

Survey Purpose and Uses of ARMS Data

Great Lakes Region

ARMS Phase III Workshop



United States Department of Agriculture
National Agricultural Statistics Service



What is ARMS?

- Agricultural Resource Management Survey
- Project conducted in cooperation with ERS
- Primary source of information for agricultural resource use, costs, and farm finance
- Supports key uses of enterprise, farm, and household data



ARMS: Data Collection Phases

- Phase I (May – July): Screens operations for business status and presence of targeted commodities.
- Phase II: (Oct – Dec): Collects data on chemical use, production practices for targeted commodities.
- Phase III: (January – April): Focuses on farm economics; typically includes the entire ARMS II sample and a general sample.



Major ERS Uses of ARMS Data

- Financial reporting & other data releases
 - On farm sector, farm businesses, farm households
 - Via ERS webinars, web data-tool, & postings
- ERS reports on policy-relevant issues
 - Posted on website and available to all
- ERS custom reports (staff analyses)
 - Unpublished, for policymakers; Quick turnaround



SEPTEMBER 7TH, 2023

USDA Forecasts Sharpest Decline in U.S. Farm Income in History

Key Takeaways

- *Highlighting the volatility inherent in farming and farm income, the U.S. Department of Agriculture's (USDA) most recent farm income forecast projects U.S. net farm income, a broad measure of farm profitability to plummet by \$42 billion in 2023 to \$141 billion, resulting in a 23% income drop compared to the year prior. If realized, the \$42B decline in U.S. net farm income will be the largest on record in nominal terms and the third largest of all time when adjusted for inflation.*
- *Given expectations for elevated production expenses alongside weakening crop and livestock prices, farm incomes are likely to be pressured even lower in 2024. **The opportunity for Congress to invest in a meaningful and enhanced farm safety net and suite of risk management tools while reauthorizing the farm bill should be a top priority given the headwinds facing the farm economy.***



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High expenses bite farmers as prices weaken heading into farm bill

02/08/23 6:40 AM By Philip Brasher

KEYWORDS [CORN](#) [COTTON](#) [DAIRY](#) [ECONOMIC RESEARCH SERVICE](#) [FARM BILL](#) [FARM INCOME FORECAST](#) [SOYBEANS](#) [USDA](#)
[WHEAT](#)

USDA's latest farm income forecast could provide some ammunition to farm groups and their allies in Congress who argue that soaring production costs are eating into farm earnings while producers have little chance of seeing payments from commodity programs.



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Use in Policymaking

- Congress, USDA, and others use ARMS-based data
 - Including National Corn Growers, American Soybean Association, National Pork Producers, American Farm Bureau, and other farm groups
 - Easy access to fundamental & detailed finance data
 - ERS reports are widely available; Congress and USDA also ask for custom reports
- Informs Farm Bill discussions, & implementation
 - And other agriculture-related policy



Research & Policy Topic: Tax Policy

- ERS is frequently asked for analyses of tax policy proposals that might affect farmers:
 - Depreciation rules
 - Changes in tax rates
 - Estate taxes
- ARMS provides data for ERS tax models



Policy Decisions Will be Made with or Without ARMS

- **Policymakers...**

- Some have farm backgrounds, most don't
- Those that do, can't just rely on background, experience
- They're all busy, so they rely on others for information

- **ARMS provides accurate data on U.S. agriculture**
- **Better information makes for better decisions**



Who Wants This Information? Not Just Policymakers

- Input providers
 - Cash income drives equipment purchases. What will equipment/chemical/seed/feed demand look like?
- Lenders & Investors
 - What are the risks? What guidelines should I use?
 - Poor information is worse than pessimistic info
- Extension and farm advisors
 - They are how information and advice get to farmers



Uses: ARMS in National Economic Accounts

- ERS farm income estimates enter into GDP accounts
- GDP estimates used for national economy measurement and policymaking
- Farm income is small share of national GDP
 - But an important source of year-to-year variation



ARMS Uses: State & Local Income Estimates

- Formula allocation of federal funds
 - Medicaid, Supplemental Security Income
 - Agricultural research & extension, USDA ag lending
- Local planning of public investment
 - Public utilities, highways, hospitals
- Private investment
 - Local retail & wholesale facilities



Why is ARMS Valuable?

- It's Representative, Comprehensive, Objective
- Links Enterprise, Whole Farm, & Household
- Tracks Income Statement & Balance Sheet Items
 - Links to production and marketing decisions



That Value Comes from a Full Team

- ERS
 - Objective analyses & economic expertise
- NASS
 - Survey design, management, & production expertise
- NASDA enumerators
 - Producer cooperation & guidance, ground truthing
- Producers
 - Time, knowledge, thoughtfulness



A Summary: Major Uses/Users of ARMS data are

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- **Farm Financial (Net Farm Income)** reporting and forecasts
- **Custom Reports** for policy makers who affect farmers everyday
- **Special Reports** that answer questions on current hot topics
- Major information source for **Farm Bills and Ag Policy**
- Agricultural Component of **GDP**
- Part of Formulas to **Allocate Tax Dollars**
- Crop **Insurance and Disaster** damage estimates
- **Lenders, Manufacturers, Suppliers, & Retailers** decisions
- Farm **Commodity groups**, for analysis and advocacy
- **Data Summaries Available** to all through the web tool





Thank you