Top Uses of ARMS III Data (Why Should I Report?)

1) Measure of Financial Health of Farms

ARMS is the primary source of information on the financial condition of America's farms. Detailed data are collected on revenues and expenses to measure net farm income, as well as debts and assets to measure debt risks by farm type. ARMS provides the ONLY National perspective on the annual changes in the financial conditions of production agriculture.

2) Measures Financial Health of Farm Families

ARMS is also the primary source of information on the economic well-being of farm households. Income and expenses of farm households to see how much they are integrated with the farm business. Household income is used to assess how well farm policy and recent changes to tax laws work and how changes in the farm economy, from commodity prices, drought, to export booms and busts, will impact farm households.

3) Measures Risk Taken On by Farmers and Assesses Risk Management

Most USDA financial support for agriculture now comes in the form of premium subsidies for the purchase of crop insurance. Risk management is the rationale for commodity and crop insurance programs. ARMS measures how risky farming is as a business and how do commodity and insurance programs either limit risks or make for a more productive farm sector.

4) Better Policy

Many policy decisions are made that directly affect farmers. Some policy makers have farm backgrounds, but most don't, and those that do can't just rely on their background and experience. Responding to ARMS provides farmers with best means to ensure policy makers have accurate information when making those decisions. In doing so, ARMS can provide accurate data on US Agriculture and tell the story of American Agriculture straight from the source. Better information makes for better decisions.

5) Keeps the Policy Debate Honest

USDA, Congress, farm groups, and lobby groups all use ARMS to make their arguments because ARMS tells the story of US agriculture. It also provides the facts needed to make for more effective policy rather than made up facts. The comprehensive nature of the survey allows for special reports to be created that can answer questions on current hot topics in agriculture. The recently passed Farm Bill relied heavily on ARMS data.

6) Cost of Production

ARMS data allow analysts to determine production costs of various crop and livestock commodities, measures the relative importance of various production expense items, and tracks key production and conservation practices, including the adoption of innovations in agricultural technology.

7) National Gross Domestic Product (GDP)

ARMS data provide the farm sector portion of the national Gross Domestic Product (GDP). These estimates are used for national economy measurement and policy making. While the farm sector portion may be small, its volatility must be accurately measured to identify the sources of change in the overall economy.

8) Production vs Environment

ARMS gathers information about relationships between agricultural production and the environment which allow analysts to understand the factors in producing high quality food while maintaining the long term viability of natural resources and rural communities. For example, ARMS provides baseline estimates of use of conservation tillage practices and is used to assess where it works and where it doesn't. ARMS also measures how well farmers are good stewards for the environment through their application of fertilizer and chemicals as well as adoption of sustainable production practices.

9) Informs Service Providers

ARMS data are used by lenders, input providers, farm associations, and extension advisors to track the financial performance and outlook for agriculture, to evaluate credit and lending conditions, and formulate sound strategies.

10) State and Local Income Estimates

State and Local Income estimates are used in formulas that allocate federal funds across states and metro areas for a variety of programs including Medicaid, Supplemental Security Income, Agricultural Research and Extension, as well as USDA Ag Lending. The same data are used to evaluate business activity in states and local areas, support forecasts of future business activity, and plan investment in public and private facilities including utilities, highways, hospitals, and local retail or wholesale facilities.