Agricultural Resource Management Study

Farm Bureau Uses ARMS to Promote Ag-Friendly Policies

by Sam Funk
IL Farm Bureau

ARMS data is extremely useful to several groups–especially to producers who participate in the survey. When policy makers desire a realistic picture of the condition of the farm economy, they often examine the ARMS data.

ARMS provides some of the best representative information available on the financial status of US agriculture. It is used as a policy tool to examine whether crop disaster assistance or other aid programs are necessary.

Without ARMS, we would not be able to as accurately reflect the general economic conditions of U.S. agriculture and develop policy that is as meaningful to agricultural producers. By participating in the ARMS survey, producers actually benefit themselves by lending their input into the decision making process at the federal and state level. They may not write the policy, but the policy will be tailored to account for farms of similar structure.

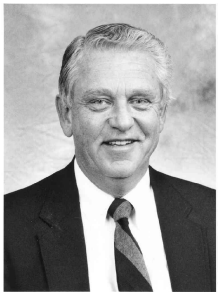
Ag and Food Policy Center Answers Congressional Ag Committee Inquiries

by Dr. James Richardson
Co-Director AFPC
Texas A&M University

The Agricultural and Food Policy Center (AFPC) at Texas A&M University has been relying on ARMS data since 1990. The data is used in addition to a panel of farmers interviewed many times each year to analyze questions asked by the House and Senate Ag. Committees and by policy analysts in USDA.

During the 1995 and 2002 Farm Bill debates, more than 60 different alternative Farm Bill programs were analyzed. Without ARMS data to validate and compliment AFPC's data, our farm panel analyses would not have as much credibility with policy makers in Washington.

ARMS data provides information on debt structure that is not available in panel surveys and the ARMS survey allows AFPC to determine the percent of farms represented by our panel farms.



Dairy Policy Alternatives Analyzed

by Dr. Robert Cropp
University of Wisconsin

As a dairy marketing and policy extension specialist with University of Wisconsin, I provide dairy producers and related agribusinesses with a monthly dairy situation and outlook for their use in making production and marketing decisions, in particular, milk price risk management decisions.

I am frequently asked to analyze the impact on dairy producers of existing or proposed dairy policy alternatives. This information is used by Congress, farm organizations, and dairy trade associations as they debate changes in federal dairy policy. Often the impact on producers differs by region of the county.

I rely heavily upon ARMS dairy related information whether it is cost of production data, crop production practices that may impact dairy feed costs, marketing data, etc. to carry out these responsibilities.

Crop Insurance Participation Studied

by Ross J. Davidson, Jr.
Administrator RMA
CEO & Manager FCIC

USDA's Risk Management Agency (RMA) protects America's farmers through federally sponsored crop insurance delivered and serviced through the private sector and other innovative risk management tools. As the Administrator of RMA, I am also the CEO and Manager of the Federal Crop Insurance Corporation (FCIC). I'm a frequent researcher, commentator and advisor to state and federal policymakers.

Because the ARMS survey collects financial and demographic data to an unmatched degree, the most recent survey allowed us to observe variations in crop insurance usage across many different classifications of farmers.

In the future, this type of targeted information may help policy makers and insurance providers establish work priorities and target policy changes to better meet the needs of specific types of farmers.

Limited Resource Farmers Defined for Additional Farm Bill Payments

by David Buland
Economist NRCS USDA

I have used the ARMS data for numerous analyses over the years, and refer other NRCS economists to the ARMS data.

For instance, the 2002 Farm Bill provided a higher cost-share rate with several farm programs for Limited Resource Farmers. It was left to USDA to define the term, Limited Resource Farmers. Several other programs administered by the FSA, RD, and the Forest Service also had special conditions for Limited Resource Farmers, so USDA decided to find one consistent definition for multiple programs.

The 2002 Farm Bill increased the EQIP program funding from $200 million in FY2002 to a billion dollars in FY04. So now the definition of Limited Resource Farmers involved real money.

In determining the definition, since farm households derive most of their income from off-farm sources, we needed data that included both on- and off-farm income; plus the economic, social, and demographic data. The ARMS dataset was the only data anywhere that combined both on-farm and off-farm income sources.

The team looked at various combinations of limits on household income, wealth, acreage, farm sales, and demographics; testing the number of potential EQIP applicants and available dollars committed. The ARMS data was needed to test which combination of farm sales level and total household income levels would best fit the program.

The final definition, developed using the ARMS data, was: (1) A person with farm sales less than $100,000 (to be increased in 2004 to adjust for inflation using USDA-NASS 's prices paid by farmer index. (2) Has a total household income below the national poverty or less than 50 percent of the county median.

Bankers Analyze Ag Economy for Decision Making

by Christopher Watkins, AVP
Central State Bank
Muscatine, IA

Bankers often use ARMS data that comes to us via USDA. The data is used in our banking industry for cash flow purposes, market history analysis, monitoring economic impacts, keeping in touch with industry trends. One example is the data have been used to make decisions about ethanol plant development.

Designing Beneficial Farm Financial Support Programs

by Steve Swannack
Swannack Farms
Lamont, WA

In a perfect world, you, I and other farmers would be able to look at the market and decide what crops we could profitably raise with the only uncontrollable variable being the weather. Alas, the world is far from perfect and we farmers are up against forces, both domestic and foreign, that put our livelihoods at risk.

Many of us have come to the state of having much of our family income coming from off-farm sources. And all of us are finding a significant portion of our farm income coming from various government programs and insurance.

I may decry the need for this assistance, but I am thankful these programs exist and want them to be efficient and useful. When the government needs a complete, accurate and timely picture of the financial state of our Ag community, there is no better source than ARMS data. It has been used to design and fine-tune many of the programs that we rely on day-to-day--crop insurance, commodity assistance, EQUIP and other conservation programs to name a few.

The survey is in-depth and takes time . It would be easy to say "no", but we need to say "yes" instead. Until that perfect world comes, we need all the tools we can get our hands on and ARMS data is a powerful one to help shape the playing field.

Aiding Farmers Making Management Decisions

by Dr. Gary Schnitkey
University of IL
Urbana, IL

I have used ARMS data often as a means of checking our Farm Business Farm Management (FBFM) data to make sure that it is representative of farms in our state. FBFM aids farmers in their risk management decisions.

The field practice information is one of a kind and extremely useful for many reasons. I have also used ARMS data to prepare budgets.

Sound Decisions for Agriculture's Challenges

by Charles Kruse
MO Farm Bureau Federation
Jefferson City, MO

As a fourth generation farmer, I understand the many challenges facing American agriculture. The ability to make sound policy decisions is related directly to the use of accurate data.

I encourage you to take the time necessary to participate in ARMS. By doing so, you will help ensure that decisions reflect the conditions faced in rural America.

Machinery Costs Tracked for Widely Referenced Extension Publications

by Dr. William Lazarus
University of MN
St. Paul, MN

I write articles on machinery production costs for Extension Service publications that are referenced by many for many reasons. ARMS data collected on crop machinery types, sizes, and costs have helped me to refine my analysis. One example is a special tabulation of ARMS data on corn planters, sprayers, and combines showing that acres covered annually in the north central states were substantially less than was assumed. That means for that region the previous machinery costs per acre needed updating.

I look forward to future ARMS tabulations that will allow me to continue to track cost trends.

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