tbody>
</table>
Example #2

- Two operators are unrelated by blood, marriage, or adoption
- Their operation is classified as a legal partnership
- One of them is sharing in the Net Farm Income
- How would Section M be filled out?
2. In 2023, how many people owned this operation? *(Exclude landlords, contractors, and lending institutions holding farm debt. Include the principal producer if he/she has an ownership interest.)*

   - Percent: 50%

   a. What percent of the ownership interest did the principal producer and his/her household hold? *(Exclude relatives not living in his/her household.)*

5. In 2023, did any households, other than the principal producer’s household, share in the net farm income of this business? *(Sharing can occur by receiving a share of profits/losses or, if incorporated, receiving corporate dividends.)*

   - Yes - Continue
   - No - Go to Item 6

   a. How many other households shared in the net income of the farm business?

6. Is this operation a C-Corporation or an LLC that chose to file as a C-Corporation in 2023?

   - Yes - Continue
   - No - Go to Item 7

   a. How much did the principal producer and his/her household receive in corporate dividends from this farming operation in 2023? *(If your operation is an LLC that elected to file for tax purposes as a C-Corporation, consider this as income here.)*

7. What percent of net income (whether profit or loss) were the principal producer and his/her household entitled to receive from this farming operation in 2023? *(If the operation is an LLC that elected to report income for tax purposes as a pass-through, consider this as income here.)*

   - Percent: 50%
Conclusion

• A farm’s legal structure determines how benefits are distributed
• If more than 50% of an operation’s assets are owned by the principal producer or those related to them by blood, marriage, or adoption, then it’s a family farm.
• Ask about dividends (Question 6) if the operation is a C-Corp
  • If Yes, then record dividends and skip Question 7
• Question 2a asks for the percent of ownership interest the principal producer’s household has, Question 7 asks for the percent of NFI that household shares
Section N – Farm Producer Household Income, Assets, & Debt
Why does USDA collect household information?

• To support robust research agenda that informs policy and programs relating to farmers and farm households
  • Are farm households well-off relative to the general population?
  • How volatile is the household income of farmers?
  • Do government programs make a difference?
Why does USDA collect household information?

• To get the complete picture
  • Cannot understand the decisions and economic well-being without knowing what other assets, debt, or income they have

• To meet Congressional and executive mandates:
  • Secretary requires household income be reported concurrent with farm income (USDA Release No. 0383.93, May 1993).
  • Family Farm Report (USC, Title 7, Chap 55, Sec 2266)
Off-Farm Income

- Off-farm income is common.
- The average off-farm income of All Farms was $123,223 in 2022, with average earned income of $86,643 from off-farm sources. The average farm income of All farms was $32,852.

### Principal farm operator household finances by farm type, * 2022

<table>
<thead>
<tr>
<th>Item</th>
<th>Residence farms</th>
<th>Intermediate farms</th>
<th>Commercial farms</th>
<th>All farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of family farms</td>
<td>1,036,334</td>
<td>720,107</td>
<td>183,531</td>
<td>1,939,972</td>
</tr>
<tr>
<td>Farm income (median dollars per household)</td>
<td>-2,370</td>
<td>-125</td>
<td>178,692</td>
<td>-849</td>
</tr>
<tr>
<td>Off-farm income (median dollars per household)</td>
<td>113,000</td>
<td>67,519</td>
<td>56,750</td>
<td>81,108</td>
</tr>
<tr>
<td>Off-farm income: Earned Income (median dollars per household)</td>
<td>86,500</td>
<td>21,463</td>
<td>25,286</td>
<td>46,574</td>
</tr>
<tr>
<td>Off-farm income: Unearned Income (median dollars per household)</td>
<td>32,946</td>
<td>34,534</td>
<td>24,000</td>
<td>33,071</td>
</tr>
<tr>
<td>Total household income (median dollars per household)</td>
<td>112,794</td>
<td>73,304</td>
<td>252,728</td>
<td>95,418</td>
</tr>
</tbody>
</table>

| Farm income (average dollars per household) | -929          | 4,081             | 356,492           | 32,852   |
| Off-farm income (average dollars per household) | 151,385        | 89,074            | 98,198           | 123,223   |
| Off-farm income: Earned Income (average dollars per household) | 116,226          | 49,230           | 66,399           | 86,643   |
| Off-farm income: Unearned Income (average dollars per household) | 35,159          | 38,844           | 31,799           | 36,580   |
| Total household income (average dollars per household) | 150,456          | 93,154           | 434,690          | 156,076   |

*For details on the farm types, see the USDA, Economic Research Service (ERS) report, Updating the ERS Farm Typology (ERS-110), April 2013.

Sources of Off-Farm Income

- Wages
  - Operator
  - Household Members
- Nonfarm Businesses
- Transfers
- Other Income
How is the ARMS 3 data used?

Dairies: Households with dairy farms work the most on-farm, and not very much off-farm.

Beef cattle: Households work more off-farm.

Dotted line shows the linear relationship between on-farm and off-farm average weekly hours worked by specialization.

Household Income, Assets & Debt

- Whose household?
  - The “Principal Producer”
  - Identified on page 19, Q3
- Do not duplicate with farm books

Use the code in the boxes. Notice, $0 is coded 1, 01, or by checking the none box.
Section 22 Topics Covered

- Income
- Spending
- Assets
- Debt

<table>
<thead>
<tr>
<th>Income</th>
<th>Spending</th>
<th>Assets</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 - 999</td>
<td>$20,000 - 24,999</td>
<td>$125,000 - 149,999</td>
<td>$2,000,000 - 2,999,999</td>
</tr>
<tr>
<td>$1,000 - 1,999</td>
<td>$25,000 - 29,999</td>
<td>$150,000 - 199,999</td>
<td>$3,000,000 - 4,999,999</td>
</tr>
<tr>
<td>$2,000 - 2,999</td>
<td>$30,000 - 34,999</td>
<td>$200,000 - 274,999</td>
<td>$5,000,000 - 7,499,999</td>
</tr>
<tr>
<td>$3,000 - 3,999</td>
<td>$35,000 - 39,999</td>
<td>$275,000 - 349,999</td>
<td>$7,500,000 - 9,999,999</td>
</tr>
<tr>
<td>$4,000 - 4,999</td>
<td>$40,000 - 49,999</td>
<td>$350,000 - 499,999</td>
<td>$10,000,000 and over</td>
</tr>
<tr>
<td>$5,000 - 7,499</td>
<td>$50,000 - 59,999</td>
<td>$500,000 - 749,999</td>
<td></td>
</tr>
<tr>
<td>$7,500 - 9,999</td>
<td>$60,000 - 79,999</td>
<td>$750,000 - 999,999</td>
<td></td>
</tr>
</tbody>
</table>

1. Use the value codes from the box above to answer the questions in Section N. (Exclude farm income reported earlier.) Which value code represents the total income received by the principal producer, spouse, and household in 2023 from –

2. Which value code from the list above represents how much this household spent in 2023 on –
   a. food, including food away from home?

3. Which value code on page 22 represents the total value of each of the following categories of off-farm assets owned by the producer and members of the producer’s household on December 31, 2023, for –
   (Exclude assets of this operation, reported in Section J.)

4. Which value code on page 22 represents the total value of each of the following categories of off-farm debt (debt not associated with this operation) owed by the producer and members of the producer’s household on December 31, 2023, for (Include off-farm debt secured with farm assets. Exclude any debt household debt, credit cards, etc. reported in Section K, Farm Debt.)
Previous Year (2022) Income and Expenses

- Question 6-8:
  - Value of sales
  - Net operating income
  - Off farm income
  - Does not need to be exact—Use Value Codes
  - Gives a metric for year-over-year comparisons

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
<th>Value Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Which value code on page 22 represents the total farm sales last year (2022)? (Total farm sales includes livestock and crop income from cash and marketing contract sales, fees received from livestock and crop production contracts, the net change in CCC loans, and government payments.)</td>
<td>None</td>
</tr>
<tr>
<td>7.</td>
<td>Which value code on page 22 represents the net operating income for this operation last year (2022)? (Cash income from all farm sources minus production costs and depreciation; if negative net operating income, please indicate with a negative sign before the value code.)</td>
<td>None</td>
</tr>
<tr>
<td>8.</td>
<td>Which value code on page 22 represents the total off-farm income last year (2022)? (Wages, salaries, tips, interest, dividends, other public sources, etc. before taxes, income from operating another farm, income from operating any other business; if negative off-farm income, please indicate with a negative sign before the value code.)</td>
<td>None</td>
</tr>
</tbody>
</table>

2002 Office Use Only
Some Things to Watch out For

• Spending, in item 2
  a. food
  c. utilities and household supplies
  e. health and medical expenses
  j. all other family living expenses

• Do not double count and report expenses already reported in Section I - Operating Expenses
  You can’t report your personal expenses on your taxes for your business. People have personal expenses too.
Some Things to Watch out For

- BE CAREFUL - is the house part of the farm or not?
- Don’t want to duplicate the information if it was reported in the Farm Asset Section

OFF-FARM DEBT – (Please see VALUE CODES on page 22.)
4. Which value code on page 22 represents the total value of each of the following categories of off-farm (debt not associated with this operation) owed by the producer and members of the producer’s household on December 31, 2023, for (Include off-farm debt secured with farm assets. Exclude any debt household dollars, etc. reported in Section K, Farm Debt.)

- mortgages on producer’s dwelling, if not owned by the operation? (Include home mortgages, home equity loans, and lines of credit secured by the producer’s dwelling.)
Conclusion

• Farm and household sustainability are interlinked
• Section N focus is on principal producer’s household
• Section N is value code based as opposed to exact $
• Beware of duplication of assets, debt, and expenses between farm (earlier sections) and household (section N)
Thank you for listening!
Conclusion

Laci Banks-Walker
Eastern Mountain Region
Conclusion

1. **Survey Results:** To receive the complete results of this survey on the release date, go to: https://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/

   To have a brief summary emailed to you at a later date, please enter your email address:

2. In case we have questions, please provide your contact information.

   **Respondent Name:**
   
   **Operation E-mail (if different from above):**
   
   **Date Completed (MM-DD-YY):**

   **Respondent Phone:**
   
   **Operation Phone:**

   **Check if cell phone:**

   Thank You for Your Participation!
## Conclusion

![Table Image]

<table>
<thead>
<tr>
<th>Response</th>
<th>Respondent</th>
<th>Mode</th>
<th>Enum</th>
<th>Eval</th>
<th>Field Office Use</th>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Comp</td>
<td>1-Op / Mgr</td>
<td>1-Mail</td>
<td>5903</td>
<td>5996</td>
<td>9900</td>
<td>0935</td>
</tr>
<tr>
<td>2-R</td>
<td>2-Sp</td>
<td>2-Tel</td>
<td>5903</td>
<td>5996</td>
<td>9900</td>
<td>0003</td>
</tr>
<tr>
<td>3-Inac</td>
<td>3-Acct / Bkpr</td>
<td>3-Face-to-Face</td>
<td>9989</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Office Use Only

- Ending Time (Military) OR Total Time
  - Hours
  - Minutes

Office Use for POID

Name
When the interview is concluded, ask yourself:

- “Does the questionnaire make sense?”
- “Does it ‘tell the whole story’?”
ARMS 3 Commodity Version Questionnaires

Kyle Nelson
Northern Plains Region

Tanya McNeal
Southern Plains Region

Kinsey Kappler
Southern Plains Region

Leonel Lopez
Southern Plains Region
Commodity Versions

• Cost of production surveys are conducted for selected commodities on a rotating basis, generally every 4-8 years.
## Data Uses

### Soybeans

<table>
<thead>
<tr>
<th></th>
<th>Base survey of 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Gross value of production</td>
<td></td>
</tr>
<tr>
<td>Primary product, soybeans</td>
<td>709.36</td>
</tr>
<tr>
<td>Total, gross value of production</td>
<td>709.36</td>
</tr>
<tr>
<td>Operating costs</td>
<td></td>
</tr>
<tr>
<td>Seed</td>
<td>71.09</td>
</tr>
<tr>
<td>Fertilizer¹</td>
<td>63.92</td>
</tr>
<tr>
<td>Chemicals</td>
<td>55.03</td>
</tr>
<tr>
<td>Custom services</td>
<td>14.86</td>
</tr>
<tr>
<td>Fuel, lube, and electricity</td>
<td>24.65</td>
</tr>
<tr>
<td>Repairs</td>
<td>35.03</td>
</tr>
<tr>
<td>Purchased irrigation water</td>
<td>0.02</td>
</tr>
<tr>
<td>Interest on operating capital</td>
<td>3.23</td>
</tr>
<tr>
<td>Total, operating costs</td>
<td>267.83</td>
</tr>
<tr>
<td>Allocated overhead</td>
<td></td>
</tr>
<tr>
<td>Hired labor</td>
<td>5.87</td>
</tr>
<tr>
<td>Opportunity cost of unpaid labor</td>
<td>20.36</td>
</tr>
<tr>
<td>Capital recovery of machinery and equipment</td>
<td>130.97</td>
</tr>
<tr>
<td>Opportunity cost of land</td>
<td>166.00</td>
</tr>
<tr>
<td>Taxes and insurance</td>
<td>14.11</td>
</tr>
<tr>
<td>General farm overhead</td>
<td>22.31</td>
</tr>
<tr>
<td>Total, allocated overhead</td>
<td>359.62</td>
</tr>
<tr>
<td>Costs listed</td>
<td></td>
</tr>
<tr>
<td>Total, costs listed</td>
<td>627.45</td>
</tr>
<tr>
<td>Net value</td>
<td></td>
</tr>
<tr>
<td>Value of production less total costs listed</td>
<td>81.91</td>
</tr>
<tr>
<td>Value of production less operating costs</td>
<td>441.53</td>
</tr>
</tbody>
</table>

- **Soybeans**
- **Oats**
- **Peanuts**
ERS Publications


www.ers.usda.gov
ARMS Phases

• Phase 1: May – July 2023
  • Operators screened for target commodity
  • Previously Reported Data (PRD) used to reduce respondent burden.

• Phase 2: September 2023 – January 2024
  • Operators from Phase 1 with the target commodity were contacted for field level information.

• Phase 3: January – April 2024
  • ARMS 2 operators contacted to collect whole farm information.
Questionnaire Differences

• Direct Sales (Sec. G in the CRR) is not in the commodity specific questionnaires versions.
• There are additional target commodity expense questions in Sec. H (Operating & Capital Expenses).
• Drying Section (Sec. N) is not found in the CRR.
Sec. H: Expenses

• There are 16 additional questions for the target commodity.
Sec. H: Expenses continued...

- Item 15b(i) is a subset of Item 15b not Item 15.

<table>
<thead>
<tr>
<th>15. maintenance and repair for the upkeep of all farm buildings, houses other than the producer's, land improvements, and all other farm/ranch improvements?</th>
<th>$ 0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Of the (Item 15) dollars, how much was for specialized livestock production facilities such as dairies, feedlots, poultry houses, and swine buildings?</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>b. Of the (Item 15) dollars, how much was for maintenance and repair of irrigation equipment and pumps?</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>(i) Of the (Item 15b) dollars, how much was for the OATS for GRAIN enterprise?</td>
<td>$ 0.00</td>
</tr>
</tbody>
</table>

- Expenses represent what was spent during 2023. If inputs were purchased in 2022, please exclude here (but include in beginning of year assets).
Sec. N - Drying Section

- Goal: Reduce grain moisture content to meet recommendations for safe, long-term storage.
- Drying costs can be significant in some years and certain locations due to annual weather conditions.
- Information collected about drying systems are used in engineering relationships to estimate the operating and ownership costs of the (target crop) drying facilities.
Sec. N – Initial Questions

SECTION N  PEANUT DRYING

1. Did the operation harvest peanuts in the 2023 crop year?
   1895  □ Yes - Continue  □ No - Go to Section O

2. In what month was the majority of the 2023 peanut crop harvested?
   ↓ 1826

3. How much of the 2023 peanut crop was cleaned?
   ↓ 1860

a. [if any] What was the cost of custom cleaning
   the 2023 peanut crop?
   ↓ 1862

   Dollars & Cents per Ton

   OR

   Total Dollars

   $  .00

United States Department of Agriculture
National Agricultural Statistics Service
How much was dried?

- Drying Systems
- Fuel used for heat source
- Electricity

### Soybeans

3. How much of the 2023 soybean crop was (please report on a dry basis)

<table>
<thead>
<tr>
<th>Option</th>
<th>1864</th>
<th>1871</th>
<th>1877</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. custom dried?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. dried by this operation?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. not dried?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Peanuts

4. How much of the 2023 peanut crop was —

<table>
<thead>
<tr>
<th>Option</th>
<th>Tons</th>
<th>OR</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. custom dried?</td>
<td>1866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. dried other than custom dried (such as on-farm drying in trailers/wagons)?</td>
<td>1869</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. not dried?</td>
<td>1875</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Custom Drying Expenses

#### All Commodity Versions

<table>
<thead>
<tr>
<th>3. How much of the 2023 oats crop was (please report on a dry basis)</th>
<th>Bushels</th>
<th>OR</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. custom dried?</td>
<td>1864</td>
<td>1865</td>
<td>%</td>
</tr>
</tbody>
</table>

**NOTE:** If any of the 2023 oats crop was custom dried (item 3a), go to Item 4; else go to Note above Item 5.

<table>
<thead>
<tr>
<th>4. How much was spent for custom drying the 2023 oats crop?</th>
<th>Dollars &amp; Cents per bushel</th>
<th>OR</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1829</td>
<td>1830</td>
<td>$ .00</td>
</tr>
</tbody>
</table>
Dried by the Operation

| Oats & Soybeans |

### 3. How much of the 2023 soybean crop was (please report on a dry basis)

| a. custom dried? | 1864 | OR 1865 | % |
| b. dried by this operation? | 1870 | OR 1871 | % |
| c. not dried? | 1876 | OR 1877 | % |

\[ a + b + c = 100\% \]

---

### 5. What fuel type was used to dry the majority of the 2023 soybean crop?

- diesel
- gasoline
- LP gas
- natural gas
- electricity
- other

---

### 6. On average, what was the moisture percentage of the 2023 soybean crop at harvest?

---

**NOTE:** If any of the 2023 soybean crop was dried by this operation (Item 3b), go to Item 5; else go to Section O.
Peanuts dried, other than custom dried

4. How much of the 2023 peanut crop was —
   a. custom dried? ................................................................. 1866
   b. dried other than custom dried (such as on-farm drying in trailers/wagons)? ........................................... 1869
   c. not dried? ................................................................. 1875

<table>
<thead>
<tr>
<th>Tons</th>
<th>OR</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1865</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1871</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1877</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[NOTE: if any of the 2023 peanut crop was dried, other than custom dried, continue; else go to Section O.]

6. What was the total cost of each fuel used to dry the peanuts?
   a. diesel ................................................................. 1881
   b. gasoline ............................................................. 1882
   c. LP gas ............................................................... 1883
   d. natural gas ......................................................... 1884
   e. electricity ......................................................... 1885
   f. other ............................................................... 1886

<table>
<thead>
<tr>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
</tr>
</tbody>
</table>
Drying Labor

7. How many hours of each type of labor were used to dry the 2023 oats crop? 
   *(Include hours to unload, fill and empty dryers, and to oversee drying.)*

   a. Paid and unpaid operators, partners, and family members, and other unpaid workers? ........ 1,896

   b. Full-time hired workers? *(Exclude custom and contract labor.)* .................. 1,897

   c. Part-time or seasonal hired workers? *(Exclude custom and contract labor.)* ............ 1,898
## Facilities and Capacity

### Oats & Soybeans

<table>
<thead>
<tr>
<th>Code</th>
<th>Number</th>
<th>Bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 continuous flow dryer (outside of bins)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 batch dryer (outside of bins)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. What type of facility was used to dry the majority of the 2023 oats crop?    
   a. Of the (Item 8) type of facility, how many were used to dry the 2023 oats crop?    
   b. What was the TOTAL holding capacity of the type of facilities reported in 8a?  

(For continuous flow or batch dryers, report the bushels per hour)
Peanuts: Remaining Questions

8. How many trailers/wagons were used to dry the peanuts *(count each trailer/wagon only once even if it was used multiple times; include both owned and rented trailers/wagons)*?
   **NUMBER OF TRAILERS/WAGONS** ................................................................. 1891
   a. What was the length of the trailer/wagons that were used? *Mark one.*
      
      1  □  Less than or equal to 30 ft. long
      2  □  More than 30 ft. long
      3  □  Both sizes were used

9. How many trailer/wagon loads of peanuts were dried? **NUMBER OF LOADS** .............. 1892

10. What was the average drying time per trailer/wagon load of peanuts? **HOURS PER LOAD** .... 1893

11. What was the average initial moisture content for the peanuts that were being dried down? ....... 5767
Final Thoughts

• Please be familiar with the target commodity in the Expense and Drying sections.
• If the operation didn’t have the target crop, complete the interview and skip target crop questions as appropriate.
• The first two questions of the Drying section related to the harvest and not drying!