

Section 38- Farm Producer Household Income, Assets, & Debt



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United States Department of Agriculture
National Agricultural Statistics Service



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.

51.6% of farming households reported off-farm work in 2020.

The mean off-farm income of All Family Farms was \$96,688 in 2020, with a mean earned income of \$63,530 from off-farm sources.

Farm operator household income by source and farm type, 2020

Farm type	Mean total income	Income from farming		Mean income from off-farm sources		
		Mean amount	Is negative	Total	Earned	Unearned
	Dollars per household	Percent of households	Dollars per household			
Small family farms						
Retirement	78,028	5,430	49	72,599	29,964	42,634
Off-farm occupation	139,571	-2,427	68	141,998	112,239	29,759
Low sales	61,245	-1,637	59	62,883	27,331	35,552
Moderate sales	122,814	53,695	19	69,120	40,042	29,077
Midsize family farms	212,109	140,136	14	71,973	41,384	30,589
Large-scale family farms						
Large	438,076	361,727	11	76,350	49,580	26,770
Very large	2,000,335	1,913,814	8	86,522	52,106	34,416
All family farms	122,291	25,603	54	96,688	63,530	33,158

Notes: Operator household income is not estimated for nonfamily farms. Earned income comes from off-farm self-employment or wage/salary jobs. Unearned income includes interest and dividends, benefits from Social Security and other public pensions, alimony, annuities, net income of estates or trusts, private pensions, etc. Components may not sum to total due to rounding.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2020 Agricultural Resource Management Survey.



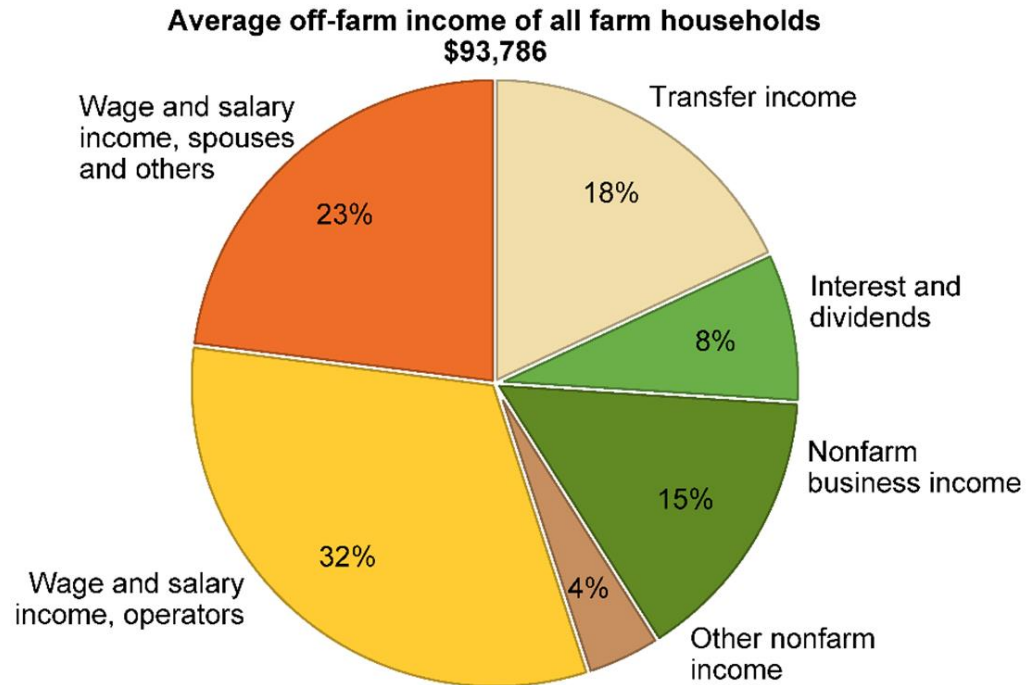
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Sources of Off-Farm Income

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

Sources of off-farm income for farm operator households, 2018



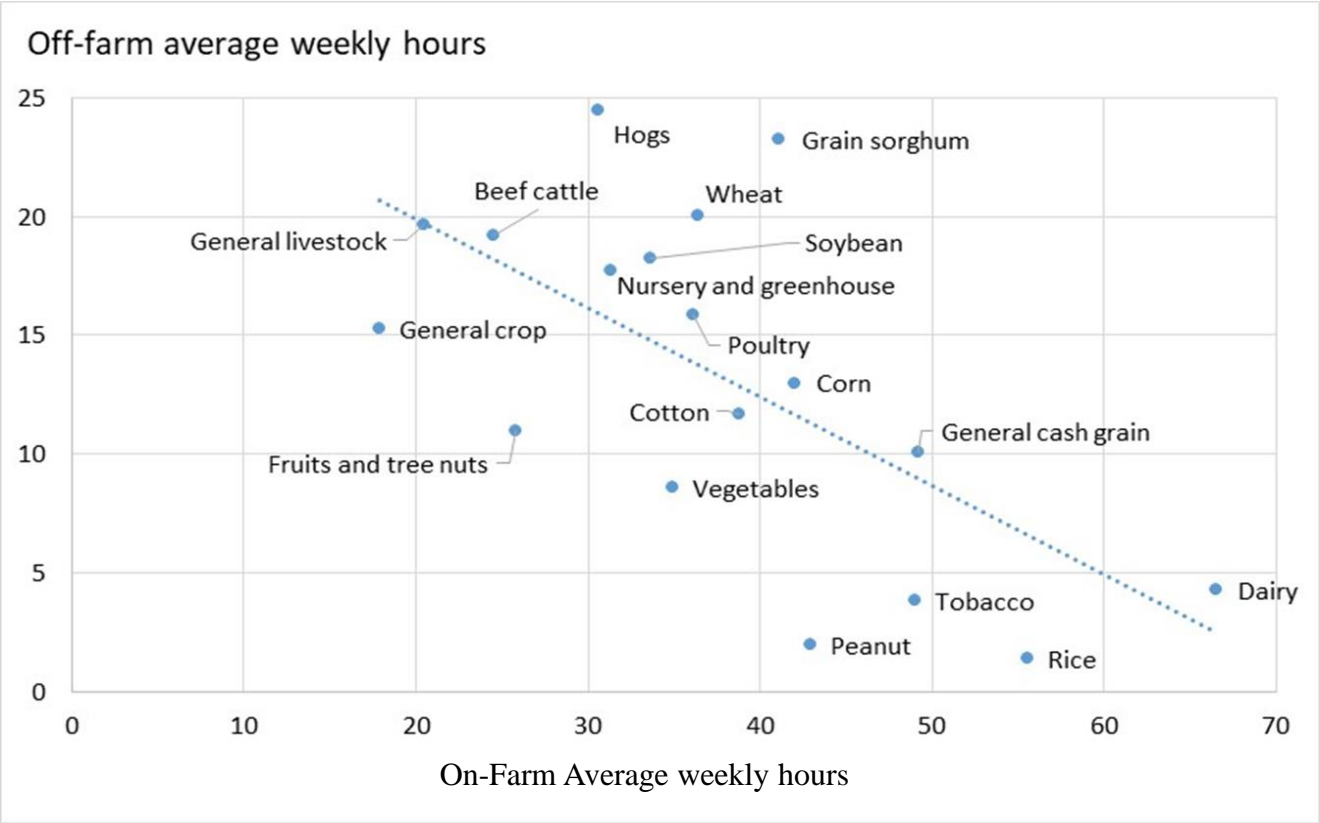
Note: Other nonfarm income includes gifts, payment for nonbusiness services, or miscellaneous income such as gambling winnings, financial payments, rebates, etc.
Source: USDA, Economic Research Service and National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of November 27, 2019.



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.

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



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Household Income, Assets & Debt

- Whose household?
 - The “Principal Producer”
 - Identified on page 17, Q3
- Do not duplicate with on-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 38. (**Exclude** farm income reported earlier.) Which **value code** represents the total income received by the principal producer, spouse, and household in 2022 from –

SOURCE	PRINCIPAL PRODUCER INCOME (Value Code)		SPOUSE INCOME (Value Code)		TOTAL HOUSEHOLD INCOME (Value Code)	
	Mark "X" if None	0950	Mark "X" if None	0951	Mark "X" if None	0952
a. all off-farm wages, salaries, and tips before taxes and withholdings?	<input type="checkbox"/>	01	<input type="checkbox"/>	14	<input type="checkbox"/>	14

Use the code in the boxes. Notice, \$0 is coded 1, 01, or by checking the none box



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Section 38 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
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\$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 38. (**Exclude** farm income reported earlier.) Which **value code** represents the total income received by the principal producer, spouse, and household in 2022 from –

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

2. Which value code from the list above represents how much this household spent in 2022 on –

Mark "X"
if None

Value
Code

OFF-FARM ASSETS – (Please see **VALUE CODES** on page 33.)

3. Which value code on page 33 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, 2022, for –
(**Exclude** assets of this operation, reported in Section 33.)

OFF-FARM DEBT – (Please see **VALUE CODES** on page 33.)

4. Which value code on page 33 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, 2022. (**Include** off-farm debt secured with farm assets. **Exclude** any household debt, credit cards, etc. reported in Section 34, Farm Debt.)

Mark "X"
if None

Value
Code



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Previous Year (2021) 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

2021 INCOME AND EXPENSES		Mark "X" if None	Value Code	
6.	Which value code on page 33 represents the total farm sales last year (2021)? (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 33 represents the net operating income for this operation last year (2021)? (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 33 represents the total off-farm income last year (2021)? (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 32- 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)	0954
c. producer's dwelling, if not owned by the operation? (not reported in Section 33, Item 1a)	0984
d. real estate and other personal (second) homes? (other farms, residential rental, commercial, and other real estate)	0985
e. business not part of this farm?	0986
f. all household vehicles? (Including household share of vehicles partly owned by the operation)	0982
g. other assets not reported elsewhere?	0987
OFF-FARM DEBT – (Please see VALUE CODES on page 33.)	
4. Which value code on page 33 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, 2022. (Include off-farm debt secured with farm assets. Exclude any household debt, credit cards, etc. reported in Section 34, 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.)	0988
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.)	0989



Wrapping up Section 38



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