

# Agricultural Resource Management Survey

## Harvesting the Facts on Farming Data for Decisionmaking

### Why is ARMS important?

USDA's Agricultural Resource Management Survey, or ARMS, is the only annual, nationally representative survey of America's diverse farms and farm households. The 35,000 participants in the survey represent 2.1 million farm operations. ARMS provides key economic indicators about agriculture, and is the major source of information on production practices, resource use, and financial conditions among U.S. farms, and on the characteristics and economic well-being of farm households. ARMS is an indispensable tool for those who make the laws and policies that affect every farm operation, as well as for anyone with a business or academic interest in the farm sector.

Policy makers can use the data to become better informed about the complexity of agriculture so that policy decisions are based on data, not anecdotes, perceptions, or opinions. Accurate data can give business and policy decision makers a realistic picture of the condition of the farm economy. Information collected in the ARMS survey can be used to gauge the effects that economic events have on farm households and businesses. ARMS data are used many times each year to provide information requested by the House and Senate Agriculture Committees and by policy analysts in USDA.

### How Do Farmers Benefit From ARMS?

Here are just a few examples:

- Lawmakers can evaluate the impacts of alternative policies and programs on farms of different types and in different regions.

- Policy makers can measure the effect of changing input costs on producers' bottom lines by using ARMS data.
- Farm groups and trade associations can use the data to assess how policy changes might affect their members.
- ARMS data can demonstrate the range of conservation practices that are used, and how farmers are likely to respond to alternative conservation initiatives.

Farm operators themselves can use ARMS data to compare their operations with national and regional trends among similar operations and among all farms. How widespread is contracting? What is the average age and education level of farmers in a given region or a given farm size? How widespread are adoption of new technologies and the use of innovative production practices?

### What Does ARMS Tell Us?

Several examples of the facts revealed in ARMS demonstrate the broad range of information it generates. The data also can be used to demonstrate the diversity within the farm sector, by farm size, geographic region, household characteristics, and commodities produced.

- **Production expenses:** ARMS collects data on the costs of fertilizer, fuel, rent, seed, labor, custom applications, pesticides, and other production inputs for selected crops. U.S. farm cash production expenses totaled \$199.7 billion in 2005, up 7.2 percent from 2004. Fuel costs were among the largest contributors to the increase.
- **Farm business values:** Farm debt-to-asset ratio has continued to fall, and is now at the lowest level in 40 years.
- **Contracting:** Marketing and production contracts (advance agreements) between farmers and commodity buyers accounted for 38 percent of the value of U.S. agricultural production in 2004, up from 33 percent in 1995.



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- **Farm household income sources:** Farm households, like many other households, draw livelihoods from a variety of work, savings, and investments. The relative importance of the different components of farm household income varies by farm type, but off-farm income is most important for a majority of farm households.
- **Small farms:** In 2004, 98 percent of farms were family farms, and 90 percent were small family farms (total sales under \$250,000). Small family farms accounted for 61 percent of all land owned by farms but only 27 percent of farm production.

## Which Major Reports Rely on ARMS Data?

ARMS data form the basis of a number of USDA reports, some published annually and all accessible on the web:

### *Family Farm Report*

Annual report provides comprehensive information on family and nonfamily farms and important trends in farming, operator household income, farm performance, and contracting. Companion brochure also is available.

<http://www.ers.usda.gov/publications/eib12/>

<http://www.ers.usda.gov/publications/eib13/>

### *Agricultural Income and Finance Outlook*

Annual report looks at farm business and household income, farm profitability, government payments, production expenses, debts and assets, and other financial measures for the Nation, regions, and selected States.

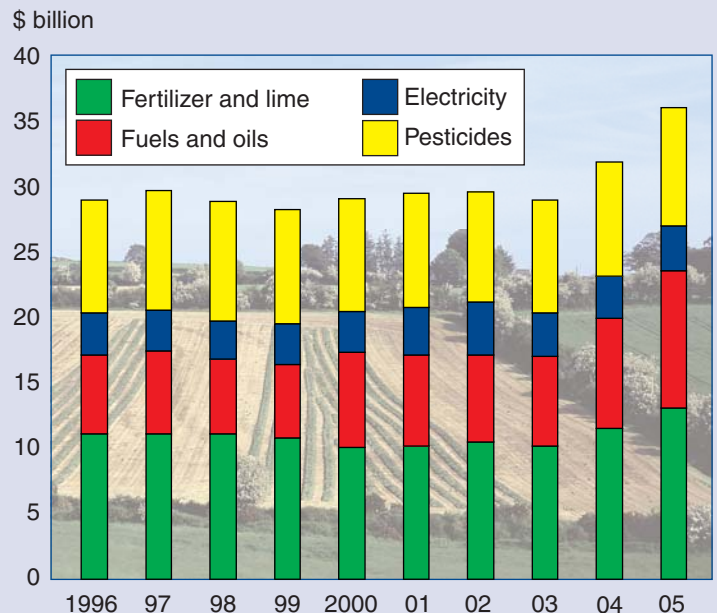
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1254>

### *Farm Production Expenditures Annual Summary*

Report provides estimates of major expense items by farm production region, economic class, commodity, and selected States.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1066>

## Farmers' Manufactured Input Costs



Farmers' production expenses are among the data collected by ARMS.

## *Agricultural Contracting Update*

ARMS measures the share of production sold under marketing or production contracts, which cover an increasing share of the value of U.S. agricultural production.

<http://www.ers.usda.gov/Publications/eib9/>

## It's important that farmers respond to the ARMS survey

- ARMS provides a way for you and other operators to communicate to policy makers the economic conditions, production practices, and characteristics of your operations. Individually reported data are *strictly confidential*.
- Every response improves the accuracy of the data, and farm operators are the only ones who can provide these data.

**ARMS is the mirror in which American farming views itself**

**You can find ARMS data at:  
[www.ers.usda.gov/data/arms/](http://www.ers.usda.gov/data/arms/)**