

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				
Item	Residence farms	Intermediate farms	Commercial farms	All farms
Number of family farms	1,036,334	720,107	183,531	1,939,972
Farm income (median dollars per household)	-2,370	-125	178,692	-849
Off-farm income (median dollars per household)	113,000	67,519	56,750	81,108
Off-farm income: Earned Income (median dollars per household)	86,500	21,463	25,280	46,574
Off-farm income: Unearned Income (median dollars per household)	32,946	34,534	24,000	33,071
Total household income (median dollars per household)	112,794	73,304	252,728	95,418
Farm income (average dollars per household)	-929	4,081	336,492	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	39,844	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 (EIB-110), April 2013.

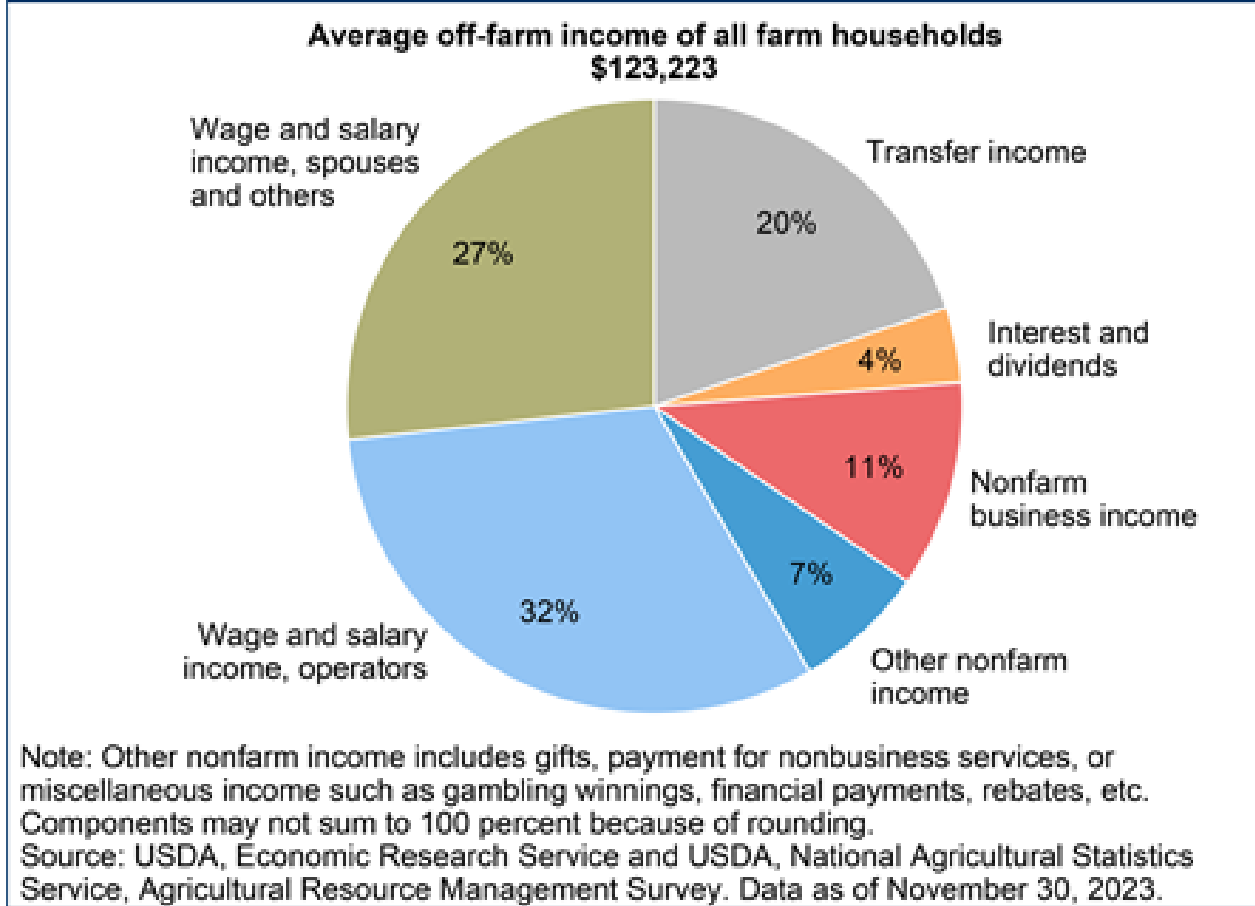
Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of November 30, 2023.



Sources of Off-Farm Income

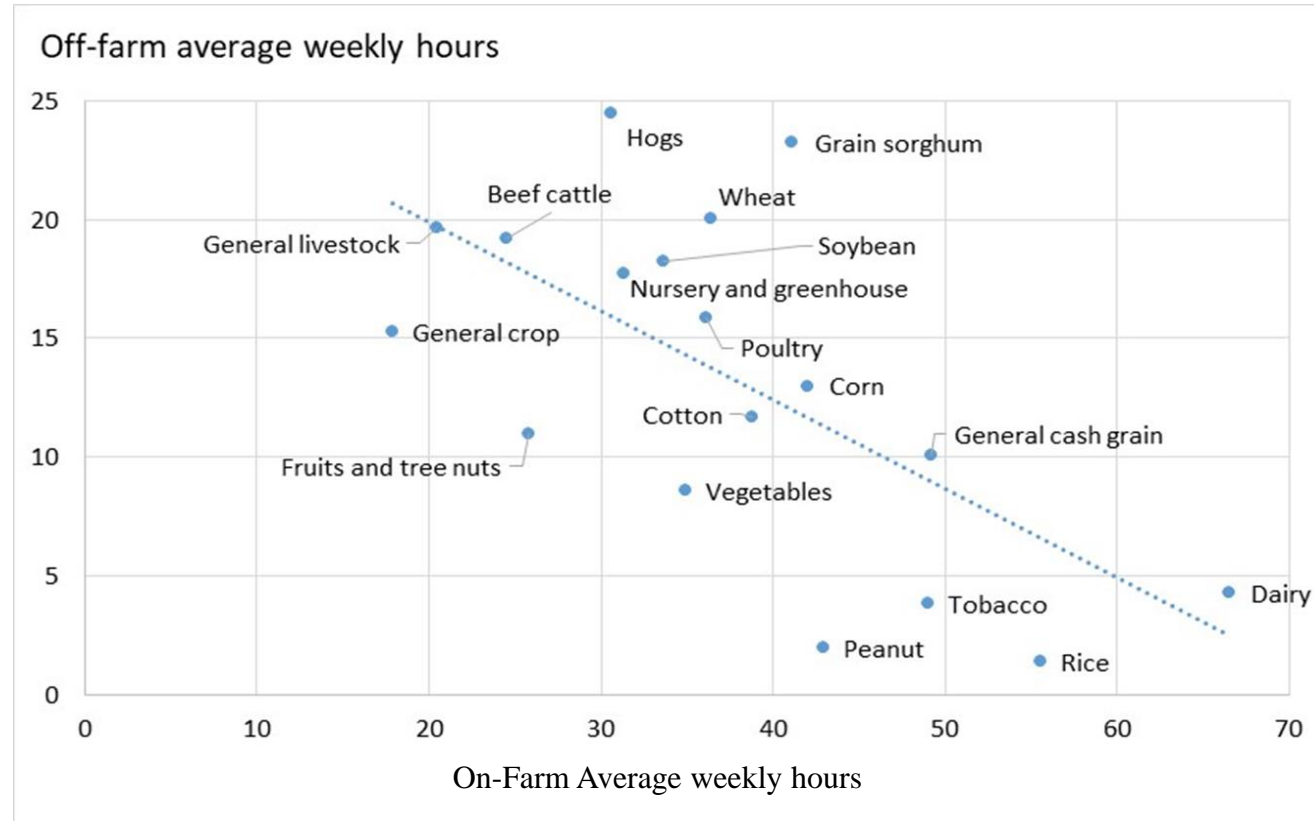
- Wages
 - Operator
 - Household Members
- Nonfarm Businesses
- Transfers
- Other Income

Farm household sources of off-farm income, 2022



How is the ARMS 3 data used?

Beef cattle households work more off-farm hours versus the row crop households



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

Source: USDA, Economic Research Service and National Agricultural Statistics Service, 2018 Agricultural Resource Management Survey. Data as of November 27, 2019.



United States Department of Agriculture
National Agricultural Statistics Service



Household Income, Assets & Debt

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

Dollar Range	Value Code	Dollar Range	Value Code	Dollar Range	Value Code	Dollar Range	Value Code
\$0	01	\$10,000 – 14,999	10	\$80,000 – 99,999	19	\$1,000,000 – 1,499,999	28
\$1 – 499	02	\$15,000 – 19,999	11	\$100,000 – 124,999	20	\$1,500,000 – 1,999,999	29
\$500 – 999	03	\$20,000 – 24,999	12	\$125,000 – 149,999	21	\$2,000,000 – 2,999,999	30
\$1,000 – 1,999	04	\$25,000 – 29,999	13	\$150,000 – 199,999	22	\$3,000,000 – 4,999,999	31
\$2,000 – 2,999	05	\$30,000 – 34,999	14	\$200,000 – 274,999	23	\$5,000,000 – 7,499,999	32
\$3,000 – 3,999	06	\$35,000 – 39,999	15	\$275,000 – 349,999	24	\$7,500,000 – 9,999,999	33
\$4,000 – 4,999	07	\$40,000 – 49,999	16	\$350,000 – 499,999	25	\$10,000,000 and over	34
\$5,000 – 7,499	08	\$50,000 – 59,999	17	\$500,000 – 749,999	26		
\$7,500 – 9,999	09	\$60,000 – 79,999	18	\$750,000 – 999,999	27		

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 –

SOURCE	PRINCIPAL PRODUCER INCOME (Value Code)		SPOUSE INCOME (Value Code)		TOTAL HOUSEHOLD INCOME (Value Code)	
	None	0950	None	0951	None	0952
a. all off-farm wages, salaries, and tips before taxes and withholdings?	<input type="checkbox"/>	01	<input type="checkbox"/>	12	<input type="checkbox"/>	12

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

\$500 – 999 03	\$20,000 – 24,999 12	\$125,000 – 149,999 21	\$2,000,000 – 2,999,999 30
\$1,000 – 1,999 04	\$25,000 – 29,999 13	\$150,000 – 199,999 22	\$3,000,000 – 4,999,999 31
\$2,000 – 2,999 05	\$30,000 – 34,999 14	\$200,000 – 274,999 23	\$5,000,000 – 7,499,999 32
\$3,000 – 3,999 06	\$35,000 – 39,999 15	\$275,000 – 349,999 24	\$7,500,000 – 9,999,999 33
\$4,000 – 4,999 07	\$40,000 – 49,999 16	\$350,000 – 499,999 25	\$10,000,000 and over 34
\$5,000 – 7,499 08	\$50,000 – 59,999 17	\$500,000 – 749,999 26	
\$7,500 – 9,999 09	\$60,000 – 79,999 18	\$750,000 – 999,999 27	

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 –

HOUSEHOLD SPENDING – (Please see **VALUE CODES** above.)

2. Which value code from the list above represents how much this household spent in 2023 on –
 a. food, including food away from home? 1105

None

Value Code

OFF-FARM ASSETS – (Please see **VALUE CODES** on page 22.)

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.)

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 (*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.)

None

Value Code



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

2022 INCOME AND EXPENSES		None	Value Code	
6.	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.)	1113	<input type="checkbox"/>	
7.	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)	1114	<input type="checkbox"/>	
8.	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)	1115	<input type="checkbox"/>	
			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

- b. retirement accounts? (401k, 403b, IRA, Keogh, other retirement accounts)
- c. producer's dwelling, if not owned by the operation? (not reported in Section J, Item 1a).
- d. real estate and other personal (second) homes? (other farms, residential rental, commercial, and other real estate).
- e. business not part of this farm?.
- f. all household vehicles? (including household share of vehicles partly owned by the operation).
- g. other assets not reported elsewhere?

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 credit cards, etc. reported in Section K, Farm Debt.)
- a. 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.)
 - b. mortgages on other real estate and other personal homes such as second homes? (Include mortgages, equity loans, and lines of credit secured by other real estate, including other farms, residential rental, commercial, and other real estate.)



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)





Questions