

# 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.

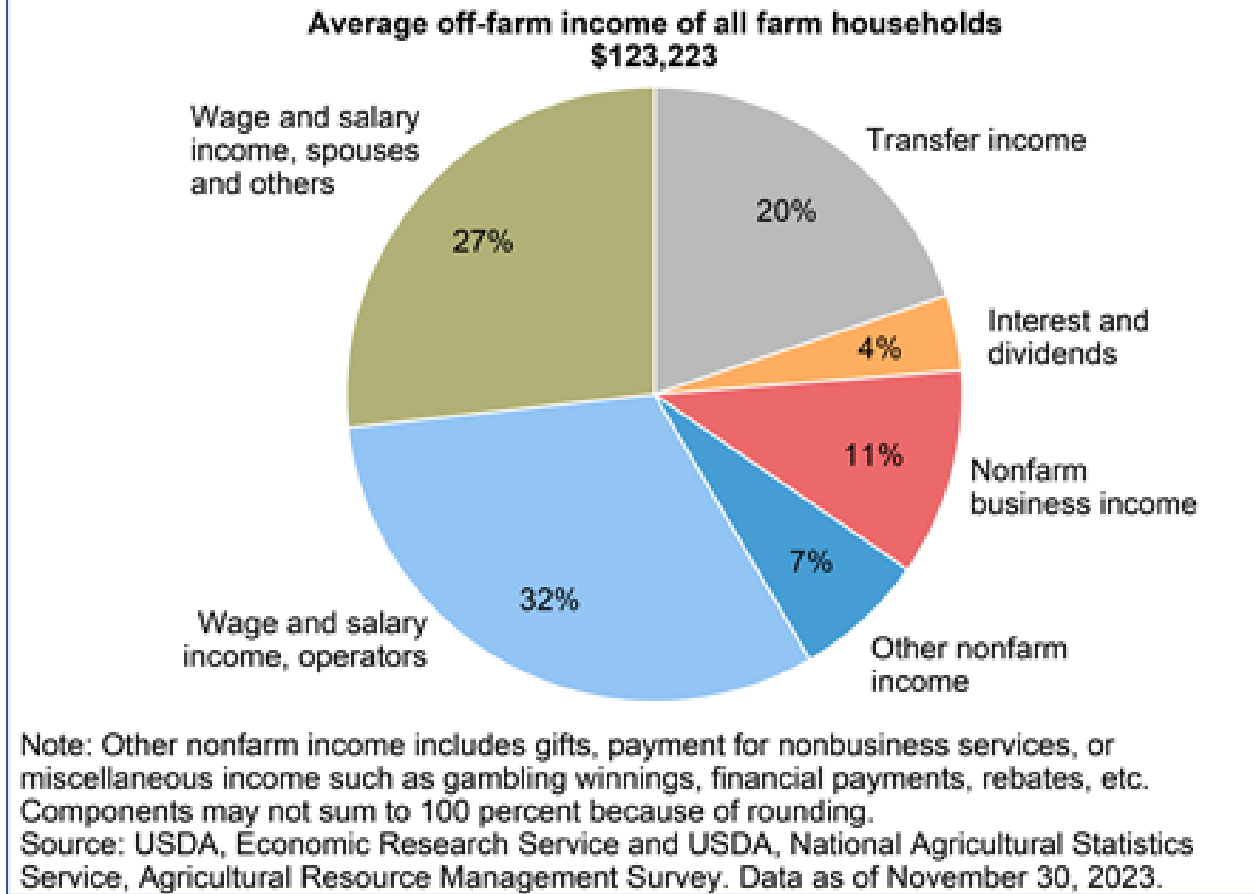
Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of November 30, 2023.



# Sources of Off-Farm Income

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

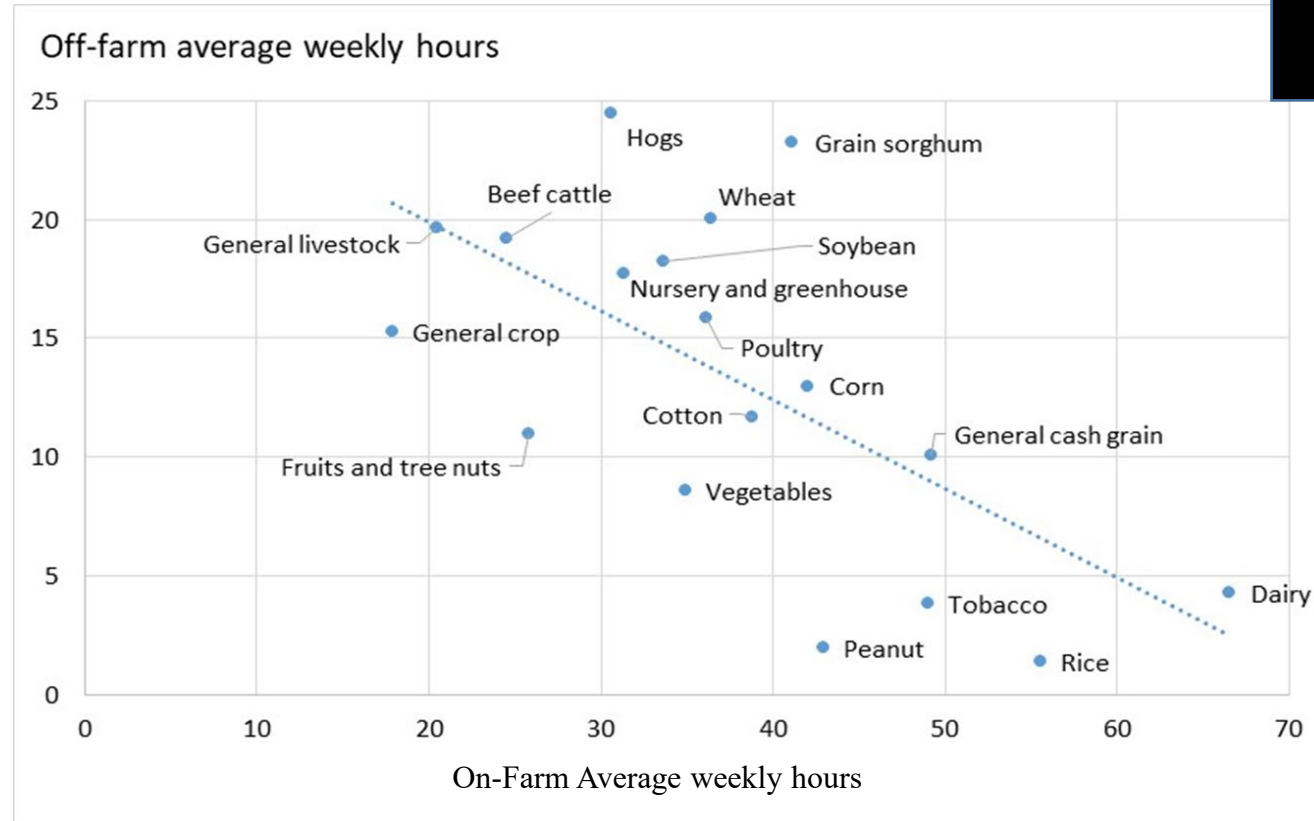
Farm household sources of off-farm income, 2022



# How is the ARMS 3 data used?

**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 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"/>	<b>01</b>	<input type="checkbox"/>	<b>12</b>	<input type="checkbox"/>	<b>12</b>

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 . . . . .
\$1,000 – 1,999 . . . . . 04	\$25,000 – 29,999 . . . . . 13	\$150,000 – 199,999 . . . . . 22	\$3,000,000 – 4,999,999 . . . . .
\$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
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\$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 <b>negative sign</b> 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 <b>negative sign</b> 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 debt, 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)



# Thank you for listening!



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