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Agricultural
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Management
Survey (ARMS)

Phase III – Cost and Returns
Report

Interviewer's Manual

Chapter 1 - General

Purpose

Data collected in the Agricultural Resource Management Survey (ARMS) is the primary source of information to the U.S. Department of Agriculture on a broad range of issues about agricultural resource use and costs, and farm sector financial conditions. The ARMS is the only source of information available for objective evaluation of many critical issues related to agriculture and the rural economy.

The ARMS design is intentionally flexible to address policy relevant to resource use or financial issues and topics of current interest. For example, commodity versions are rotated every 5-6 years to focus on resource use and production costs for specific commodities.

Data Collection Phases

Annually the ARMS collects production practices and cost of production data on selected commodities. The ARMS also collects detailed whole farm financial information from a representative sample of farms and ranches across the country. To accomplish this, the ARMS is conducted in three data collection phases. In many ways, the three phases can be viewed operationally as independent surveys. However, the power of the ARMS design is the data between phases are related and can be combined and analyzed as described above.

The initial phase, (Phase I), conducted from May through July, collects general farm data such as crops grown, livestock inventory, and value of sales. Phase I data are used to qualify (or screen) farms for the other phases.

The second phase (Phase II), is conducted from September through December. This phase collects data associated with agricultural production practices, resource use, and variable costs of production for specific commodities.

The final phase (Phase III), which is the focus of this manual, is conducted from February through April. Phase III collects whole farm finance and operator characteristics information.

Respondents sampled for the Production Practices and Costs Report (PPCR) in Phase II will be asked to complete a Phase III report to obtain financial, resource use, and cost of production data for the entire operation. It is vital that both the Phase II and Phase III questionnaires be completed for these operations. Data from both phases provide the link between agricultural resource use and farm financial conditions. This is a cornerstone of the ARMS design.

Uses of ARMS Data

Farm organizations, commodity groups, agribusiness, Congress, and the USDA use information from ARMS to evaluate the financial performance of farm/ranch businesses and to make policy decisions affecting agriculture.

Specifically, the ARMS:

- gathers information about relationships among agricultural production, resources, and the environment. ARMS data provide the necessary background information to support evaluations of these relationships. The data are used to understand the relevant factors in producing high quality food and fiber products while maintaining the long term viability of the natural resource base.
- determines what it costs to produce various crop and livestock commodities, and the relative importance of various production expense items.
- helps determine net farm income and provides data on the financial situation of farm and ranch businesses, including the amount of debt. ARMS data provide the only national perspective on the annual changes in the financial conditions of production agriculture.
- provides the farm sector portion of the Gross Domestic Product (GDP) for the Nation. If ARMS data were not available, the Bureau of Economic Analysis (BEA) would have to conduct their own survey of farm operators to collect this data.
- helps determine the characteristics and financial situation of agricultural producers and their households, including information on management strategies and off-farm income.

In general, farmers benefit from ARMS data indirectly. They see the information through contact with extension advisors, in reports issued by State colleges and

universities, in farm magazines, newspapers, and on radio or TV broadcasts. Most respondents probably do not realize the data come from the ARMS.

Farm/Ranch Income

Collecting farm/ranch production and expense data to develop an estimate of net farm income each year is necessary because both receipts and production expenses change as production and prices change and as farmers/ranchers use more or less of inputs such as fertilizers or chemicals. Since farmers/ranchers buy most of their inputs, data must be collected every year to obtain accurate estimates of annual expenses.

Throughout the year, the prices farmers receive for their commodities change in response to weather and any number of economic and other national or international events. The ARMS data are used daily to describe the impact these changes have on the financial health of different types and sizes of agricultural operations. The ARMS is the only national source of data available to evaluate and respond to these kinds of information needs.

Drought, flood, hail, insects or outbreaks of disease may impact specific geographic areas while the rest of the country is unaffected. Therefore, it is important to monitor the health of the agricultural economy by region, as well as by size and type of operation.

Numerous requests to USDA's Economic Research Service (ERS) are made from Congress throughout the year to characterize the financial position of various groups of farmers. ARMS data are the only means of answering many of these questions.

The USDA links receipts and expenses associated with the production and sale of agricultural commodities to measure profit or loss over a calendar year. Two measures of **NET** farm income are developed. First, a net cash income measure shows the difference between the cash earnings and expenses of the operation. Second, the estimate of net cash income is adjusted to show how depreciation and changes in the operation's crop and livestock inventory affect earnings.

Components of gross income, such as net rent received and custom or machine work, also change annually as cash and share rents adjust in response to market conditions or government programs. Custom work and machine hire are directly

affected by weather and other natural events which are unpredictable. These income items are measured through the ARMS.

ERS publishes farm income estimates monthly in the Agricultural Outlook magazine and in the quarterly report on Agricultural Income Situation and Outlook, both of which are available by subscription. Summaries are available free of charge on the Internet.

Cost of Production

Congressional mandates exist for the development of annual estimates of the cost of producing wheat, feed grains, cotton, tobacco and dairy commodities.

To ensure accurate and reliable estimates, a comprehensive survey is needed to obtain data on production practices and the amounts of inputs used. Estimates of crop and livestock costs and returns provide a basis for understanding changes in the relative efficiency of crop and livestock production and the break-even prices needed to cover all costs. The ARMS provides the data needed to develop "enterprise" budgets showing costs and input use by size and type of farm in different regions of the country. An "enterprise" is the portion of a operation's resources devoted to producing a specific commodity.

Many operations have more than one enterprise, such as a wheat enterprise and a beef cattle enterprise. Enterprise inputs include machine operations, fertilizer, labor (both paid and unpaid), and irrigation.

The ARMS is designed so the whole farm production expenses, crop and livestock receipts, and organizational characteristics may be analyzed along with the individual enterprise costs of production.

Balance Sheets

Responses to ARMS questions about farm assets and debts are used to develop a balance sheet for the farm as well as to provide a variety of financial ratios for use in measuring financial performance.

Changes in the level of income earned affect rates of return and net worth. Purchases and sales of assets such as buildings, machinery and land, changes in their value, and any associated debt are very sensitive to changes in farm earnings and economic performance as well as to changes in the general economy. The

balance sheet can change rapidly from one year to the next and can be adequately monitored only through data collected on an on-going basis.

Balance sheet analysis helps identify areas of poor financial performance and pockets of potential financial stress. The ARMS provides the data necessary to develop annual estimates of the farm operation's assets, debts, equity, capital gains, capital flows, and the rates of return to agricultural resources, and to determine how these items (and farm household finances) change from one year to the next.

Financial Situation

Annual information from the ARMS on receipts, expenses, debts and assets is needed to evaluate the financial condition of farm businesses. The Office of the Secretary of Agriculture, Congress, agricultural groups, and the public look to NASS and ERS for reliable, up-to-date information on the financial performance of farms/ranches by size, type and region.

Financial condition analyses involves the ability of an operation to pay bills as they come due. The ability of a farm business to meet financial obligations depends on the amount of debt owed by the farm and the amount of cash receipts and other income available to meet mortgage, interest and other obligations of the farm. Being able to pay operating costs and the interest and principal due on debts can change very rapidly because of drought, flood or other circumstances. With ARMS data, the extent and seriousness of financial problems facing farmers are assessed, including the likely consequences of recurring financial stress.

The 2002 Farm Bill includes a provision for USDA to provide a report on the effects that payments under production flexibility contracts and market loss assistance payments have had, and that direct payments and counter-cyclical payments are likely to have, on the economic viability of producers and farming infrastructure not later than 80 days after the date of the enactment of the act. Beyond this report, each year agricultural policy makers and other interested parties are concerned about the financial well being of the agricultural sector, farms, and farm households and whether farm programs are providing the level of support as expected during times of need. Also of concern is whether or not program benefits are fairly distributed according to need by farm size, farm specialization, and farm production region. ARMS data is used by ERS to address these and other issues.

Operator Household's Situation

Farm operators and their households are of special interest for policy purposes because they incur nearly all of the risks of farming and are directly impacted by government agricultural policies.

Most farms in the U.S. are organized along the traditional lines of one family, or one extended family, operating the farm. However, the largest producing farms are often operated by several partners or shareholders, each of whom receives a share of the profit (or loss) of the business. In addition, the majority of farms are small and, on average, lose money. Households operating small farms rely heavily on off-farm income. Thus, it is necessary to understand the complex relationships between the farm business and the farm household and between farm work and off-farm work to accurately describe U.S. agriculture today.

Farm/ranch operators and their households do not depend solely on income from the farm/ranch business. Off-farm work is critical to the financial well-being of many farm households. Past surveys have shown that:

- 90 percent of all farm households have at least one member who receives some off-farm income.
- 60 percent of all farm households had a member who earned income from off-farm wages or salary.
- more than half of farm operators have a non-farm occupation as their major occupation.
- only 20 percent of farm operator households received more income from the farm than off the farm.
- the average household income of farm operators is similar to the average income for all U.S. households.

Policy makers need to know that large numbers of farm households rely on off-farm employment. Local current economic conditions, coupled with the geographic isolation that often exists, pose serious obstacles for the farm household which would like to maintain its farm lifestyle by earning more stable

off-farm income. The ARMS is the only national data source that provides the type of information necessary to study these non-traditional financial conditions of farmers.

Use of ARMS Data for Parity Prices

ARMS information on farm expenses describes the relative importance of production inputs used by farmers. These data are used to update the prices paid index for commodities, services, interest, taxes and wage rates, known as the parity index. This index helps determine the parity price for over 100 agricultural commodities.

Parity prices have been a part of farm legislation for over 50 years. In 1938, the Agricultural Adjustment Act established that parity prices be computed for agricultural commodities.

Publication of ARMS Data

It is impossible for a market to operate efficiently without access to accurate and timely information. As with all USDA reports, everyone, from the smallest farmer to the largest agribusiness firm, has free and equal access to the results from this survey. This access to information allows farmers to stay on equal footing with agribusiness firms and others who market agricultural commodities.

New technologies make accessing information much easier and available to more people than ever before. Many farmers now have a computer and may access these data on the Internet. Internet access is also available at many public libraries. Reports and tables using ARMS data can be downloaded from the NASS and ERS World Wide Web home pages on the Internet.

The NASS home page address is: <http://www.usda.gov/nass>

The ERS home page address is: <http://www.ers.usda.gov>

NASS publishes two reports from ARMS. The first one is called Agricultural Chemical Usage - Field Crops. This report, from data collected in the 2003 ARMS Phase II, will be released in May 2004. The second report is the Farm Production Expenditures. The report, compiled from the 2003 ARMS Phase III will be released in July 2004. This report will show expenditures for the U.S., 10 farm production regions, 7 U.S. economic sales classes, and U.S. crop and livestock farms. Most State offices use information from these two reports in

preparing publications for their State.

ERS prepares several state, regional, and national reports using ARMS data. These reports show operating and financial characteristics by type of farm, and by income and debt/asset categories. The reports are available to NASS State Offices to include in State releases.

ERS publishes numerous reports using ARMS data including:

Annual Report to Congress on the Status of Family Farms

Farm Operating and Financial Characteristics

U.S. "Commodity" Production Costs and Returns

The Economic Well-Being of Farm Operator Households

Productivity & Efficiency Statistics

Financial Performance of U.S. Farm Business

Farm Business Economic Report

Farmers' Use of Marketing and Production Contracts

ARMS expense, income and financial data are used in the Farm Business Economics Report publication which includes the State and National financial summary and costs of production.

ARMS data are also used to develop USDA's quarterly Agricultural Income and Finance Situation and Outlook report.

Chapter 2 - Terms and Definitions

Enumerators working on the ARMS Phase III should be familiar with the definitions of the terms listed below. To gain the most benefit from training, enumerators should review the definitions of these terms before attending the State training workshop. The Appendix A of the “*Interviewer's Manual*” contains definitions of each of the terms below. A revised “NASS Terms and Definitions” was published in June, 2003 and should be provided by the State office.

Economic and Cost of Production Terminology

accounting, accrual	check-off
accounting, cash	commission charges
acreage base	commodity
acreage, eligible contract	commodity, contract
acreage, contract	Commodity Credit Corporation (CCC)
acreage, noncontract	confidentiality
agricultural commodity	Conservation Reserve Program (CRP)
agricultural production	conserving use
animal unit (AU)	contract
animal unit month (AUM)	contract, delayed pricing
aquaculture	contract, forward
area sample	contract, marketing
assessed value	contract, production
assessments	contract sale
assets	contractee
auction pool	contractor
balance sheet	Cooperative State Research, Education, and Extension Service (CSREES)
barrel (bbl)	corporation
base acreage	cost of production
BLM	cover crop
borrowing capacity	cropland
call back	crop rotation
carryover	
cash receipts	
cattle on shares	

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cull	depreciation
date, due	direct sales
date, mailing	discount
date, reference	double crop
date, release	drip irrigation
editing	government program land
EIN	grazing land association, public or
Environmental Quality Incentives Program (EQIP)	industrial (PIGA)
equity	grazing allotment
estate	grazing association
expenditure	grazing fee
expenses, capital	greenhouse
expenses, operating	gross value
expenses, production	harvested acres
fallow	hay
farm	hedging
farm, contract	herbicide
farm, corporate	hired manager
farm, institutional	household
farm, noncontract	hundredweight (cwt)
farmstead	idle land
Farm Service Agency (FSA)	implement
Federal Agriculture Improvement and Reform (FAIR) Act	improvements
feeder	inaccessible
fertilizer	income, gross farm
field	income, net cash farm
financial health	income, net farm
finish	income, non-farm
flat	income, off-farm
flexibility contract, 7-year production	input
flexibility contract	input provider
forage	landlord
forward pricing	landlord, non-operator
free-of-charge	landlord, operator
fringe benefits	liability
futures market	liquidity

loan, marketing	power-take-off (PTO)
loan, marketing assistance	premium
loan, nonrecourse	primary name
	processor
market value	production expenses
military time	production flexibility contract
	production flexibility contract
Natural Resources Conservation Service (NRCS)	payment
net worth	questionnaire
nonresponse	
nursery	rangelands
	ratio, debt-asset
oilseed crops	ratio, parity
on feed	real estate
	refusal
operating arrangement	rent
(1) individual	rent, cash
(2) managed	rent, share
(3) partnership	respondent
operator	retired
orchard	
out-of-business	salary
	sample, list
partner	sample, multi-frame
pasture	sample, probability
patronage refund	sampling frame
payment, advanced	sampling unit
payment, cost-share	secondary name
payment, disaster	seed
payment, final	sharecropper
payment, incentive	shrinkage
payment, loan deficiency	small grains
payment, transition	solar energy
payment limitations	sold-out
payment quantity	solvency
payment yield	straw
pesticide	subsidy
planting flexibility	survey
pick your own (U-Pick)	survey period

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survey, statistically defensible	woodland
tenant	work, agricultural
wages	work, contract
water rights	work, custom
wetlands	work, service
Wetland Reserve Program (WRP)	worker
	yardage

Chapter 3 - Survey Procedures

This chapter provides an overview of the questionnaire and other materials for the ARMS Phase III, and general guidelines for collecting data. Administrative matters are covered in the *NASDA Employee Handbook*.

Survey Materials

You will receive the following from your State Office:

- Copies of pre-survey publicity materials mailed to each respondent.
- Questionnaires with labels identifying the assigned operations.
- Extra questionnaires without labels.
- Respondent Booklets containing code tables and a burden statement.
- Supplements and Inserts for questionnaires you are assigned.
- Envelopes for mailing completed questionnaires.
- Several copies of NAS-011 (Time, Mileage and Expense Sheet) and envelopes for mailing them.
- (Other materials may also be provided by your State Office.)

You should have these materials on hand:

- Interviewer's Manual
- Highway and/or street maps
- Black lead pencils
- Name tag
- NASDA Identification Card
- NASDA Employee Handbook
- Ball point pen for completing NAS-011
- Calculator
- Clipboard

Questionnaire Versions

Five questionnaire versions will be used in the 2003 ARMS Phase III. The Costs and Returns Report (CRR), Version 1, will be used in all states except Alaska and Hawaii. Eleven states (CA, ID, MN, MT, ND, PA, SD, UT, WA, WI, and WY) will complete the Version 2, Barley Costs and Returns Report. Twelve states (AL, AZ, AR, CA, GA, LA, MS, MO, NC, SC, TN, and TX) will complete the Version 3, Cotton Costs and Returns Report. Seven states (CO, KS, MO, NE, OK, SD, and TX) will complete the Version 4, Sorghum Costs and Returns Report.

<u>Version</u>	<u>Color</u>
V1 Costs and Returns Report (CRR)	White
V2 Barley Costs and Returns Report	Tan
V3 Cotton Costs and Returns Report	Buff
V4 Sorghum Costs and Returns Report	Canary
V5 Core	Green

Versions 1,2,3 & 4 have a Face Page which identifies the selected operator and partners. Pre-screening of respondents was done during Phase I for versions 2, 3 & 4. A screening form is not printed in the questionnaire, but can be downloaded from the NASSnet and printed as needed. Screening is discussed in Chapter 4 of this manual.

Respondent Booklets

The purpose of the Respondent Booklet is to help the respondents in answering the questions. Respondent Booklets contain information respondents need to reference when answering some survey questions, such as Code Lists and more detail on some items. In many cases, this information does not appear in the questionnaire. Using the Respondent Booklets can prevent confusion and save interview time.

The respondent may need help in becoming familiar with how to use the booklet. Take a minute and help familiarize the respondent with how to use the booklet. This will make the interview go more smoothly.

Some lists in the Respondent Booklet are there to let the respondents know what types of items we are looking for in response to certain questions. For example,

the list of "Other Farm Assets" helps the respondent understand all of the items he should consider when answering the question.

Respondent Burden

You will reduce the reporting burden on the respondent if you are thoroughly familiar with the questionnaire and instructions. Follow go to instructions carefully to avoid asking questions needlessly. If no go to instructions appear after an item, continue with the next item.

Also be aware of the estimate of average completion time in the burden statement for each version. Depending on the version, this figure is either the actual average time from previous interviews or what NASS and the Office of Management and Budget (OMB) think the average completion time will be. The OMB is an agency that is required to review and approve all surveys conducted by the federal government.

At the end of the interview, call the respondent's attention to the Burden Statement on the Respondent Booklet.

Entering Data

Use a black lead pencil to record data and make notes; never use ink on a questionnaire. Make all entries clear and easy to read. Entries in check boxes and item code boxes must be entirely inside the boxes.

Record responses in the unit required (such as acres, bushels or dollars). If a respondent gives an answer in a different unit, write the answer outside the printed box, convert it to the required unit, and record the converted data in the box. If the answer is "none", enter a dash, not a zero (unless instructions indicate to enter a specific code to indicate none or zero, such as when using Value Codes).

Record data to the nearest whole number, unless a decimal point is printed in the box. Locate numbers correctly in relation to decimal points, and fill in every space printed after the decimal. Use zeros as fill when answers are not given to as many decimal places as required, or are given in whole numbers.

If answers appear unreasonable but really are correct, make notes in the margins, or notes pages to explain. Do not write notes or make unnecessary entries in answer boxes.

Planning Your Work

The operator or operation name, mailing address and identification number are on the questionnaire label, along with any other information the State Office has that might be helpful.

Mark the location of each operation assigned to you on a map before you begin the survey. Show the location by a small circle with the ID number or target operator name (or operation name) written beside it. Use this map to plan your daily travel; this will help keep travel expenses down and save time.

You may need to ask Post Office staff or Farm Service Agency (FSA) employees for directions to some operations. Try to do this early in the survey so you can put the information on your map as soon as possible. Tell your supervisory enumerator (or the State Office if that is what you are instructed to do) about any operator whose home or office you cannot locate.

Interviewing

Interview the farm operator, if possible, because information collected from other people often is less accurate. However, if the operator says someone else is more knowledgeable, interview that person.

The ARMS Phase III is very detailed which requires the majority of interviews to be completed in person. It is advisable to call or visit each respondent early in the survey period to setup an appointment to complete the interview at their convenience. During this initial contact, explain the survey purpose and importance, the scope of the interview, and that it will be necessary for them to have their farm records available during the actual interview.

If the operator will not be available before the survey is over, try to interview someone who is well informed about the operation. A partner, family member or

hired person may know enough about the aspects of the farm operation covered in the questionnaire to give you the information needed.

The NASS rule-of-thumb is to make up to three visits (the first visit plus two call backs) if necessary, to get an interview. If you have an appointment or information from a neighbor on when to try to reach the operator, obviously you should return then. If not, make each visit at a different time of the day.

Respondents often ask how long the interview will take. Never contradict the burden statement; however, it is okay to add to it. For example, you might say something like this: "The official nationwide average for this survey is 90 minutes, but the interviews I have done in this area averaged about __ minutes." Be honest about the average time, even if your interviews are averaging longer than the time estimate in the burden statement.

Put the respondent at ease about time and burden. Respondents are often not experts about their own finances and may not have their records in order. Because you know the survey questions well, you will be able to help farmers find most of the information in their books or records. Make sure they understand you are helping them find the answers, not quizzing them on their records. Your expert knowledge of this survey will help minimize their effort while maximizing the quality of the data collected.

Encourage respondents to have their farm records at hand. If records are used, accurate information will be readily available and answering will take less interviewing time.

Always begin by reading questions exactly as they are worded in the questionnaire. You may also use any optional wording or explanations printed in the questionnaire. If the respondent still does not understand, or asks you to explain, then use what you learned in training and information from this manual to explain what is needed.

Ask questions in the order they appear in the questionnaire. Do not skip any questions unless instructions allow you to do so. Sometimes respondents will volunteer information you need later in the interview. When you get to a question the respondent already answered, take the opportunity to verify the information. Say something like, "I think you told me this earlier, but let me be sure I got it right." And then ask the question. This shows the respondent you were paying attention earlier and that you want to get things right.

Sometimes you will need to probe in order to get an adequate answer to a question. You should probe when:

- the respondent cannot answer the question,
- the answer is not exact enough to record,
- the answer may be incorrect because it does not fit with information already obtained, or
- you think the respondent did not understand the question.

The purpose of probing is to verify unusual data or to correct misreported data. Be careful when you phrase your probing questions that you do not influence the respondent's answers. Probes should be "neutral". That is, they should not suggest one answer over another. In fact, all questions should be asked in a neutral manner. Do not say things like, "What do I mean by marketing contracts? Oh, you must not have had any, did you?". Instead, say, "During 2003, did this operation have any livestock marketing contracts for livestock raised?".

In another example, if a respondent tells you an expense is between two amounts, such as, "Oh, I guess the total was between two and three hundred dollars," you should ask, "Would you say it was closer to \$200 or \$300, or what amount exactly?". Probing is especially important early in the interview when the respondent is 'learning' from you what level of effort and accuracy are ideal. If you fail to probe, you may be suggesting that good answers are not needed.

Strike a balance between motivating the respondent to search out sound numbers and taxing the respondent to account for every nickel. Probes should also be "non-threatening." Be careful you do not appear to be questioning or challenging the respondent's answers. Do not say, "That can't be right! You just said you had 20 pigs, so your vet expense couldn't have been that high!". Instead, say, "Earlier you said that you had 20 pigs in 2003. Can you tell me why your vet expenses were so high?". And then make notes of the respondent's answer.

The importance of good notes cannot be overemphasized. Notes are especially important when you find unusual situations or the respondent explains why information that seems incorrect actually is correct. Good documentation saves the state office from having to re-contact the farmer to confirm the accuracy of the data. Also write down any complicated calculations you make to come up with an answer. These notes will help the survey statistician understand this operation when reviewing the questionnaire. Make sure the

notes are clear and can be read. Never erase a note unless it is wrong! **Notes can be the single most valuable editing tool available to the office statistician.**

After completing each interview, be sure to review the questionnaire while the interview is still fresh in your mind:

- check all the answers for correctness and completeness,
- double-check your calculations, and
- make sure your notes are legible and make sense.

Fiscal Year Versus Calendar Year

The questionnaires are designed to collect expenses and income for the calendar year. However, some farm businesses keep their books on a fiscal year basis, such as October 1 - September 30. In these cases, collect information for the operation's 2003 fiscal year and make a note on the questionnaire indicating the time period of the operation's fiscal year.

Nonresponse

If an interview cannot be conducted, explain why on the questionnaire. Make a note about whether the operation appears to be a farm and any other information you think might be helpful to the State Office.

Most farmers are willing to cooperate on NASS surveys, but in every survey some will refuse to do so. The key to reducing the chances of getting refusals is to be courteous and friendly, but persistent. Most respondents will greet you with basic questions about the survey. Be prepared to answer their questions confidently and concisely. Respondents will want to know what the survey is about, how long it will take and why they should report. You should develop and practice an introduction with which you feel comfortable. Your introduction should explain the purpose of the survey, the need for accurate agricultural statistics, and the confidentiality of the data. Make use of materials on the survey purpose provided at your State training workshop.

Above all, do not become discouraged when you get a refusal. Stay in touch with your supervisor. Continue to meet farm operators with ease, friendliness and optimism as you contact other respondents in the sample.

Supervision

Your supervisory enumerator will set up an appointment to meet with you early in the survey. This visit will help you get off to a good start by spending some time to review a few of the interviews you have completed. Hold all your completed work until this review takes place unless you are instructed to do otherwise.

Your supervisory enumerator, or someone from the State Office, will contact a few of your respondents to conduct a quality check. The quality check will verify that you spoke with the person named in the questionnaire and that the respondent understood the survey procedures.

Completed Questionnaires

Turn in your completed questionnaires according to the instructions you receive from the State Office. If you think that under these procedures the last few questionnaires you complete might not reach the State Office before the final due date, call your supervisor.

Keep a record of when you complete each questionnaire and when you passed it on to your supervisor or mailed it to the State Office. This will help the office locate survey materials if they are delayed.

Chapter 4 - Face Page and Screening

FACE PAGE

Introduction

Before approaching the farm operator, develop and practice an introduction with which you are comfortable. In the introduction include who you are, whom you represent and the purpose of the survey. Become familiar with the information in Chapter 1 of this manual and be prepared to answer general questions about the survey.

During your introduction, be sure to remind the respondent that all the data are confidential and used only in making state, regional and national estimates. In preparing for the interview, mention that using farm financial records (including milk checks, co-op statements, FSA records, etc.) are extremely helpful. These records do not have to be in perfect order to be useful. Make sure the respondent knows you will be conducting several of these interviews so you know the questionnaire very well and will help them find the answers in whatever records are available.

Often when making the initial contact on this survey, you are only setting up an appointment to complete the questionnaire at a later date. If the State office has included a Screening Supplement with a particular questionnaire **it is best to complete it on this first contact**, because you may find out information about the operation you need to discuss with the office. This procedure gives you plenty of time to contact the office before doing the full interview. Account for the screening time in notes so interview beginning or ending time can be adjusted to more accurately reflect total interview time.

Screening Information Forms

This year, only the commodity specific sampled respondents had interviews conducted to determine their status. Area frame records were screened during the June Ag Survey. Records sampled for version 1 and version 5 are from the List Frame and were screened from responses on the recently completed Census of Agriculture. The State office will insert a Screening Information Form inside the questionnaire with information collected during the screening phase interview. The information on this form is used to help you make sure you are interviewing the correct sampled operation.

The Information Form will have the following from Phase I, the Census of Agriculture or the June Area Survey (Area records):

- Type of Operation reported (individual, partnership, managed)
- Who responded to the screening interview (operator, spouse, etc)
- How the data was obtained (mail, phone, field)
- ID number of the enumerator who completed the interview
- Number of total acres and cropland acres reported in screening

The Information Form will also have the following items from the Census of Agriculture:

- legal status*
- age*
- year the operator began farming*
- the number of individuals involved in the operation*
- sex*
- race*

The six items marked with an “*” can be used during the ARMS interview in Section K “Farm Operator and Household” of the core form or Section J “Farm Operator” of the CRR. Here are the options you have:

- You can ask the question of the respondent, and compare their answer to the same item on the Information Form. If there is a discrepancy, verify that you have the correct answer.
- You can verify the information on the Information Form. For example, you may ask “I have this operation’s legal status as an individual operation. Is this correct?”
- You can fill in this information from the Information Form instead of asking the questions.

After the survey, we will get your feedback on whether using this type of information during the interview was useful and/or helpful. We will also ask about the respondent’s reaction to using this information.

In the future, we may use more information from previous data collections during the interview to make it easier and less time consuming for the respondent.

Response Codes

Upon completion of the interview, enter the response code in cell 0910 on the Face Page of the questionnaire. Response codes are:

Code 3 - **COMPLETE**: The questionnaire is complete. You have obtained all of the data needed for the operation. This includes List Frame records that were out-of-business during all of 2003 and Area Frame records that were misclassified as farms in June.

Code 5 - **OUT-OF-SCOPE**: The selected operation is an institutional farm and therefore out-of-scope for ARMS. This code should be used for Indian reservations, prison farms, private or university research farms, not-for-profit farms operated by religious organizations, FFA farms, etc.

Do not use Code 5 for operations that are out-of-business; these should be a Code 3.

Code 8 - **REFUSAL**: The respondent refused to cooperate or grant an interview.

Code 9 - **INACCESSIBLE / INCOMPLETE**: The operator was not available throughout the survey period; "inaccessible". The State Office may also use this code if the respondent gave an interview but could not, or would not, answer a lot of the questions (incomplete questionnaire).

Beginning Time

Record the **beginning time** (military time) of the interview when the respondent agrees to cooperate on the survey and you actually start the interview. Interview times are used to find out how much respondent time we are using (as a measure of respondent burden) in collecting data. We are trying to reduce interview times as much as possible and still collect the high quality data that we need. Also, by using different versions each year, we need to estimate their interview times since we have no recent history.

Name, Address, and Partners Verification -- LIST

Questionnaires will be pre-labeled with names and addresses. If the first line (primary name line) of the label after the identification number line has an individual name (JOHN SMITH), this is the target name, (unless the OpDomStatus is 99). If the first line contains a combination of individual names (JOHN AND BILL SMITH) or an operation name (SMITH FARMS), then the name on the next line (the secondary name line) is the target name. If the OpDomStatus is 99, then the operation named on the primary name line is the target. *When OpDomStatus= 99, the operation name is the key.*

Remember: The target name NEVER CHANGES. The person actually operating the farm (the farm operator) may change, but the selected target name is always the person identified on the label.

The first thing you will do is verify the operator's (or operation's) name and address, and the names and addresses of any known partners. If there are partner labels, be sure the partner names and addresses are correct, and all partners are listed. Mark through the names of any partners no longer involved in the operation. Add the names and addresses of any partners who are not listed.

Area Frame Sampled Operations

All of the area frame samples selected for the ARMS were identified as farm operators during the 2003 June Agricultural Survey.

In the ARMS we are interested in the operation the way it existed on June 1, so ignore any changes that have occurred in the operation since June 1. For example, if the tract was individually operated in June and changed to a partnership in September, collect data for the individual operation for the time it existed (January through August). Do not collect any data for the partnership. Collect data for the operation as it existed on June 1.

We know that by using this rule we will lose some data for those few farms or ranches that were formed after June 1. However, there usually are not very many of these operations and they are generally relatively small. Therefore, they would not have much impact on the overall estimates from the survey.

If you find out an error was made in June (the operating arrangement was incorrectly identified), make notes to explain the error, but complete the questionnaire for the operation **as it actually existed on June 1**. *If you have time between your first contact with the respondent (when you find out the June report was wrong) and your appointment to complete the ARMS interview, call the State Office and let them look up the corrected operating arrangement. If it is overlap with the List, you will not have to do an interview.*

Screening Box on Face Page

If a question or problem exists with the operation description information collected during Phase I, the State Office will want you to complete the Screening Supplement. This may be because the screening data were collected from other than the operator on Phase I, or incomplete information was obtained on Phase I.

If a code "1" has been entered in the Screening Box on the Face Page of the questionnaire, the office will have included a Screening Supplement with the questionnaire for you to complete for this operation.

If the Screening Box is not coded, begin the interview with Section A.

Completing the Screening Supplement

Farm operations in each state were sampled for the ARMS based on List Frame information about crop acreage, livestock inventory, and an estimated gross value of farm sales. Agri-business firms and agricultural services that do not have crops or livestock of their own should have been excluded from the sample, but it is possible some records were misclassified. Screening questions determine the eligibility of the selected name for this survey.

Institutional farms such as prison farms, private or university research farms, not-for-profit farms operated by religious organizations, and Indian reservations are out-of-scope for ARMS and should be excluded from the survey. If your assignment includes any of these farms, notify your supervisor or the survey statistician.

If an operation was in business during part of 2003 but went out of business during the year, **complete a questionnaire for the part of the year during which the operation did business**. If the operation was taken over by another operator or operation when it went out of business, make a note of this. This note should include a name, address, phone number and any other pertinent information.

Item 1 **Other Operation Name**

Even though you have already verified the label, you need to ask this item to detect duplication and make sure the List is up-to-date. Indicate if this name should appear on the label in the future.

Item 2 **Crops, Livestock or Poultry**

Check YES if the operation grew any crops (field crops, fruit/nut crops, vegetables, oilseeds, specialty crops, hay, etc.) or had cattle, hogs, sheep, poultry or other livestock during 2003 on the total acres operated. If YES, go to item 6. If NO, continue with item 3.

For an operation to qualify as growing a crop, it must have made the decisions on planting, caring for and harvesting the crop.

Include: field crops, fruit and nut crops, vegetables, mushrooms, flowers, nursery stock, greenhouse crops, hay, Christmas trees, etc.

Exclude: home gardens and crops received in 2003 as payment for land rented to someone else.

This screening question would also be checked YES if the target name had any livestock or poultry, regardless of ownership, on the total acres operated at any time during 2003.

Include:

- 1) all cattle, hogs, sheep, equine, goats, chickens, turkeys, ducks, geese, bees, rabbits, mink or other fur bearing animals, and fish that are raised commercially or for home consumption. FFA and 4-H livestock projects should also be included.
- 2) operations that have five or more pleasure horses and no other agricultural items.

Exclude:

- 1) operations that have ONLY FOUR OR LESS pleasure horses, and any number of other animals kept only for pleasure use or as pets, but no other agricultural items.
- 2) horse boarding operations, riding stables, or race horse training operations that do not have other agricultural items.
- 3) Slaughter or packing houses, auction barns, stockyards or order buyers. These operations have livestock which are committed for slaughter. The presence of these livestock alone does not qualify an operation for the survey.

Item 3

Sales of Agricultural Products or Receipt of Government Agricultural Payments

Include sales of crops, livestock, aquaculture and other products from the total land in the operation. Include any government payments received under the 7-year market transition program, conservation programs, etc.

This item should be answered NO when the respondent is a landlord who sold agricultural products from or received government farm payments only for land which was rented out.

If this item is checked YES, go to item 6.

If items 2 and 3 are both NO, continue with item 4.

Item 4 Out-of-Business Determination

This item determines if anyone else is now operating the land formerly operated by the target name on the Face Page. Ask this item only if the respondent answered NO to questions 2 and 3. If another operation has taken over from the target name on the label, record the name of the operator or operation now operating the land.

This item gives us information needed to update the List Frame when operations have gone out-of-business. Record the name, address, and phone number (if available) of the individual or operation now operating land that used to be operated by the target name

If the respondent answers NO to this item, probe to determine what happened to the land and make notes.

Item 5 Enumerator Action

These instructions only apply in rare cases where the selected target name is out-of-business. If the answer to items 2 and 3 are both NO:

- On the Screening Supplement, enter code '9' for the Reporting Unit in item 6 (cell 0921).
- Go to the Face Page of the questionnaire and enter code '3' in cell 0910.
- On the Face Page of the questionnaire, enter code '1' in cell 0006.
- Go to the Back Page of the questionnaire and complete the Respondent Code, ending time, date, and enumerator ID information.

Item 6 Decision-Maker For This Operation

We are interested in how the operation was managed on a day-to-day basis. We do not care what the legal definition of the operation is. Definitions of individual, partnership, and managed land can be found in the *Interviewer's Manual*. Landlord-tenant, cash-rent and share crop arrangements should not be considered partnerships.

When an individual operation is reported, enter code "1". When a partnership is reported, enter the number of partners. Include the person listed on the Face Page and all of the other partners. If there are more than 5 total partners, consider this a managed operation and enter a code "8". When a hired manager is reported, enter code "8".

Item 7 Other Operations

This is a screening question to find out if the target name made day-to-day decisions for any other operations in 2003. Each additional (non-managed) operation must be listed or verified on the back side of the Screening Supplement. The information collected on the Screening Supplement will be used to update your State's list sampling frame.

If the operator does not have other operations (Item 7 is NO)

If there were not any other operations, enter a "1" in item code box 0923, return to the questionnaire and begin the interview.

If the operator has other operations (Item 7 is YES)

Item 7a Total Number of Operating Arrangements

Enter the TOTAL number of operating arrangements, INCLUDING THE SAMPLED OPERATION LABELED ON THE FACE PAGE OF THE QUESTIONNAIRE. Entering a "2" indicates the operator makes day-to-day decisions for two operations (the one labeled on the Face page of the questionnaire and one additional operation).

Item 7b Identifying Additional Operating Arrangements

After entering the TOTAL number of operating arrangements in item 7a, complete or verify the information for the second operation. If the operator had a third operation, complete or verify the information on an additional Screening Supplement for this operation. If the operation on the Face Page is still in business, then you will **complete the questionnaire for the operation named on the Face Page of the questionnaire.**

If the State Office already knows about additional operations associated with the target name, there should be labels for Operation 2 on the Screening Supplement. There will be an additional Screening Supplement for Operation 3, if there is a third operation. Verify that the target name is still involved with each of these operations. Also, there may be partner labels for any or all of these operations. Verify the names and addresses of additional operations and partners associated with them. Mark out any operations the target name was not associated with in 2003. If any partner names are not listed, add them with complete name and address information.

If the target name is involved (either as individual operator or as a partner) with any other operations which are not listed on a Screening Supplement, record these. In the partner space record the names of all of the partners other than the target name associated with each of the additional operations.

Item 7c Day-to-day Decisions for Additional Operations

For each of the additional operations, check the appropriate box to explain how the day-to-day decisions were made in 2003. We are interested in how the operation was managed on a day-to-day basis. We are not interested in the legal definition of the operation.

Special Situations - Managed Operations

Do not include any operation not already listed for which the target name is a hired manager.

A special situation exists if the operation on the Face Page of the questionnaire is a managed operation. If the target name is still the hired manager, there is no problem; handle it as you would normally.

If the label for the operation on the Face Page is a managed operation and was still in business in 2003 under a new hired manager, you will contact the new

hired manager and collect data for the operation named on the Face Page. You will also need to contact the original target name to verify the other operations listed, and if that originally selected target individual has any additional operations you will list them on one or more Screening Supplement(s).

Chapter 5 - Completing the Questionnaire

Section A - Land in Farm/Ranch

Section Purpose

Section A has the following primary functions:

- (1) to measure the total land operated,
- (2) to determine the tenure arrangements and whether farmers are renting on a share, cash, or rent-free basis,
- (3) to account for rent paid on rented land,
- (4) to account for rent received on acres rented to others,

Acres of owned and rented land are used to determine the total size of the farm under the operating arrangement identified on the label. Total acres are one measure of farm size used in reports and analyses. Knowledge of how much land is owned versus rented is the basis for studying farm tenure arrangements.

General Instructions for Items 1-5

Items 1-5 account for acres owned, acres rented from others, and acres rented to others by this operation at any time during 2003. Answers for these items are reported to the nearest whole acre.

For operations that were in business for only a part of 2003, collect data for the part of the year when it was still in operation. If the operation went out-of-business before December 31, 2003, end-of-year inventory values for crops in storage or livestock should be zero when you ask about these later in the interview. However, you will usually find fairly large amounts of cash or other assets such as land contracts due from sales of farmland. Exclude data for the part of the year that an operation was not in business including any income from renting the operation to others after this operation went out-of-business.

Sometimes an operator has several operating arrangements, such as an individual operation and a partnership operation. We have selected only one of the operations, so be sure the questionnaire contains data **only** for the arrangement identified on the label.

INCLUDE:

- (1) all cropland, the farmstead, government program land, idle land, orchards, pasture, wasteland, wetland and woodland, regardless of location, **if the operator made the day-to-day decisions for that land** under the selected operating arrangement. Include land in another state that is part of the operation (if the operator made the day-to-day decisions for that land).
- (2) land worked by sharecroppers. Sharecropper operations are considered part of the landowner's operation. A sharecropper is a worker who furnishes **ONLY LABOR** (his own and often his family's) for a share of the crop. Sharecroppers generally furnish no machinery, seed, fertilizer, etc.
- (3) all land in the operation that is used by the operator's children for 4-H or FFA projects, if the operation's equipment is used.

Item 1 Acres Owned

Include all cropland, the farmstead, government program land, idle land, orchards, pasture land, wasteland and woodland. Include land that has the potential for growing crops or grazing livestock even if it was not used for agricultural purposes in 2003.

Include all land owned by the operation, the operator and/or partners, their spouses or children. Include land held under title, purchase contract, homestead law, or as part of an estate (if someone associated with the operation is an heir or trustee).

Exclude nonagricultural land separate from the operation (such as land in subdivisions, commercial buildings, timber, etc.) which is permanently out of agricultural use.

Sometimes you will find a situation where the **operator** (and/or partners) owns the land but has set up the **operation** so that the land is rented to the operation. This is done for tax and other financial benefits. When this occurs, do not include the acres the operation rents from the operator as owned acres. Treat them as you would acres rented from any other landlord, and be sure the amount of rent paid is recorded.

If the operator (as a landlord to the operation) paid some of the expenses, you should also handle them the same as for any other landlord. You will usually have to probe very carefully in these situations.

Item 2 (a,b,c,d) Acres Rented From Others

There are five categories of rented acres: cash rented acres with the payment being a fixed amount are recorded in item 2a, cash rented acres with the payment being a flexible cash amount in 2b, share rented acres are recorded in item 2c, and acres used rent-free are recorded in item 2d.

INCLUDE all land rented from private individuals, partnerships, corporations, federal, state or local governments, Indian reservations, railroads, etc. if the operation:

- (1) paid cash rent. (*Items 2a and 2b*)
- (2) paid for use of the land with a share of the crops (either standing or harvested). (*Item 2c*)
- (3) paid for use of the land with a share of livestock production or paid a combination of a fixed cash payments plus some shared production. (*Item 2c*)
- (4) had free use of the land. (*Item 2d*)

EXCLUDE:

- (1) any land for which payment was made on a per head or an Animal Unit Month (AUM) basis. This is land used as pasture for grazing livestock.
- (2) land on which the respondent's livestock were fed under a contract (for example, commercial feedlots).
- (3) shared livestock production that does not involve land rental.

Be sure you are getting the full number of rented acres from the respondent. Farmers/ranchers often do not think the land they rent contains woods or wasteland. Even though the farmer/rancher may not think about it that way, the landlord considers the whole parcel rented. Rent is usually based on the number of acres of cropland or pastureland.

If the renter was responsible for looking out for the owner's interest in the woodland and/or wasteland, or had the right to cut firewood, hunt, etc. on the acres, then these acres should be included as acres rented from others.

Item 3 Acres Rented To Others

INCLUDE:

- (1) land this operation owned which was rented to another operation in 2003 for cash. This land should also be included in item 1.
- (2) land this operation rented or leased from someone else but which it subleased to another operation in 2003. This land must also be included in one of the categories in item 2.
- (3) land rented to others for which this operation received a specified amount of the crop or livestock produced, a share of the crop or livestock produced, or other non-cash compensation.
- (4) land this operation let someone else use without ever intending to receive payment (rent-free).
- (5) pasture or grazing land rented out on a per acre basis.
- (6) land owned but managed for a fee or salary by someone else.

EXCLUDE:

- (1) land enrolled in Government programs for which **this operation has enrolled and makes day to day decisions** (such as acres under production flexibility contracts in the 7-year farm program, acres in the Conservation Reserve Program, etc.).
- (2) land worked by sharecroppers on this operating unit.
- (3) land used by a child for 4-H or FFA projects if the operation's equipment was used.
- (4) land on which crops were grown under contract, if the land owner furnished machinery or controlled the seeding, growing and harvest of the crop.
- (5) land used for pasturing someone else's livestock when payment was made on a per head, fee, or AUM basis.
- (6) land on which the operator fed livestock under contract for someone else.

Item 4 Total Acres Operated in 2003

The operation's total farming/ranching operation is the total of items 1 + 2a + 2b + 2c + 2d + 2e - 3 . Verify this total with the respondent because it is the basis for the rest of the interview. Be sure this total includes all cropland, the farmstead, government program land, idle land, orchards, pasture, wasteland, wetlands and woodland associated with this operation.

Item 5 Total Enrolled Acres

Item 5a Acres Considered Cropland

Cropland is any tillable land currently in crop production or land that has previously been tilled and used for crops and could be tilled again without additional improvements.

INCLUDE:

1. Land in crop-pasture rotation and cropland used for pasture or grazing during the current year.
2. Land in summer fallow.
3. Idle cropland (no crops planted or harvested in current year).
4. Crop land diverted for government programs (including CRP), unless the land is planted to trees.
5. Fruit orchards, vineyards, nut trees, and citrus groves.
6. Vegetables, melon crops, and other specialty food crops.
7. Nursery crops, turf grass, sod, and Christmas trees.
8. Land in hay crops, exclude wild hay.
9. Pastureland tilled in the past if the land could be tilled again without first clearing brush, trees, undergrowth, etc.

EXCLUDE:

1. Pasture and rangeland that has never been tilled.
2. Wild Hay land. Although this is considered a crop, wild grasses cut for hay should not be included in acres of Cropland.
3. Government program acres planted to trees. These acres are woodland.
4. Woodland and Wasteland.

**Item 5b Acres Enrolled in CRP or CREP
V1 only**

Record the total number of acres the farm operation has enrolled in the Conservation Reserve Program (CRP). The CRP is a long term (10-15 year) cropland retirement program that provides incentives and assistance to farmers and ranchers for establishing valuable conservation practices that have a beneficial impact on resources both on and off the farm. It encourages farmers to voluntarily plant permanent covers of grass and trees on land that is subject to erosion, where vegetation can improve water quality or provide food and habitat for wildlife. The CRP is the Federal Government's single largest environmental improvement program.

Also record the total number of acres the farm operation has enrolled in the Conservation Reserve Enhancement Program (CREP). An offspring of the CRP, CREP is a voluntary program for agricultural landowners that focuses on protecting particular resources within a state. Unique state and federal partnerships allow landowners to receive incentive payments for installing specific conservation practices. Through the CREP, farmers can receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible land. The following 19 states currently have approved CREP agreements: CA, DE, IL, IA, KY, MD, MI, MN, MO, NY, NC, ND, OH, OR, PA, VT, VA, WA, and WI.

**Item 5b Acres Enrolled in CRP or WRP
V2,V3,V4 only**

Include the number of acres that are either enrolled in the Conservation Reserve Program or the Wetlands Reserve Program.

Item 5c Acres Enrolled in the Wetlands Reserve Program (WRP)

The WRP is a voluntary program that offers landowners financial incentives to enhance wetlands in exchange for retiring marginal agricultural lands.

Item 5d Acres Currently Farmed, but Formerly Enrolled

Report acres that are currently in farm production, but that are not included in

items 5b or 5c.

Item 5e Acres Subject to a Farmland Preservation Easement

Record the total number of acres operated that are subject to a farmland preservation easement. Farmland will be subject to a preservation easement if the landowner has voluntarily agreed to sell the rights to develop his or her land. Once the development rights (i.e., easement) are sold, a permanent restriction is put on the deed to the parcel preventing development and non-agricultural use of the land. The landowner retains ownership and all other rights associated with the land. The landowner may have sold the

development rights (i.e., easement) to a government agency in a "purchase of development rights (PDR)" or "purchase of agricultural conservation easement (PACE)" program, or to a private party in a "transfer of development rights" program. *[Note: In PDR or PACE programs, the price of development rights is typically estimated at the difference between the unrestricted (market) value of the parcel and its restricted (agricultural) value as determined by appraisals, or by easement valuation "point" systems. In TDR programs, the price of development rights is negotiated between the private party and the landowner.]* The following states have state or locally operated PDR, PACE and/or TDR programs: CA, CO, CT, DE, FL, ID, KY, ME, MD, MA, MI, MN, MO, NH, NJ, NY, NC, PA, RI, UT, VT, VA, WA, WI.

Item 5f Lands that were Zoned for Agriculture

Include acres that are specifically zoned for agriculture purposes, including voluntary agricultural districts and agricultural protection zones.

Item 5g Acres Covered Under Federal or Other Crop Insurance

Of the total acres in item 4, report the acres that were covered under federal, private, or other form of crop insurance during 2003.

Item 5h Acres Used to Raise Certified Organically Produced Crops

Of the total acres in item 4, report the acres harvested as certified organically

produced crops. Certified organic crops are those that were certified by a Federal, state, or private certification agency.

Item 6 Tillage Practices Used on the Operation

Item 6a No-till or Strip Till

No till farming is defined as: The soil is left undisturbed from harvest to planting. Planting or drilling is accomplished in a narrow seedbed or slot created by disk openers. Judicious use of herbicides may be used to provide crops a competitive edge over weeds.

Item 6b Ridge-till

Ridge tillage resembles contemporary and traditional cropping systems in which plants grow on a hill or bund. Cotton, for example, is often grown on ridges for purposes of irrigation. In ridge tillage the ridges are a product of cultivation of the previous crop and are not tilled out after harvest. The planter may remove part of the ridge top, but before planting there is no tillage. This provides potential advantages in soil conservation and weed management.

Item 6c Mulch-till

Mulch-till is managing the amount, orientation, and distribution of crop and other plant residue on the soil surface year round while growing crops where the entire field surface is tilled prior to the planting operation. Residue is partially incorporated using chisels, sweeps, field cultivators, or similar implements.

Item 6d Conventional-tillage

Tillage types that leave less than 15 percent residue cover after planting, or less than 500 pounds per acre of small grain residue equivalent throughout the critical wind erosion period. Generally involves plowing or intensive tillage.

Item 7 Cropping Practices

Item 7a Planned Crop Rotation

Successive cultivation of different crops in a specified order on the same fields.

Item 7b **Continuous Cropping Practice (3 years or more)**

Growing a crop in a particular field for three years or more. Example: Christmas Trees.

Item 8 **Cash Rent *Received* for Acres Rented *To* Others**

Do not skip this item even if the operation rented no land out in 2003. The operation may have received income in 2003 for land rented to others before 2003, or it may have even received a pre-payment of 2004 rent in 2003.

Including rent for land and/or buildings, record the total cash rent received during 2003 for all land rented to others for cash. If rent owed to the operation for 2002 was received in 2003, it should be included here. If rent for 2004 was received in advance (in 2003), it should also be included. Government payments received in association with these acres should also be included.

Item 9 **Value of Share Rent *Received* for Acres Rented *To* Others**

Do not skip this item even if the operation did not share rent land out in 2003. The operation may have received its share of 2002 commodities in 2003 for land it rented to others in 2002. Record the total value of the share of production received by the operation plus the value of all government payments received in association with the share rented land.

If the operator (as a landlord) has received his share of the production, but has not sold it yet, record the operator's best estimate of its market value, plus the amount received in government payments associated with the share rented land.

Be sure that commodities the operator gets in payment of share rent ARE NOT INCLUDED in the sales reported later in the questionnaire.

Item 10 **Cash Rent *Paid* for Acres Rented *From* Others**

Do not skip this item even if the operation did not share rent land out in 2003. The operation may have received its share of 2002 commodities in 2003 for land it rented to others in 2002. Record the total value of the share of production received by the operation plus the value of all government payments received in association with the share rented land.

If the operator (as a landlord) has received his share of the production, but has not sold it yet, record the operator's best estimate of its market value, plus the amount received in government payments associated with the share rented land.

Be sure that commodities the operator gets in payment of share rent ARE NOT INCLUDED in the sales reported later in the questionnaire.

Item 10 Cash Rent *Paid* for Acres Rented *From* Others

Including rent for land and/or buildings, record the total amount paid in 2003 to all landlords for cash rented acreage. Ask this question even if no land was rented in 2003. Why? The operation may have paid rent for 2002 or 2004 in 2003. If we skip this question just because the operation did not rent any land in 2003, we miss previous year's rent paid in 2003, or 2004 rent paid in advance in 2003. If an operation had more than one cash rental arrangement, the sum of all the individual rents should be recorded.

For crops such as tobacco and peanuts, quotas or allotments may be rented with or without associated land. The rent, if any, associated with the rental of the land, should be included in this item.

Exclude any government payments landlords received from these acres. These payments should be recorded in Section 15, item 7.

Items 11 & 11a Usage fees Paid for AUM basis on Public land

(Mostly found in Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming)

Item 11 is a screening question to determine if the operation uses public, industrial or grazing association land rented on an AUM basis. This is usually controlled by the Bureau of Land Management (BLM), the Forest Service (FS), Bureau of Indian Affairs (BIA) or by grazing associations, energy companies, timber companies or railroads. If the operation does not use this type of land, check NO and go to item 12. If the operation does use this type of land, check YES and continue with item 11a.

In item 11a, include expenses for use of public land, industrial land or grazing association land associated with a range grazing area (allotment or unit). Include all expenses for any year, as long as they were paid in 2003.

EXCLUDE expenses for use of land controlled by private individuals or partnerships even if the operator reports livestock were pastured on an AUM basis on this land (this expense should be recorded in item 12).

If the operation owned (or rented from others) land which was administered on an exchange-of-use basis, these acres should be reported as owned in

item 1 and as acres rented to others in item 3.

Item 12 Amount Paid for Pasturing Livestock on Private Land

Excluding contract arrangements, record the total amount paid in 2003 for pasturing or grazing livestock on privately owned land on a fee per-head (AUM), gain, or other basis.

EXCLUDE expenses for pasturing or grazing livestock on public land. These expenses should be recorded in item 11a.

Item 13 Type of Operation

For this question, make sure the respondent refers to the list of Farm Type Codes in the Respondent Booklet. Ask the respondent to select the category which represents the largest portion of this operation's 2003 gross income.

Government payments should be distributed among the categories according to the type of program in which the operator participated.

When the respondent reports that sales for two of the categories are equal, ask which group is more important and is the primary production activity.

Operations primarily engaged in producing short-term woody crops should be counted as farms and classified in "Nursery, Greenhouse, and Floriculture" category. Short-term woody crops are softwood trees (hybrid poplar, cottonwoods and pines) reaching maturity in 10 years or less and typically are used for paper production.

A farm primarily engaged in raising dairy heifers for herd replacements is classified as a "Beef Cattle" operation because no milk or dairy products are being produced.

Section B - Acreage and Production

Acreage and production reported for crops are used to develop estimates of the value of crops produced. This information is also important to determine the types of crops grown. For example, are farms diversifying by growing a more varied mix of commodities.

Survey expansions of harvested acreage and production are compared with official NASS estimates at regional and national levels to measure how well the ARMS III sample covers the U.S. farm population.

To avoid double counting crop and livestock value of production, the quantity of hay, grain, and other commodities produced and used on the farm must be subtracted out of total production. For example, grain fed to livestock would be reflected in the value of livestock production rather than grain production.

To determine the operation's correct share of income, we need to know the quantity or value of what was given to landlords in return for land rentals. Without good estimates of landlord shares in estimating gross rents, farmers' net income would be overstated.

Item 1 Crop Acreage and Production

General Instructions

This section accounts for all crops harvested on the selected operation in 2003. All harvested acreage figures should be rounded to the nearest whole acre, except potatoes and tobacco which are reported to the nearest tenth of an acre. Total production must be reported in the unit pre-printed on the questionnaire.

For operations that were in business for only a part of 2003, collect data for the part of the year when they were operating.

Column 1 Crop

Most major field crops are reported in this section. The questions for crops always relate to the total acres in this operation recorded in Section A, item 5. Include all crops harvested from these acres, but exclude any crops harvested from land rented or leased to others or worked on shares by others in 2003.

This column identifies the crops harvested on this operation in 2003. The crops are divided into four categories: Field Crops, Small Grains, Hay Crops, and Other Crops. Within each category, crops of interest are indicated. These may be specific crops, such as Corn for grain, or more general, such as Nursery and Greenhouse Crops.

To ensure proper and complete reporting, for each item listed, ask the respondent, "During 2003, did you harvest any [crop] on the total acres (Section A, item 4) in this operation?"

Commodity Specific Instructions

Field Crops

Corn

The acres of corn harvested for grain, seed, silage, or greenchop are to be reported for all states. Corn harvested for seed should be included as corn harvested for grain. Do not report field corn or sweet corn hogged-off as a harvested crop.

Exclude:

- (1) Sweet corn should be included, depending on usage, in either Vegetables for Processing or All Other Vegetables and Melons.
- (2) Popcorn should be included in All Other Crops.

Cotton

Record all types of cotton harvested. If cotton was grown in a "skip" row pattern, count only the land harvested for cotton, excluding the skip row acreage.

Peanuts

Include only peanuts harvested for nuts.

Exclude peanuts cut for hay; record as Hay, All Other.

Potatoes

Record potato acreage to the nearest tenth of an acre.

Exclude:

- (1) Potatoes produced for home consumption.

- (2) Sweet potatoes should be included in All Other Crops.

Rice

Include only short, medium, and long grain varieties. Brown rice and wild rice should be reported as All Other Crops. If rice was harvested twice from the same planted acreage (a ratoon crop), count the acreage only once.

Sorghum

Exclude sorghum-sudan crosses harvested for hay; record as Hay, All Other.

Soybeans

Record only soybeans harvested for beans.

Exclude soybeans cut for hay; record as Hay, All Other.

Tobacco

Record all types of tobacco harvested in 2003. Record tobacco acreage to the nearest tenth of an acre. If "skip" rows or "sled" rows were present, record only the actual tobacco acreage.

SMALL GRAINS

Sometimes mixtures of wheat, oats, barley, and other grains are planted for use as hay, forage or silage crops. If they were harvested for hay, these mixtures should be recorded in Hay, All Other. If they were harvested as silage, they should be recorded in All Other Crops. If the crop was not harvested (only grazed), do not record it at all.

Exclude small grains cut for hay; record as Hay, All Other.

Wheat for Grain

Record all types of wheat (winter, durum and other spring) harvested for grain or seed.

HAY CROPS

Record only acres cut for hay (exclude acres "harvested" by grazing).

Acreage from which only grass silage, hay silage (haylage), greenchop, or alfalfa seed were harvested should be reported in All Other Crops.

If a hay crop and haylage are harvested from the same acres, record this as double-cropping with the hay reported in the appropriate line and the haylage reported in All Other Crops.

If two or more cuttings of the same crop were made from the same field:

1. Record the acreage only once.
2. Record the total production from all cuttings combined. For example, if two cuttings were made from a 50 acre hay field with the first cutting producing 105 tons and the second cutting yielded a total of 65 tons. The total production for the 50 acre crop would be 170 tons (105+65).
3. If hay was cut from the same land from which small grains were harvested for grain:
 - a. Record the acreage cut for hay as Hay, All Other.
 - b. Record the acreage harvested for grain in the appropriate item in the Small Grains section.
 - c. Exclude straw, except for the value of sales which is recorded as "Other Farm Income" in Section E, item 4j.

Alfalfa and alfalfa mixtures harvested for dry hay should be recorded under Hay, Alfalfa.

All non-alfalfa hay harvested for dry hay, including Wild Hay, should be recorded under Hay, All Other. Wild hay acreage should be excluded from Cropland acres (Section A, item 5a).

OTHER CROPS

Other Oilseeds

Exclude soybeans and canola. Include all other oilseeds harvested. Include crops such as flaxseed, mustard seed, rapeseed, safflower, and sunflower.

Sugar Cane or Sugar Beets

Record the acreage of sugarcane or sugar beets harvested in 2003, regardless of the year planted. Exclude acreage harvested for seed.

Vegetable Crops

1. Multiple Cropping

Record entire acreage of each vegetable crop planted and harvested.

For example: If 20 acres of radishes were harvested from a field and the field was replanted in radishes and harvested again, record 40 acres harvested.

2. Sales from Home Gardens

Record home garden acres harvested only if there were sales from the home garden. DO NOT record vegetables grown only for home use.

3. Two or More Pickings

If two or more pickings were made from the same planting, record the acres harvested only once.

All Other Vegetables and Melons

Include all vegetables harvested that were not for processing (i.e. for fresh market) and all melon crops (watermelons, cantaloupes, and other melons).

Fruits, Nuts and Berries

Include all bearing acreage of fruit, nut, and berry crops (including strawberries).

Exclude non-bearing acres and abandoned acres.

Nursery and Greenhouse Crops

Include flowers, ornamentals, mushrooms, tobacco transplants for sale, harvested sod, Christmas trees, and turfgrass, etc.

All Other Crops

This item is for recording information on all crops not previously recorded in this section. It is a catch-all item for other crops grown on this operation.

For each other crop reported, first determine if that crop should have been reported in another item above. If so, record it and all required information in the appropriate item.

Column 2 Harvested Acres

Except for potatoes and tobacco, report harvested acreage to the nearest whole acre. For potatoes and tobacco, record harvested acres to the nearest tenth of an acre.

INCLUDE:

- (1) acreage of crops harvested in 2003.
- (2) acreage of crops intended for harvest in 2003 even if harvest was delayed until 2004 due to bad weather, etc.
- (3) acreage for which two uses were made of the same crop. An example is alfalfa acreage harvested for both hay and seed. These acres are recorded twice: as acres of Alfalfa, and as acres of Alfalfa seed harvested to account for the seed.

EXCLUDE:

- (1) acreage for second or later harvests (for the same use) of any crop from a single planting, such as second or third pickings of cotton and ratoon crops of rice.
- (2) acres of 2002 crops not harvested until 2003 due to weather conditions, etc. Make sure the respondent is not reporting planted acres by crop when you are asking only for harvested acres.
- (3) acreage of maple trees that are harvested for sap.

Column 3 Total Production

Record the TOTAL PRODUCTION of the harvested commodity. For some respondents, this may require multiplying average yield per acres by the number of acres harvested (col 2).

Production MUST be reported in the unit indicated inside the item code box. If the operator reports production in a different unit than indicated, be sure to record complete information about that unit, including its weight. This allows you, or the State Office, to correctly convert the total production into the required unit.

Column 4 Amount of Production Used on This Operation

Record the amount of the share of production belonging to the operation that has been (or will be) used on the operation for feed, seed, etc.

Exclude:

- (1) any production that was (or will be) used for human consumption (record this in Section F, item 30).
- (2) the landlord's share of production even if it was (or will be) used on this operation.

EXAMPLE:

125 acres of oats were harvested for grain with an average yield of 60 bushels per acre. These oats were harvested off share rented acres where the landlord received a 50% share. The operation used all of its share of the oats on the operation in 2003. This information would be recorded as follows:

Column 2 - 125	acres harvested
Column 3 - 7500	total production [125 acres x 60 bu/acre = 7500]
Column 4 - 3750	operation's share used on this operation [7,500 total bushels produced x 50% share x 100% used = 3,750]
Column 5 - 3750	amount of landlord's share of production [7,500 total bushels produced x 50% landlord share = 3,750 bushels]

Landlord's Share of Production

It is strongly recommended not to record the percent received by the landlord in the margin so you can come back later and calculate the amount! You will need to know more to calculate landlord(s) share than that. Using only the percent will often result in serious errors!

For example, operations often share rent some (but not all) of the acres used to grow crops. Thus, applying the percent landlord share to their total crop production would overstate the amount the landlord received and understate the amount kept by the operation. See the examples below:

Example of INCORRECT Calculation of Landlord's Share:

Valley Farms owned 200 acres on which it grew wheat in 2003. The operation share rented another 400 wheat acres (for a 20% share) and cash rented 100 acres (for \$40 per acre). Their total wheat production was 31,500 bushels. The average yield per harvested acre was 45 bushels. Of the total 31,500 bushels, the share rent landlord received 3,600 bushels, (400 acres x 45 bushels per acre x 20% share) and 27,900 bushels belonged to the operation.

Suppose the enumerator had recorded the 31,500 bushels produced and noted that the landlord received a 20% share. Later, he/she came back and calculated the amount of the landlord's share as $.20 \times 31,500 = 6,300$. This would result in the landlord's share being 2,700 bushels more than it should be and the wheat

belonging to Valley Farms as 28,200 bushels (2,700 bushels less than it ought to be).

Example of CORRECT Calculation of Landlord's Share:

The operator reports that soybeans were grown on 500 acres. The average yield per harvested acre was 30 bushels. Since the operator does not know the total amount of the landlord's share, you have to probe! You ask how many acres were share rented and find out that there were 150 acres of share rented soybean land. You calculate that his production on the 150 share rented acres was 4,500 bushels (30 bushels per acre x 150 acres). You then ask what percent share the landlord received and learn that the landlord received a 33% share. So you calculate:

Landlord's Share (amount) of production

4,500 bushels x (1/3) share = 1,485 bushels

Column 5 Landlord's Share of Production (Total Amount)

Record the TOTAL AMOUNT (in specified unit) of each commodity given to landlord(s) in return for use of the land. This item is very important because it is used to determine the value of the landlord's share for rent. Exclude the landlord's share of government payments that will be recorded in Section E, item 3.

In crops such as peanuts or tobacco, quotas or allotments may be rented or leased on shares from operators who do not use their full allotment or quota. Quotas for marketing peanuts or tobacco may be rented with or without land. Record the landlord's share of production for these types of share rental arrangements here.

Item 2 Market Value of Landlord's Share

For the crops listed in item 1 with a "*" placed beside them, the MARKET VALUE of the landlord's share must be calculated. Report a dollar value only if the land was share rented.

Item 3 Genetically Modified or Enhanced Seed Varieties

Adoption rates for new technologies vary widely among producers of various commodities, and policy issues related to the adoption of alternative herbicide and insect resistant varieties also differ. To better address technology adoption as it relates to the operation's other management strategies and financial condition, it is important to know the number of acres reported that were planted to each of the general GM seed types.

For the listed crops, ask if any of the harvested acres reported earlier were planted with any of the listed seed types. Determine if one of the TYPES of seed listed was used for the 2003 crop. If a non resistant or non quality enhanced seed type was used, leave the column blank. If the operator used more than one type of the listed seed varieties, record the acres planted for each seed type in the appropriate seed type column.

Genetically modified herbicide resistant variety. The seed variety was genetically modified to be herbicide resistant. Examples would be Round-Up Ready (corn, soybeans, cotton), Liberty-Link (corn, canola) and BXN (cotton).

Non-genetically modified herbicide resistant variety. The seed variety was developed using conventional breeding techniques to be herbicide resistant. Examples of a non-genetically modified herbicide resistant seed are STS (sulfonyleurea tolerant soybeans) and IMI (Imidazolinone) tolerant (corn), and Clearfield (corn).

Genetically modified Bt variety. "Bt" means *Bacillus thuringiensis*, which is a bacteria that is used to control many larva, caterpillar, or insect pests. The seed variety is resistant to insects. Examples would be YieldGard, Knockout, and NatureGard (all for corn), and BollGard (cotton), New Leaf (potatoes), and Attribute (sweet corn).

Stacked gene variety (both herbicide resistant and Bt). The seed variety is genetically modified to be both herbicide resistant and insect resistant. It contains more than 1 genetically modified traits. Examples include YieldGard+Roundup Ready, YieldGard+LibertyLink, Bt corn + Roundup Ready corn, and BollGard+Roundup Ready (cotton).

Quality enhanced (such as high-oil corn). These seed varieties have output traits that affect the grain/oilseed/lint that is produced. Most are not genetically modified, such as High-Oil corn or High Oleic soybeans. Some quality enhanced seeds, however, are GM. For example, GM traits are being introduced for tomatoes (Fresh World Farms Endless Summer) and other vegetables to increase

shelf life.

Item 4 Acres of Corn Bt and rootworm resistant

Ask this question only if column 3 or 4 from question 3a is positive. Include the acres from those columns that were planted with rootworm resistant Bt seed.

Item 5 Government Program Base Acres and Payment Yields

The Farm Security and Rural Investment Act of 2002 (2002 Farm Act) was signed into law on May 13, 2002. The new legislation governs agricultural programs through 2007, covering a wide range of programs for commodities, conservation, trade, rural development, nutrition, credit, forestry, and energy.

While the 2002 Farm Act introduces some new policies to the array of agricultural commodity programs, in many ways, it extends provisions of the 1996 Farm Act and the ad hoc emergency spending bills of 1998-2001. For example, the 2002 Act continues marketing assistance loans and loan deficiency payments, which existed under previous U.S. farm law; direct payments replace production flexibility contract payments of the 1996 Farm Act; and counter-cyclical payments and milk income loss payments are intended to institutionalize the market loss assistance payments of the past several years. The 2002 Act also expands the list of crops that are eligible for program benefits.

Since before the founding of the United States, farmers have received support through a series of markedly different policy approaches. Agricultural policy has at different times focused on distribution of the Nation's vast land resources, on increasing the productivity and standard of living of American farmers, and on assisting farmers in marketing their products. From the 1930s, U.S. farm commodity policy has focused on

Commodities, price and income supports. Through much of this period until 1996, farm policy relied partly on supply management in the form of acreage limits and commodity storage programs.

Beginning with the 1985 Farm Act and continuing with farm legislation in 1990, important changes in commodity programs and other agricultural policies began to move the sector toward greater market orientation and reduced government involvement. Under the 1996 Farm Act, management of risk was seen as being increasingly important for farmers. Farmers in general were expected to face greater risk of income volatility with the ending of supply management programs (such as acreage reduction programs and the Farmer-Owned Reserve program)

and the termination of deficiency payments. There were some concerns expressed at the time of the enactment of the 1996 Farm Act that the reduced role for the Government in agricultural commodity policy was too extreme and represented a “dissolution of the safety net that protects farmers and rural America during lean times” (Secretary of Agriculture Glickman).

Following the high commodity prices of the mid-1990s, prices weakened considerably beginning in 1998 in response to increased global supplies and weaker demand. High prices of the mid-1990s combined with planting flexibility provided by 1996 Farm Act led to expansion of U.S. crop production. High prices also encouraged expansion in foreign markets, and as acreage expanded, production reached record levels. In addition, the 1997-99 economic and financial crisis in Asia slowed economic growth and weakened global demand for agricultural products.

Farmers are given almost complete flexibility in deciding which crops to plant under the 2002 Farm Act, continuing provisions of the 1996 Act. Participating producers are permitted to plant all cropland acreage on the farm to any crop, except for some limitations on planting fruits, vegetables, and wild rice on base acres. The land must be kept in an agricultural or conserving use (as determined by the Secretary), and farmers must comply with certain conservation and wetland provisions. With these planting flexibility provisions, farmers may receive direct payments and counter-cyclical payments corresponding to one program crop while producing another crop.

Farmers were required to report base acres of each program crop under both the 1996 Act and the 2002 Farm Act. For each crop commodity covered by the 2002 Act, record 1996 and 2002 base acres, 2003 base acres owned, and the direct payment yield and the counter-cyclical payment yield.

Column 1 Government Program Crops

Rows identify specific program crops: (a) wheat, (b) rice, (c) corn, (d) sorghum, (e) barley, (f) oats, (g) upland cotton, (h) soybeans, (i) peanuts, and (j) other oilseeds. Other oilseed crops include sunflower seed, canola, flaxseed, safflower, mustard seed, and rapeseed. Record base acres and payment yield data for each program crop.

Column 2 Base Acres - 1996 Act

Production flexibility contract (PFC) payments under the 1996 Act were dependent on reported base acres for specified program crops. Record the base acres for each program crop on which payments were determined. Soybeans, peanuts, and other oilseeds were not program crops under the 1996 Act and are left blank in this column. Record base acres for all acres in the operation, including acres rented on a cash or share basis.

Column 3 Base Acres - 2002 Act

The 2002 Farm Act permits the updating of base acres used for determining direct and counter-cyclical payments. Record the base acres under the 2002 Farm Act for each program crop. Record for all acres in the operation, including acres rented on a cash or share basis.

To receive payments on crops covered by the program, an eligible producer enters into annual agreements for crop years 2002-07. Before enrolling in the program, owners of farms must establish base acres and program yields for all covered crops. There are five options for designating base acres, which apply to all covered crops for both direct payments and counter-cyclical payments:

- (1) Choose base acres equal to the contract acreage that would otherwise have been used for 2002 production flexibility contract payments,
- (2) Choose one of three options to add oilseeds to PFC acres, based on plantings in crop years 1998-2001, or
- (3) Update all base acres to reflect the 4-year average of acreage planted during crop years 1998-2001, plus acreage prevented from planting during those years due to drought, flood, other natural disaster, or other conditions beyond the control of the producer. An owner who does not make an election is considered to have selected the 2002 PFC acreage, plus eligible oilseeds, if applicable. Base acres for peanuts may be determined separately so long as total base acres do not exceed available cropland. Payment acres equal 85 percent of base acres.

Column 4 2003 Base Acres Owned and Operated

Record the base acres reported in column 3 that are owned and operated by the operation. All base acres in the operation were obtained in column 3; collect only the owned base acres in column 4. This will allow us to determine the base acres on land rented from others.

Column 5 Direct Payment Yields

Program payment yields for direct payments are unchanged for those crops previously covered under the PFC program.

Column 6 Counter Cyclical Payment Yields

Program payment yields for direct payments are also used for counter-cyclical payments on farms where one of the first four options for establishing base acres is chosen. For those who update their base acres, various options are provided in the legislation for updating payment yields used to compute counter-cyclical payments. That is, owners who select the last alternative for establishing base acres have three options for determining program payment yields for each individual crop for use in determining counter-cyclical payments:

- (1) Use current program yields,
- (2) Update yield by adding 70 percent of the difference between current program yields and the farm's average yields per planted acre for the period 1998-2001 to current program yields, or
- (3) Update yield to 93.5 percent of 1998-2001 average yields per planted acre.

For soybeans and other oilseeds, which were added to the program, payment yields are the farm's average yields for 1998-2001, multiplied by the national average yield for 1981-85, divided by national average yield for 1998-2001 (a 0.78 adjustment factor for soybeans, for example). Peanut payment yields are based on the farm's average yields for 1998-2001.

Section C Livestock

Inventory

Record all livestock, poultry, and animal specialties on the total acres operated on December 31, 2003, regardless of who owned them. Record livestock and poultry raised, fed, or pastured under a contract or on a custom basis if they were located on the total acres operated on December 31, 2003.

If on December 31, 2003 the livestock is not located on anyone's operation, the person responsible for the livestock and poultry, should record the inventory on his/her operation. Examples of when this could become an issue are when livestock are:

1. being moved from one place to another.
2. on unfenced land.
3. on a short term pasture, such as wheat or crop residue.
4. grazing in national forests, grazing districts, open range, or on land under permit.

Column 2 records the inventory broken out by the number owned and the number not owned (i.e. owned by someone else such as contract hogs or poultry).

Item 1a Beef Cattle V1 only

Record the number of head of cattle raised primarily for beef production, regardless of breed or type, on this operation on December 31, 2003. Include all beef cows, heifers, steers, bulls, calves and cull beef cattle inventory. Be sure to include inventory owned and not owned by the operation in the appropriate item in column 2 if they were on the total acres operated on December 31, 2003.

Item 1a All Cattle and Calves V2,V3,V4

Record the total number of all cattle and calves. This should include all breeds, sexes and ages.

Item 1b Dairy Cattle V1 only

Record the number of head of dairy cattle, regardless of breed or type, on this operation on December 31, 2003. Sometimes respondents may think you only want the number of dairy cows that are being milked. Be sure to emphasize to include all dairy cattle including the cows, bulls, heifers, and calves. Include inventory owned and not owned by the operation in the appropriate item in column 2 if they were on the total acres operated on December 31, 2003

Item 1b All Hogs and Pigs
V2,V3,V4

See Item 1c, for the CRR questionnaire (V1) below.

Item 1c Hogs and Pigs
V1 only

Record the total number of all hogs and pigs located on the total acres operated on December 31, 2003, regardless of ownership. Be sure to include all sows, boars, feeder pigs, market hogs, and cull stock.

Item 1c All other Livestock
V2,V3,V4

Record the total number of head of all livestock and/or poultry not accounted for in items 1a-b. Include things such as horses, ponies, mules, sheep, goats, bees (record number of hives), rabbits, mink and other fur-bearing animals, commercial aquaculture, and any other livestock or poultry not previously reported. Exclude horses that are part of a boarding operation.

Be sure to note the type of livestock reported in this item.

Item 1d Sheep and Lambs

Record the total number of all sheep and lambs on the total acres operated on December 31, 2003, regardless of ownership.

Item 1e Hens and Pullets of Laying Age

Record the total number of hens and pullets of laying age (HPLA) on the total acres operated on December 31, 2003, regardless of ownership. Include both

egg and broiler type layers. Broilers and other meat-type chickens should be recorded in item 1f.

Item 1f Broilers, fryers and other meat-type chickens

Record the total number of broilers, fryers and other meat-type chickens on the total acres operated on December 31, 2003, regardless of ownership. Layers are reported in item 1e.

Item 1g Turkeys

Record the total number of turkeys, of all types, on the total acres operated on December 31, 2003, regardless of ownership.

Item 1h All other Livestock and Poultry

Record the total number of head of all livestock and/or poultry not accounted for in items 1a-g. Include things such as horses, ponies, mules, goats, bees (record number of hives), rabbits, mink and other fur-bearing animals, commercial aquaculture, and any other livestock or poultry not previously reported. Exclude horses that are part of a boarding operation.

Be sure to note the type of livestock reported in this item.

Item 2 Landlord's Share of Livestock Production

Before asking this item, probe to find out if any of the operation's share-rented acres involved livestock production.

Record the value of the share of livestock production given to landlord(s) in 2003. This value could be zero if no shared livestock were marketed in 2003. In this case, write a note to indicate that zero is valid. If the respondent does not know the value, probe for the best estimate.

Do not include livestock production not associated with land. Shared livestock production that is not part of a land rental arrangement (such as raising "cattle on shares" should be reported in Section D).

Item 3 Contracts to have Livestock or Poultry Fed or Raised by Another Operation

If this operation paid *another* operation a fee for the service of feeding or raising

a commodity (owned by the selected operation), then the answer to this question is yes (the operation is acting as contractor). The commodity must remain an asset of the selected operation. It is neither sold to the contractee operation, nor is ownership transferred to that operation.

Examples of these types of contracts include:

- a cow/calf producer who has calves fed out through a feedlot.
- a dairy producer who pays another operation to raise replacement heifers.
- a hog farrowing operation that contracts with another operation to raise feeder pigs up to slaughter weight.

Column 1 Commodity Contracted Out

Record the type of commodity that was placed on another operation to be fed or raised. Include commodities that were placed on contractee operations in 2002 and were still under contract on January 1, 2003.

Column 2 Livestock Code

Record the livestock code from the respondent booklet that relates to the commodity identified in column 1.

Column 3 Market Value of Commodities under contract on Jan. 1, 2003

Record the estimated market value of all this operation's commodities from 2002 and previous years that were placed on contractee operations and were still under contract as of January 1, 2003.

DO NOT include this value in Section H, Assets.

Column 4 Estimated Market Value of Commodities Placed

Using the market price at the time the commodity was placed, record the estimated value of the contracted commodities this operation placed on contractee operations during 2003. If more than one arrangement existed, or if arrangements existed for more than one commodity, record each one on a separate line.

Column 5 Production Expenses and Fees

Record the total amount this operation paid to contractees for labor and management fees and reimbursements for expenses.

Column 6 Gross Receipts from Sales of Contracted Items

Record the gross income to this operation from sales of commodities produced under contract by other operations (quantity times market price) during 2003. DO NOT record these sales anywhere else in Section C or D. This item will be zero for dairy replacement heifers that are removed back to the respondent's (contractor's) operation and not sold.

Column 7 Market Value of Items under Contract on December 31, 2003

Record the estimated market value of commodities still under contract as of December 31, 2003.

DO NOT include this value in Section H, Assets.

Item 4 Livestock or Poultry grown by another operation.

V2,V3,V4 only

If this operation paid *another* operation a fee for the service of feeding or raising a commodity (owned by the selected operation), then the answer to this question is yes (the operation is acting as contractor). The commodity must remain an asset of the selected operation. It is neither sold to the contractee operation, nor is ownership transferred to that operation.

Examples of these types of contracts include:

- a cow/calf producer who has calves fed out through a feedlot.
- a dairy producer who pays another operation to raise replacement heifers.
- a hog farrowing operation that contracts with another operation to raise feeder pigs up to slaughter weight.

Item 4a Gross Receipts from Contracts

V2,V3,V4 only

Record the gross income to this operation from sales of commodities produced under contract by other operations (quantity times market price) during 2003. **DO NOT record these sales anywhere else in Section C or D.** This item

will be zero for dairy replacement heifers that are removed back to the respondent's (contractor's) operation and not sold.

Item 4b Market Value of Unsold Livestock
V2,V3,V4 only

Record the estimated market value of commodities still under contract as of December 31, 2003.

DO NOT include this value in Section H, Assets.

Item 4c Production Costs paid to Contractees
V2,V3,V4 only

Record the total amount this operation paid to contractees for labor and management fees and reimbursements for expenses.

Section D - Commodity Marketing and Income

Overview of Items 1 and 2: Production and Marketing Contracts

Importance of Obtaining Information on Marketing and Production Contracts

To show an accurate picture of both the value of the farm sector's output and the financial condition of farming operations, we must fully account for persons or other businesses who provide inputs used on the farm to produce agricultural commodities and receive income from the sales of these products. The contracting information collected on this survey is USDA's only source of data to separate production, income, and expenses among farmers, contractors, landlords and others. For these reasons, collecting complete and accurate information on contracting is critical.

Prior surveys show widespread and growing use of production and marketing contracts, which covered 36 percent of the value of production by 2001. Producers sometimes use contracts because they can be designed to reduce price risks, and they sometimes use them to reduce input financing requirements. Processor-buyers often use contracts to obtain consistent supplies of commodities at specific desired qualities. Questions in Version 1, items 1 and 2, columns 3-4 and 9-16 are designed to help us measure the importance of risk-reduction and other contract terms, and to help explain the differences in prices and fees received by contract producers of like commodities.

Collecting Data on Contracts

There are two things you must find out in order to collect and record contract data correctly. The first is whether the operation is acting as the CONTRACTEE or CONTRACTOR for a specific commodity. The operation is the CONTRACTEE when it produces and/or markets the commodity under a contractual agreement with another farm operation or entity such as a packer or processor. The operation is a CONTRACTOR when it enters into a contractual agreement with another operation to produce livestock or poultry for it. If the operation is a contractor your should record that information in Section C, item 3. Second, if the operation is a contractee, you have to find out whether the contract is a production contract or a marketing contract.

Contracts can take on many different forms. The accompanying table provides an overview of contract features, and delineates how, for purposes of this survey, we want to distinguish between marketing contracts and production contracts.

Overview of Marketing and Production Contracts

MARKETING CONTRACT

Contractor:

Arranges, prior to completion of a production cycle, to acquire a specified commodity at the end of the cycle.

Commits to a price, a pricing arrangement, or an agreement to sell on the contractee's behalf.

Does not take ownership of the commodity until it is delivered.

Makes few or no production decisions

Contractee (operator):

Obtains a buyer and a marketing arrangement for commodities before completion of a production cycle.

Supplies and finances all or most of the inputs used in production.

Owens the commodity while it is being produced.

Makes all or most production decisions.

Often bears all production risks, and contract frequently limits some price risks.

Receives the major share of the value of production

PRODUCTION CONTRACT

Contractor:

Arranges, prior to beginning a production cycle, to have a specified commodity produced.

Commits to a fee or fee arrangement to be paid to the contractee.

Usually owns the commodity during production.

Makes many major production decisions

Contractee (operator):

Provides labor and some management services used in production, as well as fixed inputs (land, buildings, etc), for a fee.

Supplies only a small part of the inputs used in production.

Usually does not own the commodity.

Makes only a few, if any, production decisions.

Often bears no price risks, and contract may allow operator to limit some production risks.

Receives a fee that is usually only a small share of the value of production.

Production Contracts

Production contracts are used for livestock, poultry and crop production. Under poultry or livestock production contracts, the farm/ranch operator (for example, a feedlot or broiler grower) usually houses and feeds the poultry or livestock until they reach a specified age or weight. The contractor (the individual or operation that owns the livestock or poultry to be fed out) usually either pays most of the production expenses or reimburses the contractee for the expenses while the commodity is on the contractee's operation. For example, in broiler contracts, the contractor normally provides chicks, feed, chemicals, transportation, and technical assistance.

Under crop production contracts the contractor often supplies inputs such as seeds or plants, fertilizer, chemicals, transportation and technical assistance. Examples include vegetables for processing and corn for seed.

Characteristics of Production Contracts

The contractee and contractor usually reach agreement before production begins, and the contract provides considerable detail on specifics such as fees, responsibility for input provision, and product ownership. Contractees usually provide labor, farm management services, utilities, housing, and equipment. Contractees usually receive fees for their services that are considerably less than the full market value of the commodity. One clue to the presence of a production contract is if the operator reported livestock or poultry facilities or production expenses, but few or no head of owned livestock on hand or sold by the operation. These livestock or poultry are almost certainly being produced under contract.

Look for production contracts on farms that:

- ! have broiler houses or other poultry and/or egg producing facilities.
- ! have hog nursery or confinement feed arrangements. Pay close attention to pricing terms and hog ownership under contracts, because production contracts and marketing contracts are each used. The contractor owns the hogs under production contracts, and the contractee is paid a fee that is not

closely linked to market values.

- ! provide custom-feeding services for cattle, where the cattle are owned by another individual, farm, or firm.
- ! produce vegetables for processing.
- ! produce seed crops.

Marketing Contracts

For purposes of this survey, a marketing contract for a commodity exists when a verbal or written agreement to market the commodity is reached before completion of a normal production cycle (prior to harvest for crops, prior to removal from the operation for livestock). The agreement will include a price, an arrangement for determining price, or (in the case of marketing pools or some operating cooperatives) a commitment by the contractor to negotiate for a price on the contractee's behalf.

Although marketing contracts are more common for crops, some producers use contracts to market their livestock and/or livestock products. Livestock producers use contracts to provide for future delivery of a certain number and/or quality of animals or products..

For the purposes of this survey, marketing contracts may include:

- ! forward sales of a growing crop (or a crop to be grown). The contract provides for later delivery, and it may fix a price or provide for pricing later. Delivery usually occurs at harvest. Fruit crops are common examples of this.
- ! a dairy producer who contracts to market milk for the coming year through a co-op, with prices determined later through some process such as co-op bargaining
- ! price set after delivery (and often according to formula).
- ! crop pooling. Farmers may agree to pool their crop and sell along with other producers through a cooperative or other pooling firm. Most agreements to pool are made pre-harvest. The final price received is determined by the net pool receipts for the quantity sold (by selling a larger amount the pool may get a better price). Farmers may have to wait a year or more to receive final payment, and decisions related to selling are made by the pool manager. Pooling is common in rice and cotton marketing.

While marketing contracts can be used to sell commodities held in inventory, for the purposes of this survey we only want to count contracts made before crop harvest or before completion of a livestock production cycle.

Sales under contract made from inventory should be considered cash sales and reported in Section D, item 3.

Characteristics of Marketing Contracts

Marketing contracts may be agreed to before a production cycle begins or during the cycle, but for purposes of this survey, they must be agreed to before the cycle is completed (prior to harvest for crops, prior to removal from the operation for livestock). Prices may often vary with the attributes of the commodity produced, as in grade and yield contracts for cattle or high-oil corn contracts that provide higher prices for higher oil content. Attribute-related price terms are often expressed as deviations from a base price tied to overall market conditions.

Look for marketing contracts on farms that:

- grow citrus fruits, other fruits, or nuts.
- produce fresh vegetables.
- grow sugar beets, sugarcane, peanuts, dry peas or dry beans.
- produce fluid milk.
- sell fed cattle to meatpackers. Marketing contracts account for a growing share of fed cattle shipments from feedlots to meatpackers. Record custom-fed cattle, owned by someone other than the respondent, under production contracts.
- grow potatoes.
- produce eggs.
- grow ornamentals or horticultural crops.

Special Topics

Feedlot Operations

Cattle in feedlots may be owned by the feedlot operator, or they may be custom-fed by the feedlot for an owner, usually under a production contract between the feedlot (the contractee) and the owner (the contractor). Feedlot respondents should record production contracts in Section D for those custom fed cattle that they feed under production contracts. Expenses paid or reimbursed by the owner

(contractor) to the feedlot should be reported in section F. Fed cattle are also often sold to meatpackers under marketing contracts. Respondents who own cattle that are custom fed at a feedlot and sold to a packer through a marketing contract should record the marketing contract in section D and should record the production contract with a feedlot in section C, item 3. Feedlot respondents should only record marketing contract sales in Section D for those cattle that the feedlot owns, not for custom fed cattle owned by another entity.

Contractee is part of another business

An operation such as an egg hatchery may owned by another business with which is has a contract. In this case unit fees/prices and total receipts will not be available since no market transaction takes place. In most cases the operation will have recorded a "book value" for the commodity it produced. Use the book value if available, to record unit price/fee and total receipts for Section D, items 1 and 2,

Reimbursement for Expenses in Production Contracts

Contractees in production contracts sometimes purchase some variable inputs, and reimbursement for their expenses is added to the amount paid for contractee services. Settlement sheets or other contract documents usually break out reimbursed expenses. Since we want to collect data on reimbursed expenses separately, they should be included in Section F, column 3 under the appropriate item.

Futures Contracts Obtained for the Purpose of Hedging

Such contracts should not be reported as marketing contracts. Hedging occurs when the farmer takes opposite positions in the futures and cash markets. It allows farm operators to fix now the price of products they intend to sell later. For example, farmers who are growing a commodity for sale are said to be "long" in the cash market. The appropriate hedge is to sell futures. Then, when the farmer sells his cash commodity, he buys back his futures contract, preserving a price. This type of transaction should be recorded in two places. The actual cash sale of the commodity should be recorded in Section D, item 3, under the appropriate commodity. The net profit or loss from hedging should be recorded in Section E, item 4j.

Item 1 MARKETING Contracts

Column 1 Commodity

Show the respondent the list of Crop and/or Livestock Codes in the Respondent Booklet.

Record each commodity for which the operation had a marketing contract in 2003.

Column 2 Commodity Code

Record the commodity code that relates to the commodity identified in column 1.

**Column 3 The Marketing Contractor
V1 only**

Show the respondent the list of Production Contractor Codes in the Respondent Booklet.

Have the respondent choose the code that best fits the contractor for this commodity (note that the set of Marketing Contractor Codes differs from the set of Production Contractors Codes). Most respondents will choose category 3--“other”, which includes any contractor that is neither a cooperative nor a marketing pool.

**Column 4 Length of Contract Experience with Contractor
V1 only**

Record the total number of years that the respondent has had marketing contracts with this contractor for the commodity recorded in column 1. Record zero if the answer is less than one year.

Column 5 Quantity Marketed

Record the total amount of the commodity marketed under the contract. Do not include the landlord's share of production even if it was marketed along with the operation's share. Record the landlord's share in section B, item 1.

Column 6 Unit Code

Record the code that represents the commodity unit (specified in the contract), such as pounds, tons, bushels, head, etc. If a unit other than those indicated on

the questionnaire is reported, make good notes.

Column 7 Price Per Unit

Record the final price (net of marketing charges), in dollars and cents per unit, that the operation will receive for all of the production marketed under the contract. The respondent may have to estimate this price. Do not use columns 8 and 5 (V1 only) to estimate a final price. Column 8 divided by column 5 (V1 only) will equal column 7 ONLY when the operation was paid in full during calendar year 2003 for the commodity marketed under the contract. .

Be sure the unit for the price reported agrees with the unit for the quantity reported. Cotton is an example where price and unit often do not agree. A common mistake is to record cotton sales in bales, but price as a price per pound.

Consider an example where a single bale was contracted at 65 cents per pound. If you recorded "1" in column 5, code 7 (for bales) in column 6 and .65 in column 7, the gross income to the operation would show up as 65 cents. Assuming a standard bale weight of 480 pounds, you came up short by \$311.35 (the price per BALE is $480 \times .65 = \$312$)!

Column 8 Total Amount Received V1 only

Since total payments are not always received in the calendar year of production, you always have to ask this question in order to complete this column correctly. Be sure any marketing charges related to sales under the contract are subtracted out and recorded in section D, column 5. Record the total amount the operation received during the calendar year for sales under the marketing contract. This is often less than the quantity marketed under contract times the per unit price. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payment under the contract in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under the contract in 2003 (column 8 is less than column 4 times column 7), the remaining amount owed must be accounted for as an asset in Section H, item 5.

Column 9 Price Determination

V1 only

Show the respondent the list of pricing codes that relates to column 9.

Choose code “1” if the contract specifies an exact price for the commodity. In many cases, however, the contract describes how a price will be determined at the time of delivery, and often relates that price to product attributes and/or to publicly reported prices of related products, such as cash market prices paid for the product, futures market prices for the product, prices of inputs, or prices of related processed products. Choose code “2” for these contracts. Also choose code “2” if the contract contains a grid or formula that adjusts prices for quality characteristics of the product. Some contracts do not specify prices at all; instead contractors negotiate with buyers on the respondents behalf (marketing pools often operate in this way). Choose code “3” for these contracts.

**Column 10 Contract Premiums
V1 only**

Answer only if respondents chose code “2” in column 9. Enter 1 if the answer is “yes”—that is, if the contract stipulates different prices to be paid according to attributes of the delivered commodity. Examples include cattle contracts that relate prices to grade and yield, hog contracts that relate prices to measures of leanness, or crop contracts that relate prices to measured attributes such as moisture or oil content. Do not enter 1 if the contract simply defines minimal acceptable product standards.

**Column 11 Published Market Price for Commodity
V1 only**

Answer only if respondents chose code “2” in column 9. Examples include contracts for high-oil corn that base price on reported market prices for No. 2 yellow corn, contracts for market hogs that base price on a specified USDA Market News report for hogs, or contracts for cattle that base price on a nearby futures market price for fed cattle. Respondents may often answer “yes” in both columns 10 and 11. Enter 1 if the answer is “yes”.

**Column 12 Published Market Price for Another Commodity
V1 only**

Answer only if respondents chose code “2” in column 9. For example, some hog

marketing contracts tie the respondent's compensation to published prices for corn and soymeal. Enter 1 if the answer is "yes".

Column 13 Maximum and Minimum Base Prices
V1 only

Answer only if respondents chose 1 for column 11 or column 12. Many contracts provide farmers with protection from price risks by specifying maximum and minimum base prices, or by creating a formula for specifying a maximum and minimum.

Column 14 Quantity to Deliver to Contractor
V1 only

Show the respondent the set of quantity codes in the respondent booklet.

Some contracts set a specific quantity to be delivered, or they specify a quantity range, coded as "2". On the other hand, crop contracts sometimes provide farmers with yield protection by specifying that the contract covers production from a particular acreage (planted or harvested), while others specify a percentage (sometimes 100%) of the respondents production of the commodity.

Column 15 Length of Contract
V1 only

Some contracts specify a precise period of time to be covered by the contract, such as 6 months, or 5 years, or 25 years. If the contract specifies a length in terms of growing cycles, such as 1 flock of chickens or 1 planting of corn, enter the number of months that cycle normally takes. If the contract does not specify a length, enter 0; otherwise, enter the number of months specified by the contract. If the contract specifies years, multiply by 12 for months. Be sure to enter the total number of months specified in the contract, not simply the number remaining in the contract.

Column 16 Another Contractor in Your Area
V1 only

The notion of what an "area" is will vary with the commodity and the region. Ask the respondent to consider the alternatives available to a contract with the present contractor. Could the respondent obtain a contract with another contractor to market this commodity from this operation? Enter 1 if the answer is "yes".

Item 1a Total receipts for crop marketing contracts
V2,V3,V4 only

Record the total dollar amount the operation received during the calendar year for all the crop marketing contracts reported above in item 1. This will often be less than the sum of the quantity marketed under each contract times it's per unit price. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payments under these contracts in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under contract in 2003 the remaining amount owed must be accounted for as an asset in Section H, item 5.

Item 1b Total receipts for livestock marketing contracts
V2,V3,V4 only

Record the total dollar amount the operation received during the calendar year for all the livestock marketing contracts reported above in item 1. This will often be less than the sum of the quantity marketed under each contract times it's per unit price. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payments under these contracts in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under contract in 2003 the remaining amount owed must be accounted for as an asset in Section H, item 5.

Item 2 PRODUCTION Contracts

Column 1 Commodity

Show the respondent the list of Commodity Codes in the Respondent Booklet.

Record each commodity the operation produced under a production contract in 2003.

Column 2 Commodity Code

Record the commodity code that relates to the commodity identified in column 1.

Column 3 Contractor Code
V1 only

Show the respondent the list of Production Contractor Codes in the Respondent Booklet.

Have the respondent choose the code that best fits the contractor for this commodity (note that Production Contractor Codes differ from Marketing Contractor Codes). Many contractors will fit code # 5, "other".

Column 4 Length of Contract Experience with Contractor
V1 only

Record the total number of years that the respondent has had production contracts with this contractor for the commodity recorded in column 1. Record zero if the answer is less than one year.

Column 5 Quantity Removed

Record the total amount of the commodity removed from the operation under the contract. Do not include the landlord's share of production even if it was removed along with the operation's share. The landlord's share should be recorded in section B.

Column 6 Unit Code

Record the code that represents the commodity unit (specified in the contract), such as pounds, tons, bushels, head, etc. If a unit other than those indicated on the questionnaire is reported, make good notes.

Column 7 Fee Per Unit

Record the final fee, in dollars and cents per unit, that the operation will receive for all of the production removed under the contract. The respondent may have to estimate this fee. Do not use columns 8 and 5 (V1 only) to estimate a final fee. Column 8 divided by column 5 (V1 only) will equal column 7 ONLY when the operation was paid in full during calendar year 2003 for the commodity removed under the contract.

Be sure the unit for the fee reported agrees with the unit for the quantity reported. Broilers are an example where the units for fees and quantities often do not agree. A common mistake is to record broiler removals in number of head, but fees on a per-pound basis.

Consider an example where one broiler was contracted at a fee of 4.6 cents per pound. If you recorded "1" in column 5, code 11 (for head) in column 6 and 4.6 in column 7, the gross income to the operation would show up as 4.6 cents. Assuming a standard broiler weight of 5 pounds, you came up short by 18.4 cents (the fee per head is $5 \times .046 = \$0.23$)!

Column 8 Total Fees Received
V1 only

Since total payments are not always received in the calendar year of production, you always have to ask this question in order to complete this column correctly. Be sure any marketing charges related to sales under the contract are excluded. Record the total amount the operation received during the calendar year for removals under the production contract. This is often less than the quantity removed under contract times the per unit fee. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payment under the contract in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under the contract in 2003 (column 8 is less than column 5 times column 7), the remaining amount owed must be accounted for as an asset in Section H, item 5.

Column 9 Formula for Final Fee Received
V1 only

Some production contracts specify a flat fee per unit produced in the contract. But others tie the respondent's compensation to attributes of the contracted product, to the respondent's efficiency in production, or to prices of the inputs that the respondent hires or purchases, and the relation is often expressed in a formula, a grid, or a table. Record 1 if the fee to be paid by the contractor to the respondent depends on such a formula, grid, or table.

Column 10 Final Fee Received Relative to Other Growers
V1 only

Record 1 if the answer is “yes”—that is, if the contract explicitly bases some part of the respondent’s compensation on his or her performance, relative to a control group of other producers who have contracts with the respondent’s contractor. Such arrangements sometimes occur in poultry and livestock production contracts, and are frequently referred to as “relative performance” or “tournament” contracts. For example, broiler contractors frequently rank producers according to their supply cost (cost of feed, veterinary services, and transportation services) per hundredweight of weight gain, and contracts specify that those with lower than average supply costs will receive higher payments.

Column 11 Premiums Paid on Attributes of the Commodity
V1 only

Some contracts tie respondent fees to specific quality attributes of the commodity sought by the contractor. Examples include cattle contracts that relate respondent compensation to grade and yield, hog contracts that relate compensation to measures of leanness, or crop contracts that relate fees to measured product attributes such as moisture content or oil content.

Column 12 Specific Equipment or Structure
V1 only

Production contracts often require producers to use specific types of equipment or structures in the production of the contracted commodity. The requirements may include physical specifications, specific brands or models. Ask the respondent if the contract specifically required the use of certain types of equipment or structures, either through a listing of physical specifications or through a listing of acceptable brands or models. If the answer is “yes”, enter a 1 in this column.

Column 13 Manure Management
V1 only

Contract participants are often concerned about legal liabilities arising from manure management decisions. Some livestock production contracts specifically assign full responsibility for manure management to the contractee, while some share responsibility, and others assign manure responsibilities to outside parties. Record 1 for YES if the contract specifically assigned full responsibility for manure management to the respondent.

Column 14 Specified Land for Manure Management

V1 only

In many livestock operations, land is an integral part of proper manure management. For example, hog operations often use lagoons to capture manure run-off from sheds housing the animals, and then use spreaders to distribute the waste over large land areas as fertilizer. Ask the operator if the contract required them to commit a specified amount of land to manure distribution. If the answer was yes, then record a "1" in column 14.

Column 15 Length of the Contract

V1 only

Some contracts specify a precise period of time to be covered by the contract, such as 6 months, or 5 years, or 25 years. If the contract specifies a length in terms of production cycles, such as 1 flock of chickens or 1 planting of corn, enter the number of months that cycle normally takes. If the contract does not specify a length, enter 0; otherwise, enter the number of months specified by the contract. If the contract specifies years, multiply by 12 for months. Be sure to enter the total number of months specified in the contract, not simply the number remaining in the contract.

Column 16 Another Contractor in Your Area

V1 only

The notion of what an "area" is will vary with the commodity and the region. Ask the respondent to consider the alternatives available to a contract with the present contractor. Could the respondent obtain a contract with another contractor to produce this commodity from this operation? Enter 1 if the answer is "yes".

Item 2a Total receipts for livestock production contracts

V2,V3,V4 only

Record the total dollar amount the operation received during the calendar year for all the livestock production contracts reported above in item 2. This will often be less than the sum of the quantity produced under each contract times it's per unit fee. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payment under these contracts in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under contract in 2003 the remaining amount owed must be accounted for as an asset in Section

H,
item 5.

**Item 2b Total receipts for crop production contracts
V2,V3,V4 only**

Record the total dollar amount the operation received during the calendar year for all the crop production contracts reported above in item 2. This will often be less than the sum of the quantity produced under each contract times it's per unit fee. Sometimes the producer is not paid until after the first of the next year. If the operation did not receive any payments under these contracts in 2003, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under contract in 2003 the remaining amount owed must be accounted for as an asset in Section H, item 5.

Item 3 Payment for Cash or Open Market Sales less Marketing Expenses

For items a through m, ask for those that apply to the operator doing the interview. The dollar amount recorded to each item that applies should not include any marketing expenses. Marketing expenses could be a number of things, including: Transportation, storage, feed, sales commissions, inspections, etc..

EXCLUDE:

- * Marketing Contract sales reported in Item 1
- * Production Contract sales reported in Item 2
- * Landlord share of production reported in Section B, Items 1-2

For a full explanation of Marketing Expenses, see the subsequent information prior to item 5 entitled, "Marketing Expenses."

Item 4 CCC Loans

The Commodity Credit Corporation (CCC) was created in 1933 to help stabilize and support farm prices and income, and to help maintain balanced supplies and assure orderly distribution of agricultural commodities. These questions account for all of the operation's CCC loan transactions during the reference year. This allows us to get a complete and accurate accounting of the farm's income.

Farmers can pledge feed grains, wheat, soybeans, cotton and rice as collateral to get a CCC non-recourse commodity loan. The loans they get are based on a per unit support price (loan rate) established by law for their particular commodity. Loan rates for feed grains are set at a level determined to be fair and reasonable in relation to the rate for corn, taking into consideration the feeding value in relation to corn and the average cost of transporting the commodity to market. County loan rates are established to reflect the relative local value of the commodity.

Loans mature on demand, but no later than the last day of the ninth calendar month following the month the loan was made. Any time before the final maturity date of the loan, the farmer may repay the loan amount plus any interest that has accrued. If the loan is not repaid by the final loan maturity date, the CCC takes title to the commodity as full payment of the loan and interest charges.

Farmers can reclaim title to their crops by paying back the loans along with any interest and storage charges. They usually do this when the market price is higher than the loan redemption price. The amount required to repay the loan (minus any interest and storage charges) is recorded in item 4b. When a farmer reclaims title to the commodity, he can then either sell it or store it for future sale.

If the loan is not repaid by the maturity date, it is considered forfeited. Farmers usually do this when the market price is less than the loan redemption price.

Farmers who have placed a crop under loan can transfer the loan to someone else. When they do this, they are no longer responsible for loan repayment. (This cannot be done in all areas of the country.) If the farmer did this, any money received above the face value of the loan (equity or premium payment) should be recorded in all other farm income, Section E, item 4j.

If a loan was taken out in 2003, has a 2003 maturity date and has not had any action taken on it, there will be an outstanding balance. Record the total outstanding balance in item 4c.

MARKETING EXPENSES

The following instructions should be used when completing information on marketing charges for the sales of Crops and for Livestock (Section D, item 5).

Almost all operations that sell commodities have some marketing charges. These

are usually deducted from the gross payment, so the check the farmer receives already has these charges subtracted. Farmers do not generally keep very good records of charges that were already deducted before they received their payment checks. Commission fees, yardage fees, storage fees, inspection fees and check-off fees, etc. are identified on payment vouchers, along with the gross and net receipts. **PROBE TO BE SURE THAT THESE "HIDDEN COSTS" ARE ACCURATELY REPORTED.**

If the respondent reports that no marketing charges were paid, probe by asking if anything was subtracted out of the total price before the buyer wrote the check. If the answer is yes, this usually means marketing charges were paid. Be careful not to include expenses for production inputs or loan re-payments that were netted out of the farmer's check -- these are not marketing charges. If an operation sold commodities but truly did not have any marketing charges, make a note of this, or the state survey statistician will have to call you or your supervisor back to verify the information.

If you absolutely cannot get per commodity charges, record the total quantity (and unit) sold so the survey statistician has something to use for calculating these charges.

If you have to use a handout sheet of marketing charge rates (provided by some State Offices), make a note in the margin so the survey statistician knows the farmer could not supply this information. **DO NOT** use these sheets unless the farmer cannot supply the information.

All marketing expenses paid by the operation, landlord(s) and contractor(s) must be included. All commercial crop drying, ginning and storage expenses should be included even if the crop is not yet sold. (However, storage-related expenses such as those for LP gas to run on-farm dryers should be excluded.) If a commodity was not sold from storage, but was returned to the operation, out-of-pocket expenses for storage should be included as a marketing expense.

In field crops such as peanuts or tobacco, quotas or allotments are often rented or leased from operators who do not use their full allotment or quota. Quota or allotment rentals should be considered a payment for the privilege of marketing the crop and should be recorded as a marketing expense. It is not necessary to rent land in order to rent an allotment or quota. If only land is rented, it should be recorded in Section A. But, if quota or allotment rentals are reported, be sure the rent payment reported in Section A is only for land and not for the land and allotment or quota rental combined. Also include rental of sugarbeet co-op

shares in states where this is a practice.

Perishable products such as fruits, vegetables and fish often have to be refrigerated or iced during storage or transportation. These expenses should be considered marketing expenses.

When promotion or check-off fees are automatically deducted from gross sales of commodities such as soybeans, cotton, beef, hogs, or milk, the fee is INVOLUNTARILY charged and should be considered a marketing expense. Operations also make voluntary payments for marketing and production programs. VOLUNTARY payments should be recorded under general farm business expenses (Section F, item 32).

Include fees which are deducted from payment even if the producer has the option of applying for a refund (such as a refund from Cotton Incorporated). Refunds of marketing expenses should be included as other farm related income in Section E, item 4j.

Include unit retains for sugarbeets which are deducted by the coop or processor from payment even though the producer receives payment from them in future years. Refunds of marketing expenses should be included as Cooperative Patronage Dividends and Refunds in Section E, item 3g.

Include marketing charges paid for cash and/or contract sales.

Milk and Dairy Products

Include as a marketing charge the withholding or reduction in price for the Dairy Refund Payment Program. Refunds of these charges should go in Section E, item 4j. Do not include hauling as a marketing charge. If the hauling charge is netted out in the operator's books, add it back to the total sales value for milk and other dairy products. Be sure these hauling charges were included in custom hauling (Section F, item 27a). If they were not, go back and add them in.

Cotton

The cost of ginning is usually paid by giving the cottonseed to the gin. Often neither the ginning expense nor the cottonseed income appear on the farmer's books; however, the value of the cottonseed traded to the gin is technically an income item, and the cost of ginning is a marketing expense to the operation. This information should appear on the operation's statement from the ginning company.

You will have to probe for this information.

Occasionally, the cost of ginning is more than the value of the seed produced by the cotton. The operation then has out-of-pocket expenses for ginning. If the cost of ginning was less than the value of the cottonseed, the operation should have received money for cottonseed. This information should be in the operation's record books.

Landlord's and Contractors

Marketing Expenses paid by landlords and/or contractors **MUST** also be accounted for in the appropriate column.

In most production contracts, the marketing charges are paid by the contractor. These expenses may be on the contractee's settlement sheet. If not, record the respondent's best estimate of the total marketing expenses paid by the contractor for commodities produced on the operation under contract.

Item 5 Marketing Charges

Refer to the detailed explanation of marketing charges above.

Record the total marketing charges paid by this operation, landlord(s) and contractor(s) for the sale of all commodities produced and sold on this operation in 2003.

Item 6 Money Received in 2003 for Prior Production or Marketing Contract

Record the total dollars received in 2003 for any commodities that were marketed or produced under a contract in 2002 or earlier years. This most likely would be a deferred payment for work done or commodities produced in 2002. Verify that these deferred receipts are **NOT** included in Marketing Contracts (item 1) or Production Contracts (item 2).

EXCLUDE:

* Marketing Charges and money received or any reimbursement for expenses.

Item 7 Payment Received in 2003 for Prior Cash Sales

Report the dollar amount that this operation received in 2003 for commodities that were sold for cash in 2002 or earlier years. Verify that these deferred receipts are **NOT** included in cash sales (item 3). This payment may have been

deferred for tax purposes.

EXCLUDE:

* Marketing charges and money received or any reimbursement for expenses.

SECTION E OTHER FARM INCOME

Item 1 Federal, State and Local Farm Program Payments

If the respondent received any payments from Federal, State or Local Farm Programs in 2003, then check the yes box and ask question 2. If he/she did not receive any of these payments in 2003, then skip to question 3.

Item 2 Program Payments

Farm operations are eligible for government payments under a variety of federal farm programs. It is not imperative that the enumerator fully understand the nuances of all program payments, since the respondent should know the source of any payments received.

Item 2a Direct payments

Version 1 only

Record the total amount of direct payments received in 2003.

Direct payments under the 2002 Farm Act are similar to production flexibility contract payments (PFC) of the 1996 Farm Act. Eligible producers are those on farms for which program payment yields and base acres are established. The total direct payment for a program crop is equal to the product of the national direct payment rate of the program crop, the producer's payment acres (85 percent of base acres) for the program crop, and the producer's program payment yield for the program crop. Under this program, eligible producers receive preliminary and final direct payments for eligible crops.

Item 2a Conservation Payments

V2, V3, V4 only

Include money received for the Conservation Reserve Program(Item 2j in V1), Wetlands Reserve Program (Item 2k in V1) and Environmental Quality Incentive Program (Item 2i in V1).

Item 2b Counter-cyclical payments

Version 1 Only

Record the total amount of counter-cyclical payments received in 2003.

Eligible producers are those on farms for which program payment yields and base acres are established. Counter-cyclical payments are made if the effective price for the program crop is less than the target price of the program crop. The effective price of a program crop is the sum of (1) the higher of the national average market price of the crop during the marketing year and the marketing assistance loan rate of the crop and (2) the direct payment rate. The counter-cyclical payment rate is the difference between the target price and the effective price. The total counter-cyclical payment for a program crop is equal to the product of the counter-cyclical payment rate of the program crop, the producer's

payment acres (85 percent of base acres) for the program crop, and the producer's program payment yield (or updated payment yield) for the program crop. Under this program, eligible producers receive first partial, second partial, and final partial payments for eligible crops.

Item 2b Direct Payments
V2,V3,V4 Only

See Item 2a for Version 1.

Item 2b(1) Direct payments for crop
V2, V3, and V4

Record the dollar amount of the total (item b) payments that were for the Barley, Sorghum or Cotton enterprise.

Item 2c Loan Deficiency Payments (LDPs)
Version 1 Only

Record the total amount received in 2003 from loan deficiency payments.

Loan deficiency payments (LDPs) are payments made to producers who are eligible to obtain a marketing assistance loan on a loan commodity, but agree to forgo obtaining the loan for the commodity in return for loan deficiency payments. Loan commodities includes wheat, rice, corn, sorghum, barley, oats, upland cotton, soybeans, other oilseeds, dry peas, lentils, small chickpeas, graded wool, nongraded wool, mohair, and honey.

Nongraded wool in the form of unshorn pelts and hay and silage derived from a loan commodity are not eligible for marketing assistance loans. However, they may be eligible for loan deficiency payments.

Item 2c Money Received for various Payments
V2, V3, V4 Only

This question refers to payments received for counter-cyclical payments, loan deficiency payments, marketing loan gain, and net value of commodity certificates. The items are discussed in the V1 documentation in the following areas: Item 2b, Item 2c, Item 2d and Item 2e.

Item 2c(1) Counter-cyclical payments, loan deficiency payments, marketing loan gain, and net value of commodity certificates for crop V2, V3, and V4

Record the dollar amount of the total (item c) payments that were for the Barley, Sorghum or Cotton enterprise.

**Item 2d Marketing Loan Gains (MLGs)
Version 1 Only**

Record the total amount realized in 2003 from marketing loan gains.

Commodity marketing assistance loans, with repayment provisions, are available for wheat, rice, corn, sorghum, barley, oats, upland cotton soybeans, other oilseeds, small chickpeas, lentils, dry peas, wool, mohair and honey. Market loan repayment provisions are in effect when the alternative repayment rate, as determined by CCC, is less than the per-unit principal plus accrued interest, other charges, and in the case of upland cotton only, per-unit storage costs, for a given outstanding loan. Then, farmers are allowed to repay commodity loans at the repayment rate. Each day, other than weekends and holidays, CCC calculates and posts loan repayment rates, except for rice, upland cotton, other oilseeds, small chickpeas, lentils, dry peas, and peanuts, which are posted weekly. The portion of the principal, if any, that is waived when a loan is repaid is referred to as a marketing loan gain for the producer.

**Item 2d Federal or State Program Payments
V2, V3, & V4 Only**

See items 2m and 2n of the CRR (Version 1).

Item 2d(1) Other federal and state agricultural program payment for crop V2, V3, and V4

Record the dollar amount of the total (item d) payments that were for disaster and market loss payments for the Barley, Sorghum or Cotton enterprise.

Item 2e Net value of commodity certificates

Record the total amount received in 2003 from net value of commodity certificates.

Commodity certificates are available for use in conjunction with the commodity market assistance loan program. Certificates can be purchased at the loan repayment rate for loan commodities. Upon purchase, the producers immediately exchange the certificates for crop collateral pledged to the CCC as collateral under commodity market assistance loan. The net value of the certificate is the value of the certificate less the cost of the certificate.

Item 2f Government payments received through cooperatives

Record the total amount received in 2003 from cooperatives as the operation's share of program

Cooperatives may participate in various government programs on behalf of farmers who comprise its membership. Include any income this operation received from the cooperative which represents the operations share of program payments received by the cooperative.

Item 2g Peanut quota buyout program payments

Record the total amount received in 2003 from the peanut quota buyout program.

The 2002 Farm Act terminated the peanut marketing quota system. Owners of peanut quotas receive payments to compensate for the loss of quota asset value. Payments may be made in five annual installments of \$0.11 per pound during fiscal years 2002-06, or the quota owner may opt to take a lump sum.

Item 2h Milk income loss contract payments

Record the total amount receive, including transition payments, in 2003 from the milk income loss program.

The 2002 Farm Act established the milk income loss program to provide a safety net for dairy producers. A monthly payment is made to dairy farm operators if the monthly Class I milk market price in Boston is less than \$16.94 per hundred-weight. Payments are to be made on up to 2.4 million pounds of milk per fiscal year per operation. This corresponds to the production from about 135 cows. Participating dairy producers may also receive transition payments, payments on milk marketed from December 1, 2001, through the last day of the month preceding the month the operation's milk income loss program contract is submitted. The transition period lasts from December 1, 2001, until the time the operation enters into the contract. For example: a dairy operation signs contract

on November 15, 2002; FSA approves and signs contract on November 30, 2002; the transition period for dairy operation is December 1, 2001, through October 31, 2002. Transition payments are paid in a lump sum.

Dairy operations that go out of business after December 1, 2001, may receive transition payments on the first 2.4 million pounds of eligible production commercially marketed during the transition period.

Item 2i Agriculture disaster payments

Include the total amount of all market loss or disaster or emergency assistance payments received from federal programs. These programs include Apple Market Loss Assistance Program (AMLAP), Cottonseed Payment Program, Crop Disaster Program (CDP), Livestock Compensation Program, Hurricane Assistance Program for Louisiana sugarcane producers and processors, Livestock Assistance Program, Livestock Compensation Program, Noninsured Crop Disaster Assistance Program (NAP), Disaster Assistance to producers along the Rio Grande River, Sugar beets Disaster Program, Sugarcane Disaster Program, and Tobacco Payment Program (TOPP).

Exclude Federal Crop Insurance indemnity and other indemnity payments recorded in Section E, items 4f and 4g.

Item 2j Conservation Reserve Program (CRP) payments

Record the total amount of payments received in 2003 from participation in the Conservation Reserve Program (CRP). Include annual rental, cost share, and incentive payments.

Item 2k Wetlands Reserve Program (WRP) payments

Record the total amount of payments received in 2003 from participation in the Wetlands Reserve Program (WRP).

Item 2l Environmental Quality Incentive Program (EQIP) payments

Record the total amount of payments received in 2003 from participation in the Environmental Quality Incentive Program (EQIP).

Item 2m Any other federal agricultural program payments

Record the total payment amount received in 2003 from all other federal farm programs.

Item 2n Any other State or local agricultural program payments

Record the total payment amount received in 2003 from all State and local farm programs. Include government payments for the sale of development rights (a common practice in Northeast States). Exclude payments received from private, non-profit, or other non-governmental entities.

Item 3 Landlord Government Payments

Record the total amount of government program payments all landlord's received for the acres you rented from them. For share rental arrangements, the landlord's share of commodity program payments should be proportional to crop share.

Item 4 Income from Other Farm-Related Sources

Item 4a Custom Work and Machine Hire

Include income received by the operation for work this operation or its employees did for others using the operation's machinery such as plowing, planting, spraying, harvesting, preparation of products for market, etc. Exclude custom work which was considered separate from the operation and which had its own set of books.

Item 4b Grazing of Livestock

Include any income this operation had from grazing of another operation's livestock on a per head or gain basis. Exclude any contract arrangements previously recorded.

Item 4c Recreation

Include income received for recreation on the operation in 2003 including things such as hunting, fishing, petting zoos, horseback riding, on-farm rodeos, etc.

Item 4d Sales of Forest Products

Record the total 2003 income from sales of all forest products from the total acres operated. Include timber sales, pulpwood sales, firewood sales, etc.

Exclude maple syrup and Christmas tree sales; they should be reported as crop sales.

Item 4e Sales of Machinery and Vehicles

INCLUDE:

- (1) all direct sales of machinery used for farming, such as tractors, combines, farm machinery, and equipment.
- (2) farm share of cars and trucks sold.

Exclude items traded in for other items since the value of these is deducted from the purchase price.

Item 4f Federal Crop Insurance

In 1996, Catastrophic Crop Insurance replaced disaster assistance. Under the new law, the Federal Crop Insurance Reform Act of 1995, farmers are required to obtain at least the basic catastrophic level of crop insurance coverage if they want to participate in most USDA programs. Information on crop insurance indemnity payments, combined with expense data for purchases of crop insurance reported earlier, will be used to assess the impact of the new crop insurance program on farmers.

Record the amount which was received from crop insurance indemnity payments in 2003. If more than one payment was received, total the payments.

Also record the amount of insurance payments collected for losses to insured property that were not part of the payments covered by FCIC. Include the farm share of insurance payments received for repair of vehicles owned by the operation.

If members of the operator's family received any insurance payments or workman's compensation for illness or injury, include this income in under off-farm income (Section K, item 8). Include hail insurance indemnity payments.

**Item 4f(1) Federal crop insurance indemnity payments for crop
V2, V3, and V4**

Record the dollar amount of the total (item f) payments that were for the Barley, Sorghum or Cotton enterprise.

Item 4g Other Insurance Indemnity Payments

Report any insurance payment that was received in 2003 that was not already reported in item 4e.

Item 4h Coop Patronage Dividends and Refunds

Record the amount of patronage dividends resulting from ownership of shares in cooperatives in 2003. Include cash, equity dividends and patronage dividends returned to this operation by cooperatives. Include dividend payments received for shares in farmer-owned commodity processing plants, such as ethanol plants. These are frequently referred to as "value-added" shares. Sugarbeet 'retains' when received should be included.

Item 4i Tobacco Settlement Payments

Include any payments received under the Tobacco Settlement Agreement.

Item 4j Other Farm Income

It may be helpful to prompt the respondent by referring to the list of "Other Farm Income" items in the respondent booklet.

INCLUDE:

- (1) sales of livestock manure, straw and other by-products.
- (2) allotment or quota leases.
- (3) any Federal Excise Tax (FET) refund claimed, if the FET was included in fuels purchase cost.
- (4) hedging profits or losses.
- (5) refunds claimed for marketing charges which were withheld. (For example, Cotton Inc. refunds or refunds from the Dairy Refund Payment Program.)
- (6) equity or premium payments on CCC loans transferred to someone else (money received above the face value of the loan).
- (7) real estate tax rebates for land preservation.
- (8) renting or leasing of livestock.
- (9) renting or leasing of tractors, trucks, etc.
- (10) road tax refunds.

- (11) sale of water. In areas of the West, operations with irrigation rights have been able to sell a portion of their annual water allotment to municipal, commercial, and other industrial users.
- (12) sale of soil.
- (13) all other farm related income not included in 3a-i.

SECTION F - OPERATING AND CAPITAL EXPENDITURES

What's this Section for? How is the information used?

This section provides the data used to develop estimates of farmer's and rancher's costs of doing business -- the expense side of an income statement. Income statements of the farm sector, along with balance sheets and financial ratios, are developed from this survey and provided to the Congress by the USDA in the annual report of the Status of Family Farms. These income statements are widely available through ERS publications such as *Agricultural Outlook*, the quarterly *Agricultural Income and Finance Situation and Outlook Report*, and the annual *Farm Business Economics Report*. Each of these reports are also available via the Internet to anyone interested in farm sector financial performance. NASS also publishes a report on *Farm Production Expenditures* each July.

Data from the farm sector accounts are provided to the Bureau of Economic Analysis (BEA), an agency within the Department of Commerce, where they are used to estimate the Nation's gross domestic product (GDP) accounts. These data insure that BEA can accurately reflect the value of agricultural goods produced in the United States relative to the other industries. Information for non-farm industries comes from IRS sample data, Census' Surveys of Population and Income, non-farm business surveys conducted by the Bureau of Labor Statistics, by the Federal Trade Commission and by BEA. Data from non-farm industries are published in BEA's Survey of Current Business.

Under- or over-reporting of costs would limit USDA's ability to accurately report the cost of producing various crop and/or livestock commodities. Since all crops and livestock produced by the farm are reported, one use of data from this section is to assess how costs are changing for different types of farms. Changes are tracked over time so USDA and Congress have the best information to understand what is taking place in agriculture today.

In this section, each major cost item is obtained--seed, fertilizer, chemicals, feed, purchased livestock, veterinary and medicines, custom services and work, labor costs including wages, taxes, benefits and services provided, fuel, utilities, repairs, overhead expenses such as insurance, accounting, attorney fees, interest, and depreciation. The detail allows us to compare and quantify, item by item, cost

per unit indicators. The ability to examine expenditures this closely improves the quality of both the individual and aggregate estimates of farm expenses. While it takes longer to ask the detail of the cost statement, leaving out some costs would make net income appear larger than it in fact it is! If we did not ask for cost by item, we know from experience that respondents fail to report items, particularly items not typically in their record books.

More detail is asked on some items:

- ! Breeding stock is separated from other cattle, calves, hogs, pigs, sheep and lambs. This is done because purchases of breeding stock are an addition to the farm's capital, much like a truck. Operators can place breeding stock on a depreciation schedule and claim a deduction on their taxes. Thus, these purchases are not a part of ordinary operating expenses. Breeding stock is included in the balance sheet and the depreciation is included in the income statement.

Although poultry farms may also have breeding stock, all poultry is recorded in the item for all poultry and other livestock.

- ! Non-cash items such as depreciation, inventory adjustment, and non-cash benefits paid to workers. Although not a cash outlay, most farm operators are familiar with depreciation because it is a deduction that can be claimed on their 1040F tax form. Many farmers seek the advice of an accountant or tax advisor on how much depreciation they will claim on their buildings, equipment and breeding stock and over how many years. The amount of depreciation during a year shows what has happened to the value of a farm's capital equipment (like trucks, tractors, implements, buildings, etc.).

The entire cost of capital items cannot be deducted as a business expense in the year they are purchased or built. Rather, the cost is spread out over their useful life. Depreciation measures the cost of using capital items during a particular year (how much they declined in value). Depreciation is a critical component of net farm income; one of the key statistics published using ARMS information. Depreciation and net farm income provide measures of how individual farmers are doing, as well as measures of how the entire farm economy is doing.

Depreciation is also used in the farm household statistics so self-employment income from farming matches the Commerce Department

definition of self-employment income from a non-farm business. This allows income from farm businesses to be compared with non-farm business income by the Commerce Department, which has responsibility for statistics on all aspects of the U.S. economy.

Other non-cash items such as non-cash expenses for workers and the value of inventories are collected as part of the net cash income estimate.

Costs of Production (Version 2,3 &4)

Most of the information necessary to compute cost-of-production for Barley, Sorghum and Cotton were collected in the Phase II portion of ARMS conducted in the fall. However, several questions are included in Phase III, COP questionnaires (Version 2,3&4) to collect data used to compute cost-of-production. It is necessary to ask these questions in the spring because: (1) the farmer does not have a full 12 month accounting of the expense items at the time of the fall interview; (2) some costs are for farm overhead items and information about all enterprises on the farm helps allocate these costs; or (3) some data analyses can only be done when considering total farm and not simply field level costs which were collected in the fall.

Farm overhead costs for such items as farm supplies and tools, general business expenses, taxes, interest, and insurance are collected in the spring and allocated to the selected commodity based on their relative value of total farm production. Production costs for seed, fertilizer, chemicals, and other input items are used to examine the production costs and profitability of the entire enterprise instead of only for a selected field. For the purposes of cost-of-production estimation, farm overhead is that portion of costs not directly attributable to any particular enterprise, but that must be paid for by all enterprises. Many of these items are obvious, such as general business expenses, taxes, insurance, and interest, and are easily measured. However, two items, electricity and repairs, are more difficult to measure. To simplify our measurement we have designated that electricity use and repairs for irrigation are not part of farm overhead. Therefore, questions are included in Versions 2, 3, and 4 to separate the amounts spent for these items. These amounts will be deducted from the total and the remaining electricity and repair costs will be allocated to the cost-of-production commodities.

General Instructions

ALL EXPENSES FOR THIS OPERATION (defined by the total acres recorded in Section 1, item 4) paid in 2003 should be included in this section. This includes expenses for the Operator, Partners, Landlords and Contractors.

Exclude expenses not related to the farm/ranch, expenses for performing custom work for others (if separate set of books are used for custom business), and household and living expenses.

Ask the respondent to use farm/ranch records and explain that the interview will probably be shorter if these records are used. You are far more likely to get accurate information from records than from respondents who are relying on memory or guess-work. The questionnaire generally reflects common record keeping systems. In addition, many of these expenses are line items on the IRS 1040F. If the respondent cannot give exact dollar figures, BEST ESTIMATES are acceptable.

Expenses for Landlords and Contractors

Expenses paid by landlords and contractors are recorded in this section. These figures are added to the expenses provided by operators for their farms to develop estimates of the total costs incurred to produce crops and livestock during the calendar year. In some situations, landlords and contractors provide a relatively large share of some expense items such as property taxes, purchases of livestock, feed, and farm supplies.

It is even more important to have a good estimate of contractor and landlord expenses when the operation's expenses are expanded to represent all farms. This gives us the estimate of total farm production expenses used to calculate net farm income. If landlord or contractor expenses are incomplete or understated, then total expenses will be understated. When that happens, the farm sector of the economy appears to be in better financial shape than it is.

Expense data reported for landlords are combined with the gross rent reported in Section 1 for cash rent and share rent land to develop an estimate of the net rent earned by landlords. Landlords' net rent is similar in concept to farmers' net income -- both measure economic well-being.

The expenses reported for contractors are combined with an estimate of the value of product removed under production contracts (quantity removed under contract times an average price for the state), to develop an estimate of contractors' share

of net farm income.

DO NOT CONTACT LANDLORDS to complete this section. Contact contractors only when instructed to do so by the State Office.

Under most production contracts, the contractor usually either pays most of the production expenses or reimburses the contractee for the expenses while the commodity is on the contractee's operation. Sometimes reimbursement for these expenses is added to the amount paid to the contractee for services. Settlement sheets or other contract documents usually break out reimbursed expenses. Reimbursed expenses should be included in this section.

Sometimes the contractor charges the operator for some expenses the contractor originally paid. Examples of this are sometimes found in production contracts for processing vegetables, where the contractor originally paid for items such as seed and chemicals. Then the contractor charges the operator for their costs, as deductions from the gross value on the settlement sheet. These expenses should be recorded here.

If the operator cannot provide settlement sheets (or otherwise report contractor expenses), explain in notes the type and amount of services provided by the contractor. Record the contractor's name, address and phone number so the State Office can contact the contractor to get the information. This contact should be made only through (or by) the State Office to avoid the possibility of several enumerators contacting the same contractor. Enumerators assigned to complete any of the follow-up interviews with contractors can get the information on expenses paid by the contractor using a blank questionnaire or by using a contractor expense worksheet provided by some State Offices.

Most operators will know what expenses were paid for by their landlords. If for some reason, the operator cannot provide these numbers, **DO NOT CONTACT THE LANDLORD(S)**. If the operator does not know the amount paid by their landlords, they should know which items were paid. If this happens, provide detailed notes explaining which items were paid for by the landlords so the State Office can provide an estimate for these expenses.

Expenses in this section are divided into three columns: Operator and Partners, Landlords, and Contractors. Be sure to record the expenses in the correct column. Probe to verify the respondent has reported costs associated with each item that were paid for by the landlord or contractor.

Item 1 Seeds, Plants, Trees, etc.

This item refers to the cost of any purchases in 2003 whether they were entirely used or not. For example, a farm may have purchased \$1,000 of seed but only planted \$800 of it. In this case, record the \$1,000. Make sure the respondent accounts for all purchases of seed, sets, plants, trees, etc., not only the amount used to plant the crop harvested. These expenses are often a line item in record books (and on the IRS 1040F). Note that operations can have these expenditures even when they did not have any harvested acres. Be sure the operator remembers to include any expenses for seed for pastures.

INCLUDE:

- (1) expenditures for cleaning or treating homegrown seeds or plants.
- (2) expenditures for trees or shrubs used as windbreaks or for reforestation (if the operation did not consider this a capital expense).
- (3) seed expenses for cover crops planted on idle land.
- (4) expenditures for plants purchased and transplanted to grow as a crop (for example, tobacco transplants).
- (5) technology fees for purchasing genetically altered seed.

EXCLUDE:

- (1) expenses for items purchased for direct resale.
- (2) value of homegrown seed.
- (3) tree purchases that were considered capital expenses (land improvements). These should be recorded in item 32.

**Item 1a Amount of Seed Expense for Barley, Sorghum or Cotton
V2,V3 &V4 Only**

Record the dollar amount of the total (item 1) seed and plant expense that was for the Barley, Sorghum or Cotton enterprise.

Item 2 Fertilizer, Lime, and Soil Conditioners

This expense is a line item in almost all farm record books (and on the IRS 1040F).

INCLUDE expenses for:

- (1) all commercial fertilizer
- (2) fertilizer-pesticide combinations
- (3) pre-emergence herbicides mixed with fertilizer sold as one

- product
- (4) trace elements (micro nutrients) such as zinc and copper
 - (5) lime and all soil conditioners, purchased manure, cottonseed hulls, sludge, gypsum, sulfur, marl, peat, and other conditioners
 - (6) application costs if materials were custom applied.

**Item 2a Total Fertilizer Expense for Barley, Sorghum or Cotton
V2, V3 & V4 Only**

Record the dollar amount of the total (item 2) fertilizer expense that was for the Barley, Sorghum or Cotton enterprise.

Item 3 Agricultural Chemicals

Chemical expenses are recorded as a line item in most record books (and the IRS 1040F). Include crop, livestock, dairy, poultry, and general farm use chemicals.

INCLUDE expenses for:

- (1) insecticides, herbicides, fungicides, defoliant, nematicides, fumigants, growth regulators, and rodenticides used on crops, pastures, seeds, crop storage buildings or seed beds for the control of all types of weeds, diseases, insects, rodents, fungi, nematodes and other predators.
- (2) all sprays, dusts, granules or other materials.
- (3) application costs if materials were custom applied.
- (4) carrier materials such as fuel oil, solvents or wetting agents mixed with pesticides.
- (5) all pesticides applied to crops or buildings even if all or part was paid by the government.
- (6) all sprays, dips, dusts, dairy pesticides, udder antibacterial disinfectants, and other chemicals purchased for use on livestock. If the respondent records these items under supplies, try to get them broken out and include them here.

EXCLUDE expenses for:

- (1) the value of pesticides in fertilizer-pesticide combinations (record in item 2).
- (2) cleaning chemicals for equipment and buildings on dairy and other livestock enterprises (record these expenses in item 13).

Item 3a Total Custom Application Expense

V1 Only

Record the dollar amount of the total (item 3) agricultural chemical expense that was for custom application only.

**Item 3a Chemical Application Expense for Specific Commodities
V2, V3 & V4 Only**

Record the dollar amount of the total (item 3) chemical expense that was for the Barley, Sorghum or Cotton enterprise.

Livestock Expenses Items 4-8

Purchased feed, livestock purchases, livestock leases and livestock expenses such as breeding and veterinary services are usually recorded as line item expenses in record books. You may have to probe to break figures out for some of the expense categories.

Exclude all expenses incurred by feedlots and other types of contractees that fed this operation's livestock on a custom basis. If this operation is a feedlot, include only expenses for which it was not reimbursed in the Operator column. Expenses for which the operation was reimbursed should be recorded in the Contractor column.

Purchases of livestock and poultry during 2003 should include the price of the animals plus commission, yardage, insurance and fees.

In large integrated operations livestock or poultry are usually transferred from one production phase of the operation to another production phase. Although this is not a true purchase, we need an estimate of the value of the livestock or poultry at the points they move between production phases to accurately gauge the net value of production. An example of this is a hatchery that receives hatching eggs from another part of the integrated operation. We would obtain an estimated value or "book value" of the hatching eggs in this item. Without an estimated cost of hatching eggs to the hatchery, the net value of the hatchery output would be overstated. This practice is in line with accounting practices of nonfarm corporations that assess the "profitability" of each phase of production. This makes it possible to compare profitability of farms with non-farm businesses at the state and national level.

Livestock Purchases

Item 4a Breeding Stock

INCLUDE expenses for:

- (1) BEEF animals to be used as breeding stock or herd replacement for this operation, regardless of age.
- (2) MILK cows.
- (3) DAIRY animals to be used as breeding stock or herd replacement for this operation, regardless of age.
- (4) all gilts, sows and boars purchased for breeding purposes.
- (5) all ewes, rams and lambs purchased for breeding purposes.

Item 4b All Other (Non-breeding) Cattle, Calves, Hogs and Pigs

INCLUDE expenses for:

- (1) any cattle or calves not purchased for breeding herd replacement or expansion.
- (2) cattle placed in a feedlot.
- (3) all other hogs and pigs such as feeder pigs and market hogs.

Item 4c Chickens and Turkeys Purchased

Record the total cost for all chickens and turkeys purchased by the operation or transferred from one production phase of the operation to another production phase in 2003. Transfers are not a true purchase, but we need an estimate of the value of the poultry moving through the operation.

Include poultry raised under contract only if the operation is considered to have purchased the birds. In most contract arrangements, the contractee does not purchase the birds. In this case, record the value of the poultry at the time it was placed on the operation as a contractor expense.

The respondent should have settlement sheets from its contractor for each flock that list these expenses. Expenses are listed either as a total for each item or on a per pound basis. Total expense for the year is determined by the number of flocks or total pounds of birds raised. If the operator cannot provide a settlement sheet or report the expenses, find out how many birds the operation grew under contract in 2002, and explain with a note.

Item 4d Other Livestock, Poultry, Fish, Bees, etc.

INCLUDE expenses for:

- (1) all sheep and lambs, other than for breeding stock.

- (2) mules, goats, all horses and ponies, etc.
- (3) ducks, geese, guineas, pigeons, etc.
- (4) hatching eggs.
- (5) bees purchased.
- (6) rabbits, mink and other fur bearing animals.
- (7) catfish or other fish raised commercially or used for home consumption.
- (8) milk and eggs purchased to fulfill marketing agreements.
- (9) dogs used to work livestock or as guard dogs for the operation.
- (10) all other livestock or products not already included.

Exclude expenses for animals kept only as pets.

Item 5 Leasing Livestock

INCLUDE expenses for:

- (1) Renting or leasing of livestock by this operation.
- (2) Renting bees and bee hives.

Item 6 Purchased Feed

This expense is a line item in most farm record books (and the IRS 1040 F).

Include all feed grains, hay, forages, mixed or formula feeds, concentrates, supplements, premixes, salt, minerals, animal by-products and all other feed additives and ingredients.

Item 7 Bedding and Litter

Record the amount spent by the operation in 2003 for bedding and litter for livestock, dairy and poultry.

INCLUDE expenses for:

- (1) straw, hay, etc.
- (2) sawdust, wood chips, corn stalks, etc.
- (3) all other bedding and litter items.

Item 8 Medical Supplies, Veterinary, and Custom Services for Livestock

INCLUDE expenses for:

- (1) feed processing, grinding and mixing services (cost of feed should be

included in item 6). If the respondent includes custom feed processing with feed costs in farm records, try to get this item broken out and include it here.

- (2) veterinary services or supplies.
- (3) miscellaneous livestock and poultry medical services and supplies (regardless of where purchased).
- (4) sheep shearing.
- (5) horse-shoeing for work horses used on the operation.
- (6) removal of dead animals.
- (7) branding.
- (8) castrating and caponizing.
- (9) artificial insemination and breeding.
- (10) performance testing.
- (11) seining of fish.
- (12) semen.

Items 9 - 13 Fuels, Utilities, and Purchased Water (Farm Share Only)

These questions ask for the total spent for the farm share of utilities, fuels and irrigation water. Farm record books (and the IRS 1040F) have an entry for total gasoline, fuel and oil expenses. Only the FARM SHARE should be reported, which is whatever the operation took as its business expense on its tax form and/or income statement. One way to help the operator report here, especially if his records are itemized differently, is to remind him of how the costs would have been incurred, such as for operating irrigation pumps, drying equipment, motor vehicles, machinery, etc.

For farm share of utility expenses, include monthly or annual charges to maintain service even when a utility is not being used (stand-by fees). Also include emergency electric guarantee fees, etc.

If farm and home meters are separate, exclude costs for water and/or electricity for the home except in situations where the farm office is in the home. In this case, include the farm share of home water and/or electricity expense. If some or all of the farm buildings shared the same meter as the home, include only the farm's share of the costs in this item.

INCLUDE expenses for:

- (1) all fuels used in autos, trucks, tractors, self-propelled machinery (combines, swathers, etc.), irrigation pumps, elevators, chain saws, etc. Include the FARM SHARE ONLY.

- (2) all fuels for heating and lighting farm buildings.
- (3) fuels used to heat a farm office (including the cost of coal or wood).
- (4) fuels used for drying or curing crops (including the cost of coal or wood).
- (5) fuel for vehicles and machinery used both on this operation AND for custom work or machine hire. (Income from custom work and machine hire will be reported as farm-related income in Section 16, item 1).
- (6) aviation fuels.
- (7) Federal excise fuel taxes. (Refunds of Federal excise fuel taxes paid should be reported as other income in Section 16, item 9.)
- (8) Purchased irrigation water and the costs of electricity or other fuel associated with irrigating.
- (9) All farm share expenses for other utilities including telephone service and water other than irrigation.

EXCLUDE expenses for:

- (1) fuel for machinery used only for custom work where separate books were kept and income from custom work was considered to be from a separate business.
- (2) petroleum products used as carriers with pesticide sprays. (These should be included in item 3 in this section.)
- (3) fuel used in motor vehicles for non-farm use and in other engines or machinery used for non-farm purposes.
- (4) fuels used for heating or cooking in the operator's residence.
- (5) fuel provided to farm employees for non-farm use as a non-cash benefit.

Item 9 Fuel Expense
V2,V3,V4

Record the farm share of the total fuel expense including diesel fuel, gasoline and gasohol, natural gas, LP gas (propane and butane), all other fuels (coal, fuel oil, kerosene, wood, etc), and oils and lubricants (grease, hydraulic fluids, motor oils, transmission fluids, etc.).

Item 9a Diesel Fuel
V1 only

Record the farm share of expenses for diesel.

Item 9b Gasoline and Gasohol

V1 only

Record the farm share of expenses for gasoline and gasohol.

Item 9c Natural Gas

V1 only

Record the farm share of expenses for natural gas.

Item 9d LP Gas

V1 only

Record the farm share of expenses for LP gas (propane, butane).

Item 9e Oils and Lubricants

V1 only

Record the farm share of expenses for oils and lubricants. Include grease, hydraulic fluids, motor oils, transmission fluids, etc.

Item 9f All Other Fuels

V1 only

Record the farm share of all other fuels. Include coal, fuel oil, kerosene, wood, etc.

Item 9(1) Fuel Expense for Irrigation

V2,V3,V4 only

Record the farm share of total fuel expenses for irrigation.

Item 9(1a) Fuel Expense for Water Pumped From Wells

V2,V3,V4 only

Record the portion of total fuel expense was for water pumped from wells.

Item 9(2) Total Fuel Expense for Barley, Sorghum or Cotton

V2,V3,V4 only

Record the dollar amount of the total (item 9) fuel expense that was for the Barley, Sorghum or Cotton enterprise..

Item 10 Electricity

Record the farm share of the total amount spent for electricity, including irrigation. Include electricity for the farm office, barns and other farm buildings. If the farm office is in the home, include only the farm's share of the home electricity expense.

Include monthly or annual charges to maintain service even when electricity is not being used. Include emergency electric guarantee fees, etc.

Item 10a Electricity for Irrigation

V2,V3,V4 only

Record the dollar amount of the total (item 10) electricity expense that was for the irrigation.

Item 10a(1) Electricity Expense for Barley, Sorghum or Cotton

V2,V3,V4 only

Record the dollar amount of the total (item 10a) electricity for irrigation that was for the Barley, Sorghum or Cotton enterprise.

Item 10a(2) Electricity Expense for Water Pumped from Wells

V2,V3,V4 only

Record the dollar amount of the total (item 10a) electricity for irrigation that was for water pumped from wells.

Item 10b Electricity for Drying

V2,V3,V4 only

Record the dollar amount of the total (item 10) electricity expense that was for the drying.

Item 10b(1) Electricity Drying Expense for Barley, Sorghum or Cotton

V2,V3,V4 only

Record the dollar amount of the total (item 10b) electricity for drying that was for the Barley, Sorghum or Cotton enterprise.

Item 10c Electricity for Specialized Livestock Production Facilities

V2,V3,V4 only

Record the dollar amount of the total (item 10) electricity expense that was for the specialized livestock production. Include specialized production for dairies, feedlots, poultry houses, swine buildings, etc.

Item 11 Purchased Irrigation Water

Record the total costs of purchased irrigation water acquired from any off-farm water source to irrigate crops on the farm. Include any drainage assessments, delivery charges, or other fees associated with the purchased water, and any

standby fees and/or taxes which must be paid even if no water is used.

Item 11a Purchased Irrigation Water For Barley, Sorghum or Cotton
V2,V3,V4 only

Record the dollar amount of the total (item 11) purchased water for irrigation expense that was for the Barley, Sorghum or Cotton enterprise.

Item 12 All Other Utilities

Record the farm share of the total expense for telephone service and calls, water (other than for irrigation), and all other utilities not previously reported. Include monthly or annual charges to maintain service even when the utility is not being used (stand-by fees). If farm and home meters are separate, exclude all costs for utilities for the home except in situations where the farm office is in the home. In this case, include the farm share of the utility expenses for the office. If some or all of the farm buildings shared the same meter as the home, include only the farm's share of the costs.

Items 13-16 Supplies and Repairs

Item 13 Farm Supplies, Marketing Containers, Tools, Shop Equipment, etc.

Record expenses for miscellaneous supplies and equipment, marketing containers, hand tools and farm shop power equipment not placed on a depreciation schedule. (Power equipment is defined as equipment requiring fuel or electricity to operate). Exclude expenses for containers purchased for direct resale to consumers. Exclude expenses for fencing and irrigation equipment-- these will be collected separately.

INCLUDE expenses for:

- (1) baling wire and twine.
- (2) carpentry supplies, electrical supplies and plumbing supplies.
- (3) mechanic's tools, pliers, wrenches, etc.
- (4) axes, bolt cutters, fencing tools, forks, picks, scoops, shovels, spades, etc.
- (5) power drills, grinders, saws, sanders, welders.
- (6) compressors.
- (7) acetylene gas, oxygen and welding rods.
- (8) chain saws.
- (9) battery chargers.

- (10) bolts, chains, nails, rope, etc.
- (11) hoists, jacks, winches, etc.
- (12) ladders.
- (13) scales.
- (14) attachments and accessories for any items in this category.
- (15) fuel tanks.
- (16) agricultural bags, canvas, polyethylene film, tarpaulins, etc.
- (17) rain gear or other protective clothing purchased for use on the operation.
- (18) other supplies and tools which are generally reusable and which are not included elsewhere.
- (19) repair of tools and other items in this category.
- (20) dairy equipment cleaning chemicals (detergents, sanitizers, etc.)
- (21) containers purchased for planting, growing, harvesting or marketing any commodity.
- (22) baskets, boxes, flats, trays, sheets, totes, bins, crates, wool bags, etc.
- (23) rental or per unit fees for containers, sheets, etc. provided by a marketing association or cooperative.
- (24) usage charges or rental fees for containers provided by a buyer, shipper, or packer.
- (25) nursery and greenhouse containers purchased for nursery production, even if they are to be resold with the plant. Exclude containers purchased for immediate resale.

Item 14 Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment

Record the total FARM SHARE of expenses for materials, labor, parts and services for repair and upkeep of motor vehicles and equipment. Include the cost of accessories for machines and equipment. If they are not listed separately in the operator's records, family use expenses may be included.

INCLUDE expenses for all:

- (1) tune-ups or overhauls of machinery or equipment.
- (2) damage repairs even if covered by insurance settlements.
- (3) maintenance and repairs for all vehicles, machinery, equipment, implements, irrigation and frost protection equipment, etc.
- (4) parts and accessories for vehicles and equipment

Examples of these expenses include:

- (1) hitches.
- (2) wheel weights (including fluid).

- (3) mirrors, radios, etc.
- (4) tractor cabs, air conditioners, etc.
- (5) electric sensor systems.
- (6) any other accessories.
- (7) services and parts for overhauls, tuneups, tubes, tires and repair of equipment.
- (8) brake adjustments and exhaust system repairs.
- (9) front end alignments, steering adjustments, wheel balancing and replacement of shock absorbers.
- (10) replacement or repair of carburetors, fuel pumps, fuel injector systems, water pumps, electrical systems, clutches and transmissions, body work, frame repairs, painting and glass replacement.
- (11) major engine overhauls and minor tune-ups, valve and ring jobs.
- (12) replacement parts for all machinery including disk blades, cultivator sweeps and shovels, sickles, guards and baler parts.
- (13) repair of livestock or poultry equipment.
- (14) hydraulic cylinders.
- (15) frost protection system repairs and maintenance.

EXCLUDE expenses for:

- (1) accessories included in the purchase cost of vehicles, machinery, equipment, etc.
- (2) beds, boxes and hydraulic systems purchased separately from a newly purchased truck.

Item 14a Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment For Barley, Sorghum or Cotton

V2,V3,V4 only

Record the dollar amount of the total (item 14) repairs, parts, accessories for motor vehicles, machinery and farm equipment expense that was for the Barley, Sorghum or Cotton enterprise.

Item 15 Maintenance/Repair of Farm Buildings and Land Improvements

Record all expenses associated with maintenance of fences, buildings and other structures, and land improvements. Maintenance and repair expenses for existing land and conservation improvements are those expenses the operation has on a regular basis and which have to be done for these improvements to continue to be useful. Example: annual leveling done for irrigation systems and repairing existing dikes and ponds.

INCLUDE maintenance and repair of:

- (1) houses for hired farm/ranch labor or tenants.
- (2) all other farm/ranch buildings such as barns, shops, storage facilities, sheds, silos, bins and similar structures.
- (3) wells.
- (4) drainage facilities.
- (5) all other farm improvements.

Exclude any new construction or remodeling expense (report in items 32 or 33).

Item 15a Maintenance/Repair of Farm Buildings and Land Improvements for Specialized Livestock Production Facilities

V2,V3,V4 only

Record the dollar amount of the total (item 15) maintenance/repair of farm buildings and land improvements that were for specialized livestock production facilities. Include dairies, feedlots, poultry houses, and swine buildings.

Item 15b Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation Equipment and Pumps

V2,V3,V4 only

Record the dollar amount of the total (item 15) maintenance/repair of farm buildings and land improvement expense that were for irrigation equipment and pumps.

Item 15b(1) Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation and Pumps for Barley, Sorghum or Cotton

V2,V3,V4 only

Record the dollar amount of the total (item 15b) maintenance/repair of farm buildings and land improvement expense that were for irrigation equipment and pumps that for the Barley, Sorghum or Cotton Enterprise.

Item 16 Maintenance and Repair of the Operator's House

Record the total amount spent in 2003 for maintenance and repairs to the operator's house, if it was owned by the operation.

If the operator does not understand what is meant by 'owned by the operation', offer the definitions noted on the questionnaire. Owned by the operation can mean either the house is recorded as an asset in farm record books, used as security/collateral for a farm loan, or deeded as part of the farm.

Exclude any new construction or remodeling expense (report in item 34).

Item 17 Insurance

Include the farm share of all types of insurance including casualty insurance, crop and livestock insurance, motor vehicle liability, blanket insurance policies, etc. In most record books, insurance expense is a line item. The IRS 1040F also contains a similar expense item. Exclude premiums paid in earlier years for coverage in 2003. Also exclude premiums paid for life, health, and other payroll insurance.

Item 17a Crop Insurance

Record the dollar amount of the total (item 17) insurance expense that was for crop insurance.

**Item 17a(1) Crop Insurance for Barley, Sorghum or Cotton
V2,V3,V4 only**

Record the dollar amount of the total (item 17a) crop insurance expense that was for the Barley, Sorghum or Cotton enterprise.

Item 18a Interest and Fees Paid on Debts

Record the total amount spent by the operation in 2003 for interest and service fees for all loans owed by the operation which were secured by real estate. 'Secured by real estate' means real estate, such as land, building or a home that was used as collateral in obtaining the loan.

EXCLUDE:

- (1) interest on farm debts that was not part of this operation.
- (2) interest on the operator's residence if it is owned by the operator separately from the operation.
- (3) payments made on the loan principal amount.
- (4) interest and fees paid on debts NOT secured by real estate.

Item 18b Interest and Fees Paid on Debts NOT Secured by Real Estate

Record the dollar amount spent by the operation in 2003 for interest and service fees for all loans owned by this operation which were not secured by real estate—machinery, tractors, trucks, other equipment, fertilizer, feed, seed, or livestock and poultry, breeding stock, money borrowed for use as working

capital, and interest paid on CCC loans. Exclude interest and fees paid on debts secured by real estate which are reported in item 18a.

Item 19a Real Estate Taxes

Record the amount of real estate taxes paid by the operation in 2003. This is a line item in most farm record books (and the IRS 1040F.) Exclude taxes paid on personal property (they are included in item 19b).

Some states allow homestead exemptions, old age exemptions, etc., so all land owners may not be required to pay taxes on any, or a part, of their land. If the operation is not required to pay taxes due to an exception, make a note on the questionnaire.

INCLUDE:

- (1) taxes on farm land and buildings only.
- (2) taxes paid in 2002, even if they were levied in another year.
- (3) all partners' shares of taxes when a partnership is reported.

EXCLUDE:

- (1) taxes on personal property (include in item 19b).
- (2) income taxes paid to IRS.

Item 19b Other Property Taxes

Personal property taxes may be assessed on things such as cars, trucks, farm machinery, livestock, production inputs, etc. that are not associated with land or buildings. Record the total amount this operation paid in 2003 for property taxes other than land or buildings.

Item 20 Renting and Leasing Vehicles, Tractors, Equipment and Storage Structures

Record the total 2003 expense for renting or leasing all vehicles, tractors, farm machinery, equipment and structures.

Item 21 Vehicle Registration and Licensing Fees

USDA accounts for income generated on farms in a manner consistent with that used internationally, following guidelines established by the Organization for Economic Co-operation and Development (OECD). The U.S. value-added

measure includes payments-linked-to-production paid to governments as an expense category. Property taxes and vehicle registration and licensing fees are components of this category.

Record the total expense paid by the operation in 2003 for the farm share of registration and license fees for motor vehicles, trailers, etc. Also include hazardous material (HAZ-MAT) hauling license fees required in some states to haul agricultural chemicals on public roads. If license fees associated with new vehicles were collected by the dealer when the vehicle was sold, they should be listed on the purchase agreement or bill of sale. Probe to be sure personal property taxes assessed on vehicles are not included in this item. These taxes should be recorded in item 19b.

Item 22 Depreciation for Capital Assets

Feed, seed, fertilizer, and other production inputs are typically used completely in each year, and their cost is usually considered an expense in that year. Capital assets, on the other hand, typically last for more than one year, so the cost of those assets must be allocated over the years that the asset is used. Depreciation is the portion of an asset's value that is "used up" in each year it is employed in production. In figuring net income for tax purposes, this cost usually equals the original price of an item spread over the years in the service life set for the item by the IRS. Accountants and tax advisors usually determine a depreciation schedule (over how many years will capital assets be used up) for the farmer.

Farmers often rely on the expertise of their accountant or tax advisor for this item. However, this item is available on the IRS 1040F. For this survey, use the depreciation amount claimed by the respondent on his income tax return. You may refer a respondent directly to the 1040F item, but only if he/she seems agreeable.

If the operator has been farming a long time, his equipment and breeding stock may be 'depreciated out', meaning he did not claim any on his 2003 taxes. If this is the case, make a note explaining the situation.

If the operation is a partnership, include the amount claimed by partners. DO NOT enter the CURRENT VALUE of depreciable assets.

Item 22a Depreciation for Breeding Livestock

Record the amount of item 22 that was specifically for breeding livestock.

Items 23-30 Labor Expenses

Item 23 Cash Wages Paid to Hired Workers

Record the total cash wages and bonuses paid to all hired farm and ranch labor on this operation in 2003 for agricultural work.

INCLUDE in the total amount paid:

- (1) cash wages, incentives, bonuses and profit percentages paid to workers doing agricultural work on land in the operation in 2003.
- (2) wages paid to family members and corporate officers.
- (3) salaries of hired managers.
- (4) the SALARY paid to the operator. (Do not include "draws". "Drawing" is taking money out of the farm/ranch business for household expenses or other non-farm/ranch expenses.)

EXCLUDE from the total amount paid:

- (1) wages paid for housework.
- (2) expenses for contract labor (record in item 26).
- (3) money taken by the operator's household on a "draw".
- (4) Employer's share of payroll taxes including Social Security, Unemployment, Workers's Compensation, etc. (record in item 25).
- (5) benefits such as health insurance, life insurance, pensions, retirement, etc. (record in item 25).

Paid labor includes only those workers whose pay was considered a business expense of the farm/ranch operation during 2003. These workers should have gotten a W-2 form from the operation, but for some reason they may not have. The key point in this item is that if the wages paid to the workers were considered a business expense to the operation, include them here. Operators who had more than 500 work hours of farm labor in any quarter during 2003 are affected by minimum wage laws.

Paid labor INCLUDES:

- (1) agricultural workers on the payroll no matter where they worked.
- (2) agricultural workers on paid vacation or sick leave.
- (3) service workers provided to other operations by the selected operation.
- (4) family members who were paid by the operation.

In order to be counted as agricultural workers, employees must be involved in activities defined as being agricultural work.

INCLUDE as Agricultural Work:

- (1) work done ON this operation in connection with the production of agricultural products, including nursery and greenhouse products and animal specialties such as furs, fish, bees, honey, etc.
- (2) work done OFF this operation such as trips for marketing products of the operation, buying feed, delivering products to local markets or handling other farm-related business.
- (3) repairs of farm/ranch buildings and machinery when performed along with other work classified as agricultural work.
- (4) bookkeeping done by an employee of the operation.
- (5) managing a farm/ranch for a salary.
- (6) meal preparation for work crews.

Exclude from Agricultural Work:

- (1) housework such as cooking, cleaning, babysitting, etc. done in the operator's home.
- (2) operating a gasoline station, store or other such non-agricultural enterprise even if it was located on the operation.
- (3) work involved in training, boarding or renting animals such as horses and dogs unless it was part of, and cannot be separated from, the business of raising the animals.
- (4) caring for research animals.
- (5) work at a roadside stand (or farm store) UNLESS the operation produced more than 50 percent of the products sold at the stand.
- (6) work which alters the commodity produced (such as wineries, canneries, textile mills, etc.) even if it is done on the operation and the workers are paid by the operator. Make a note if the respondent cannot separate these workers and their wages from operation's total payroll.
- (7) all work provided by service firms such as cotton ginning (record as a marketing charge), commercial bookkeeping, legal and other professional services provided at a location off the farm. All of these items except the ginning should be recorded as a general farm business expense in item 31.

Item 23a Cash Wages for Barley, Sorghum or Cotton
V2,V3,V4 only

Record the dollar amount of the total (item 23) cash wages paid to hired farm and ranch labor that was for the Barley, Sorghum or Cotton enterprise.

Item 24 Breakout of Cash Wages Paid

The breakout of total cash wages is important to assure that the respondent includes cash wages paid to self, spouse, other operators, and other family members. The wages paid to farm and ranch labor are more obvious to the operator when he/she responds to this section. This breakout also allows for the proper allocation of cash wages to operator household income when we process the data. Record the actual dollars paid of the total cash wages paid (item 23) to people in each of the categories listed. The sum of 24a + 24b + 24c+24d MUST equal the total reported in item 23.

Item 24a The Operator

Record the amount paid to the operator (include a hired manager's salary). Exclude money taken out of the operation on a draw by the owner/operator.

Item 24b Spouse and Other Household Members

Record the amount paid to the principal operator's spouse and other members of the operator's household. Exclude salaries paid to partners (unless they live in the household) and to their household members. These should be included in item 24c. Household members include everyone who lives in the operator's house and shares the financial resources of the operator. Usually these are family members. Include people who do not live in the house if they are dependents of the operator (college students, etc.).

Item 24c Other Operators

Record the amount paid to other operators for this operation. These are persons responsible for the day-to-day management decisions for this operation, including hired managers. Exclude operators that are household members of the principal operator. These should be included in 24b.

Item 24d Everyone Else

Record the amount paid to all hired workers of the operation except those included in items 24a, 24b, and 24c. Include salaries of partners and wages paid

to their family members.

Item 25 Payroll Taxes and Benefits

Record the total dollars spent by this operation for payroll taxes (Social Security, Unemployment, Workers' Compensation, etc.), life insurance, health insurance, pensions, retirement, etc. for employees of this operation. If the employees paid a share of some of these items and their share was withheld from their wages, the expense for their share should be included in items 23 and 24.

When the operator or the operator's spouse was a paid employee of the operation, and the operation paid for health insurance for the farm family as a benefit of this employment, this is a valid business expense and should be included in this item.

Item 25a Payroll Taxes and Benefits for Barely, Sorghum or Cotton V2,V3,V4 only

Record the dollar amount of the total (item 25) payroll taxes and benefits expense that was for the Barley, Sorghum or Cotton enterprise.

Item 26 Contract Labor Expense

Record the total amount spent by the operation in 2003 for contract agricultural labor.

Contract workers are paid by a crew leader, contractor, buyer, processor, cooperative or other person who has an oral or written agreement with a farmer/rancher. Record the total expenses for contract labor used in 2003.

INCLUDE:

- (1) contract expenses for workers hired to harvest fruits, vegetables, potatoes, berries and all other crops.
- (2) other agricultural work which was performed on a contract basis by a contractor, a crew leader or a cooperative.
- (3) expenses for work done by any custom operator who does not provide his own machinery and who was hired on a contract.

Exclude expenses for contract construction or maintenance of buildings and land improvements. Contract labor expenses for maintenance and repair should be reported in item 15. Contract labor expenses for all new construction should be

reported in items 33-35.

Item 26a Contract Labor for Barley, Sorghum or Cotton
V2,V3,V4 only

Record the dollar amount of the total (item 26) contract labor costs that were for the Barley, Sorghum or Cotton enterprise.

Item 27 Custom Work

Custom work is work performed by machines and labor when it is hired as a unit. Expenses for transporting or hauling animals or other products such as milk to the processor goes here if the driver and the vehicle are hired together. Loading is probably also part of the fee. If only the labor is hired (no machines or vehicles), then the expense goes either under item 26 if the labor is contract labor, or in item 23 if the labor was seasonal hired labor.

Item 27a Custom Hauling

Record the total cost for all hauling done for this operation by a custom operator. Examples of custom hauling are paying a driver with his truck to haul grain to the elevator, livestock hauled to an auction, and milk hauled to a pooling station. At this point in the interview you will know enough about the operation to probe for specific hauling expenses the operation may have. For example, if you are interviewing a dairy farmer, probe to be sure milk hauling is included. Most dairies have an expense for custom hauling, but may overlook that expense or not consider it 'custom' work.

INCLUDE:

- (1) hauling to market.
- (2) hauling between farm/ranch parcels.
- (3) milk hauling charges. (If these were netted out of the operator's milk check, add them back to get the "net" figure we want in Section 14).
- (4) hauling of feed, seed and fertilizer to the operation.
- (5) manure hauling.
- (6) all other hauling charges for the operation.

Item 27b Other Custom Work

Most farm accounting record books (and the IRS 1040F) have a line for total

expense for custom hire (machine work). Custom work is defined as work performed by machines and labor hired as a unit. Other custom work on crops would include custom planting, harvesting, leveling, and soil testing. Planting by plane or helicopter should also be included in this item.

Custom land leveling should be included in this item, however land improvement and development including conservation work, which is not custom, should be recorded in item 15.

EXCLUDE:

- (1) contract labor.
- (2) custom fertilizer, lime and/or soil conditioner applications (include in item 2).
- (3) custom applications of crop chemicals and pesticides (record in item 3) and pest scouting (record in item 31).
- (4) leasing of cars, trucks, tractors or other equipment.
- (5) custom livestock expense (report in item 8).

**Item 27b(1) Total Custom Work for Barley, Sorghum or Cotton
V2,V3,V4 only**

Record the dollar amount of the total custom work (item 27a and item 27b) expense that was for the Barley, Sorghum or Cotton enterprise.

**Item 28 Cash Value of Commodities Provided to Household Members As Payment for
Farm Work**

Record the value of any commodities provided to members of the household instead of payment of actual dollars. The value of the commodities is whatever the commodities could have been sold for. Include quantities of grain or other crops, head of livestock, or the value of a share of milk sales receipts provided as payment to family members.

Exclude living expenses for family members unless the expenses were considered a business expense of the operation.

**Item 29 Cash Value of all Food, Goods and Services provided to Workers who are NOT
Household Members workers**

This question only applies to workers who are not members of the operator's household. The value of heating fuels, transportation, telephone, electricity,

clothing and furniture supplied to hired workers who are not members of the operator's household should be calculated in terms of what they cost the operator. The value of food produced on the farm and furnished to paid workers should be whatever the items would have been worth at local prices (at the time they were given to the workers).

Operators may not regularly keep records of this type of employee compensation. For this reason, the question specifies items which are commonly overlooked by farmers in reporting these non-cash payments. Include the value of commodities (head of livestock, bushels of grain, percent of milk check, etc.) paid to any workers in lieu of wages for farm work, including such payments-in-kind. Using the items as probes will help the respondent better consider which type and amount of these payments were made.

Item 30 Market Value of Products Used or Consumed on the Operation

Record the estimated MARKET value of all the meat and livestock products, fruit, vegetables, berries, firewood, etc. produced and used or consumed on this operation in 2003. Exclude home gardens if expenses were excluded earlier. Include products used or consumed by partners and their families. Also exclude any commodities provided as payment to household members for farm work reported in item 28.

Item 30a Percentage of Market Value of Products that was Livestock V1 only

Of the total amount from item 30, give a percentage of that amount that was from livestock or livestock products.

Item 31 Fees Paid for Professional or Farm Management Services

Record the amount of money spent in 2003 from the operators and partners only on professional or farm management services.

Item 32 General Business Expenses

Show the respondent the list of General Business Expenses in the Respondent Booklet.

These expenses are generally recorded in the "other expense" category of most farm record books (and the 1040F). These expenses are so varied that when you ask the operator for his general business expenses he may say 'none' or

itemize the ones that come to mind or include previously reported data. To gain some consistency in what is reported here, read the list of the "Includes" below and have the respondent refer to the Respondent Booklet. The purpose of this list is not to have the respondent itemize each expense to the nearest penny but to prompt him to consider various categories which define what you mean when you ask for 'other business expenses'. If an individual item is a fairly "large" expenditure, make notes explaining the expense.

INCLUDE:

- (1) fees paid for keeping farm records.
- (2) fees paid for preparing income tax returns.
- (3) travel expenses (such as lodging, meals and parking) associated with purchasing or selling commodities for farm, association or cooperative business, attending fairs where the respondent's farm products were exhibited and other farm/ranch business.
- (4) postage and telegrams for the farm business.
- (5) expenses for title searches, abstracts, recording deeds and mortgages, court costs and other legal expenses for the land operated.
- (6) fees paid to attorneys in connection with the farm/ranch.
- (7) charges for permits and licenses obtained in 2002 for production and marketing of commodities produced on the land operated. Exclude quota and allotment purchases and rentals.
- (8) fees paid on a voluntary basis to marketing associations or government agencies (federal, state or local) on the basis of sales or production, for the promotion of sales or for other specific purposes.
- (9) registration of purebred animals.
- (10) brand registration fees.
- (11) charges for sales promotion or advertising.
- (12) farm management expenses including books, papers and magazines on subjects related to crop or livestock production, market reports, farm newsletters and Ag bulletins. Report only 2002 expenditures, even if these cover more than one year.
- (13) real estate agent commissions and other direct selling or buying expenses.
- (14) garbage collection or dumpster service for barns and farm buildings.
- (15) rental expense for farm office space not on the operation.
- (16) fees paid to entomologists, service companies, etc. for pest scouting.
- (17) trapping club memberships and dues. (Trapping clubs are formed to trap predator animals such as coyotes.)
- (18) stall or space rental fees for farmer's markets.
- (19) parcel post expenses or charges for marketing agricultural products.

- (20) all purchases of farm office equipment (not placed on a depreciation schedule).

EXCLUDE:

- (1) wages paid to farm employees (on the payroll) for bookkeeping (exclusively or in addition to other farm work). (WAGES AND SALARIES FOR ALL FARM EMPLOYEES SHOULD BE REPORTED IN ITEM 23.)
- (2) gasoline and other vehicle operating expenses (record in item 9).
- (3) taxes paid which were levied for general purposes.
- (4) marketing expenses and check-off fees deducted from sales of commodities paid by the operator.
- (5) expenditures for magazine or journal subscriptions for 2002 which were paid in other years.
- (6) all purchases of farm office equipment (if placed on a depreciation schedule).
- (7) potting soil and topsoil for nursery/greenhouse operations (record in item 42).

CAPITAL EXPENDITURES Items 33-42

Item 33 Land Improvements

Land improvements are those additions or improvements to the land which change it in a PERMANENT way.

Include:

- (1) expenses for improvements such as terraces, water and sediment control basins, grassed waterways, ponds, windbreaks, permanent cover, contouring, grading, filter strips, etc.
- (2) expenses for drainage improvements such as ditches, bedding, shaping, subsurface drain tile, etc.
- (3) expenses for irrigation improvements such as digging wells or ditches.
- (4) expenses for land leveling (removal of irregularities on the land surface by the use of special equipment for the purpose of improving drainage, achieving more uniform planting depths, more effective use of water and greater efficiency in tillage operations).
- (5) expenses for corrals, feedlots, feeding floors, trench silos, waste facilities, wells and equipment not for irrigation.
- (6) (in Western states) capital improvements to grazing land.

Exclude

- (1) land purchases.

Item 34 New Construction and Remodeling of Farm Buildings, Structures, and Dwellings (excluding the operator's dwelling)

Capital expenditures are reported in the year upon completion of building improvements. The entire cost of farm buildings is reported for the year in which the building is completed. "Completed" means the building is available for any use.

Include:

- (1) all costs for new construction or remodeling of houses for hired farm/ranch labor or tenants.
- (2) all costs to construct or remodel farm/ranch buildings, storage facilities, sheds, silos, bins and similar structures.

Item 35 New Construction and Remodeling of Operator's House

Include all costs for new construction or remodeling of the operator's house, if it was owned by the operation. Owned by the operation can mean either the house is recorded as an asset in farm record books, used as security/collateral for a farm loan, or deeded as part of the farm.

Item 36 Cars

Record the total cost (after trade-ins, rebates and/or discounts have been subtracted) of all the new and used cars bought for use on the operation during 2003. The total cost should include the cost of accessories purchased with the vehicle(s), special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax.

If registration and license fees, financing charges and insurance were included in the purchase price, include them too. If these fees were separate and itemized on the bill, exclude them here and record financing charges in item 18. Record registration and license fees in item 21.

Item 36a Farm Share Percent

Often, cars are purchased for both farm and personal (home) use. This question

is asked to properly allocate the correct amount of the purchase to the farm. Farm share is an estimate of the percent of total use of the vehicle that was for farm/ranch related business, or that part of the total cost of the vehicle which is the basis for claiming future depreciation expense on tax claims for the operation. If all of the vehicles purchased in item 36 are strictly for farm use, record 100 in item 36a.

Item 37 Trucks

Record the total cost (after trade-ins, rebates and/or discounts have been subtracted) of all the new and used trucks, pick-ups, sport utility vehicles, vans, campers, buses bought for use on the operation during 2003. The total cost should include the cost of accessories purchased with the vehicle(s), special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax.

If registration and license fees, financing charges and insurance were included in the purchase price, include them too. If these fees were separate and itemized on the bill, exclude them here and record financing charges in item 18. Record registration and license fees in item 21.

Item 37a Farm Share Percent

Often, trucks are purchased for both farm and personal (home) use. This question is asked to properly allocate the correct amount of the purchase to the farm. Farm share is an estimate of the percent of total use of the vehicle that was for farm/ranch related business, or that part of the total cost of the vehicle which is the basis for claiming future depreciation expense on tax claims for the operation. If all of the vehicles purchased in item 37 are strictly for farm use, record 100 in item 37a.

Item 38 Tractors

Record the total purchase price (after trade-ins, rebates, discounts, etc.) of all new and used tractors (after any trade-in allowance, rebates and discounts were bought during 2003 for use on the operation. If the respondent's operation bought tractors in partnership with another operation, include only the amount that was this operation's share of the tractor's total cost. The total cost should include the cost of accessories bought with the tractor, special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax. Registration and license fees should be included in the purchase price if they were not separated on the bill. If these fees were separate and itemized on the bill, exclude them here.

Financing charges should have been recorded in item 18. Registration and license fees should have been reported in item 21.

Item 39 Self-Propelled Farm Equipment

Record the total purchase price (after trade-ins, rebates, discounts, etc.) of all new and used self-propelled equipment, implements and machinery (after any trade-in allowance, rebates and discounts were bought during 2003 for use on the operation. If the respondent's operation bought machinery in partnership with another operation, include only the amount that was this operation's share of the machine's total cost. The total cost should include the cost of accessories, special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax. Registration and license fees should be included in the purchase price if they were not separated on the bill. If these fees were separate and itemized on the bill, exclude them here. Financing charges should have been recorded in item 18. Registration and license fees should have been reported in item 21.

Item 40 NON-SELF-PROPELLED Equipment, Implements and/or Machinery Purchased

Record the total purchase price for all non-self-propelled equipment, implements and machinery (after any trade-in allowance, rebates and discounts were subtracted) bought in 2003 for use on the operation. Include purchases of livestock, dairy and poultry equipment, (including calf shelters/hutches) and irrigation equipment and pumps.

Include delivery charges and sales taxes in the net expense. If the respondent's operation bought machinery in partnership with another operation, include only the amount that was this operation's share of the machine's total cost.

Exclude expenses for equipment purchased for personal or pleasure use, such as rodeo equipment.

Item 41 Office Equipment, Furniture, and Computers

Include all capital purchases (items placed on a depreciation schedule) of farm office equipment, furniture, and computers. Any such equipment purchased but not placed on a depreciation schedule should be included in item 32.

Item 42 Other Capital Expenditures

Record the total cost of all other capital items (items placed on a depreciation schedule) purchased by the operation in 2003. Make good notes as to exactly what items are included.

Exclude breeding livestock purchases. Breeding livestock purchases are reported in item 4a. Also exclude capitalized machinery repairs. Include those expenses in item 14.

Item 43 Other Expenses

This item is used to account for any expenses the operation had in 2003 that have not been recorded elsewhere in the questionnaire. Describe each of the items recorded here. If these expenses should have been reported in another item, make the necessary corrections.

Include potting soil or topsoil for nursery/greenhouse operations.

SECTION G - FARM LABOR

V1, V2, V3, V4 and Section H of V5

Item 1 Hours Worked by the Operator, Spouse, Other Operators, and Unpaid Workers

These items provide the information to estimate the labor required to produce agricultural products. Record the average number of hours worked per week on the farm/ranch for each quarter. The operator should be able to approximate the average number of hours worked per week in each quarter because the quarters roughly correspond to the seasons.

Be sure to record all of the hours of farm work. Record all work time, even for workers who only work for a few hours a week on the farm (bookkeeping, running errands, etc.). Include all work done for the farm business.

Some respondents may say they do not spend any time working on their operation. This is particularly true of those whose entire operation is enrolled in the CRP. These respondents should count the time spent on oversight, paperwork, filing income tax forms, and even the time spent completing this interview! Section 19, item 23 instructions give examples of agricultural work.

Item 1a Principal OPERATOR'S Hours of Farm Work

For each quarter, record the average number of hours of farm work the principal operator did per week. Record both paid and unpaid hours of work. These items will provide information on the extent of the farm operator's commitment to farming. Given the fact that farm operators allocate their working hours between on- and off-farm work, collecting information on the amount of hours worked on

the farm by the farm operator becomes vital.

This information is critical in discerning the importance to the operator of the farming activity itself as a source of farm household income. Information on time allocation decisions from previous surveys have indicated that for many farm operators with no spouses, farm-related work activities are becoming secondary to non-farm work activities. Where spouses are present, the dominance of farming in farm household's time-allocation decisions is less apparent. To many farm operators, on-farm work may not be very important because the majority of their working hours are spent off-farm. However, farming remains important to the household as a unit due to the on-farm work by the spouse and by other household members.

Since respondents indicate marital status, and also provide detailed information related to on- and off-farm work hours, analysis of this combined data (notwithstanding the impact of technology on labor usage) will provide vital information as to whether farm production activities are secondary to non-farm production activities.

Item 1b SPOUSE'S Hours of Farm Work

If the operator is married, record for each quarter, the average number of hours of farm work the operator's spouse did per week. Record both paid and unpaid hours of work. These items will provide important information on the extent of spouses' contribution toward on-farm total work hours provided by all household members. For households where a spouse is present, on-farm work by the spouse allows for the release of labor hours by the operator, which tend to be utilized, as previous surveys have indicated, in off-farm work activities to increase the households' total income. Since the survey allows for the identification of spouse's gender and age, information on spouse's on-farm work hours provides vital information on the role of the life cycle in determining farm production and time-allocation decisions. In other words, farm operators' spouses (who tend to be women) are likely to differ in the extent and in the type of their contribution towards total family farm labor based on their stage in the life cycle. For example, the number of hours that farm spouses in the childbearing age group contribute to the operation may be similar to hours contributed in other age groups, but the allocation of their hours among various farm production activities is likely to differ. Combining information from these items on spouses' on-farm work hours along with items from below on how these hours are spent on various farm production activities will help underpin, in a much clearer way, the time-allocation decisions by household members.

Item 1c Other Operators

For each quarter, record the TOTAL average number of hours of farm work done per week by any other operators (excluding the principal operator and the principal operator's spouse). Other operators include those persons responsible for the day-to-day management decisions for this operation, and may include hired managers. Include both paid and unpaid hours.

If there is more than one other operator, record the TOTAL average number of hours worked per week. For example, if there are three other operators who worked an average of 42, 24 and 15 hours per week, respectively, the correct entry for this item is 81 hours.

Item 1d Unpaid Workers

For each quarter, record the TOTAL average number of hours of farm work done per week by any unpaid workers (excluding the operator). Unpaid workers may include members of the operator's household, partners, neighbors, guests, etc.

For multiple workers, record the TOTAL average number of hours worked per week. For example, if there are three workers who worked an average of 42, 24 and 15 hours per week respectively, the correct entry for this item is 81 hours.

Sections H&I - Farm Assets and Debts

What are these Sections for? How is the information used?

Data reported in previous sections are used to develop an income statement for the farm operation. Data reported in these sections are used to develop the farm's balance sheet. The balance sheet establishes the farm's financial position at a point in time by referring to the assets of the farm relative to the amount of debt it owes. For purposes of USDA's farm financial management accounting procedures, December 31 of the preceding calendar year is the reference date for the farm's balance sheet.

Using December 31 as the reference date allows the balance sheet to be related to the farm's income statement. The balance sheet shows the amount of "owned" assets the farm used in producing its crop and livestock commodities.

Correspondence between the length of term of loans and the type of assets held is also very important for evaluating the financial position of the farm. If a farm has a large amount of current debt (debt that is either payable or due in a few weeks or months), but few current assets (such as cash, accounts receivable, or crop or livestock inventories), the farmer could have to liquidate a part of his/her holdings to meet obligations as they come due. This could affect how the farm is organized, what it can produce in future years, or its future profitability. If current debt is substantially larger than current assets, farmers may even have to take "fire sale" prices for assets put on the market to meet obligations. So the match between types of debt and assets, as well as total debts and assets, are

considered by USDA in evaluating the financial status of farms.

Assets tend to be classified as current or non-current based on how long they may be expected to be used in or held by the business. Land and buildings tend to be non-current assets while inventories and accounts receivable are considered current assets. Debt may be categorized similar to assets by determining the length of term of the loan and whether the loan is an operating loan, a non-real estate, or a real estate loan.

USDA uses data reported in the balance sheet along with data reported in the income statement to develop key indicators of financial health and performance for farm businesses.

These indicators include:

Solvency -- debts in relation to assets,

Liquidity -- money available to pay bills as they come due,

Profitability-- the return to management and risk of the farmer in relation to the amount of farm assets and equity used in production, and

Financial Efficiency -- how effectively the farm uses inputs to produce crops and livestock.

Balance sheets and financial ratios are reported to the Secretary of Agriculture, other policy officials within USDA, and to the Congress. Conclusions about the financial health of farm businesses affect policy decisions made by the Secretary or Congress. In addition, data which summarize findings from the survey are reported for use by the media, farm organizations, and others with an interest in agriculture.

Each year a summary report on the Status of Family Farms is prepared for Congress. This report, taken directly from the results of this survey, provides a perspective about the financial status of agriculture by type, size, and location of farm businesses.

Value of Land and Buildings. On average, land accounts for nearly three-fourths of farmers' assets. Dwellings on the farm are also assets of the farm operation. These include the operator's house (which is usually considered to be owned by the farm and included in the books of the farm) and hired labor and tenant houses. USDA uses information on dwelling values to estimate the rental value for the space they provide. This "rent" is included in the total cost of doing business.

The value of farm buildings is also used to help develop an estimate of capital replacement for farm sector assets. The buildings' value is assumed to be spread across the useful life of the building. A share of the building's total value becomes a production cost each year.

In addition to land and building values, balance sheets include a value for machinery and equipment owned by the farm, including cars and trucks. Livestock and crop inventories are a large part of the balance sheet for some farms. Grain and livestock farms, in particular, tend to have substantial inventories on hand at year's end.

In addition to the assets they own, farmers also operate assets they lease or rent from others. For this section, we are interested in determining the value of assets managed by the operation. The respondent is the only source available for estimates of the value of the land they rent in 2002. Therefore, we include the value of rented land in estimating the total value of assets managed by the operation.

Debt by Lender. These data are used to help establish who is providing funds to meet farmer's borrowing needs. We ask about the loan balance, interest rate, type of loan (production, nonreal estate, or real estate), and the year in which the loan was obtained. These are used to estimate the principal that must be repaid each year.

The estimate of principal repayment is combined with the amount of interest and service fees to develop an estimate of debt service requirements facing the farm. USDA monitors very closely the debt service commitments of farms in relation to their incomes and cash flows. Rising use of farms' debt repayment capacity gives an early warning indicator of potential financial stress.

Many farmers are using farm assets as security for loans for a variety of purposes. For each of the five largest loans reported by the operator, we ask the percent of the loan for farm purposes, and the primary purpose of the loan. Many farm loans now carry government guarantees. We ask whether loans are guaranteed by a USDA agency, the Small Business Administration, or other government agency.

Section H - Farm Assets

General Instructions

This section is different from the sections before it in the questionnaire because most of these questions focus on assets OWNED by the operation. For this section, we define assets of the operation as:

(For individual or partnership operations) the assets belonging to the operation or to the operator and partners. When the operator and/or partners rent their personal assets to the operation, exclude them as assets in this section.

(For corporations) the assets belonging to the corporation.

For this section, we also obtain information on assets MANAGED, but NOT OWNED by the operation. Record the value of land rented by the operation. Also, most of this section has a fixed reference date, December 31, 2003, rather than all of 2003.

In this section we get the MARKET VALUE of several types of assets and the amount and type of debt this operation had at the end of 2003. Get the operator's best estimate of the current market value of specific assets. If operation assets are owned by partners, include the value of assets belonging to all partners (exclude the landlord's share).

Value of Land and Buildings Items 1-3

Market value is the value for which the land and/or buildings could be sold under current market conditions if allowed to remain on the market for a reasonable amount of time. This value should be for the most likely purpose the land would be sold, including non-agricultural uses.

Item 1 Market Value of Land and Buildings OWNED

This information is not likely to be available in records, but most operators should be aware of the current value of their land and buildings or comparable land and buildings.

It is not necessary for the operation to own land in order to own buildings. Operations can own buildings that are permanent structures located on rented or leased land, or they may own mobile homes, shops or offices located on rented or leased land.

Item 1a Market Value of Operator's Dwelling, if OWNED

Record the market value of the operator's dwelling as of December 31, 2003, if it is owned by the operation.

If the operator cannot give you an estimate of current market value, probe to get values of similar houses, or get the replacement value listed for insurance purposes. We will use these data to impute a fair rental value for the house in order to account for a house provided to the operator by the farm business.

Item 1b All Other Dwellings Owned

Record the market value on December 31, 2003 of tenant and hired labor dwellings, and all other dwellings (except the operator's) owned by this operation. This includes houses/dwellings of partners, relatives, etc. The dwellings must be owned by the operation, not by the partner or relative separately from the land in the operation.

Item 1c All Other Farm Buildings and Structures Owned

Record the market value on December 31, 2003 of all other farm buildings owned by the operation including barns, cribs, silos, equipment shops, grain bins, storage sheds and similar type buildings. Exclude processing facilities such as cotton gins, packing sheds, commercial elevator facilities, etc. even if they are owned by and located on the operation. Probe if necessary to obtain values, but do not accept "book value" (the original cost of the building minus depreciation).

Item 1d Orchard Trees, Vines and Trees for Wood

Record the market value on December 31, 2003 of trees in orchards, vines in vineyards, other perennials in the field, Christmas trees, and trees cultivated for wood products. Such permanent plantings are capital assets that must be depreciated over their useful lives.

Item 1e Land Owned

Record the operator's best estimate of the total market value of land OWNED by the operation on December 31, 2003. This should correspond to the acres owned reported in Section A, item 1, unless land was purchased at the end of the year, and, thus, were not part of the operation during 2003. Include the value of water rights, mineral rights, permanently installed irrigation equipment, frost protection systems, grazing permits that go with the land, etc. Verify with the

operator that the average value per acre is reasonable for the area by dividing the amount reported by the number of acres owned.

Exclude the value of dwellings, buildings and structures, and trees in orchards, vines in vineyards, other perennials in the field, Christmas trees and trees cultivated for wood products.

The total of 1a + 1b + 1c + 1d + 1e should reflect the total value of land and buildings OWNED by this operation on December 31, 2003. Verify this total with the operator.

Item 2 Value of Land and Buildings on Acres Rented From Others

Record the operator's best estimate of the total market value of all the land and buildings Cash Rented, Share Rented, or Used Rent Free by the operation during 2003. (This should correspond to acres reported as rented in Section A, item 2.) Include the value of water rights, mineral rights, permanently installed irrigation equipment, frost protection systems, permanent plantings in orchards, groves, vineyards, Christmas trees, grazing permits that go with the land, etc.

Item 3 Value of Land and Buildings on Acres Rented To Others

Record the operator's best estimate of the total market value of all the Land and buildings RENTED TO OTHERS. (This should correspond to acres reported as rented in Section A, item 3.) Include the value of water rights, mineral rights, permanently installed irrigation equipment, frost protection systems, permanent plantings in orchards, groves, vineyards, Christmas trees, grazing permits that go with the land, etc.

Item 4 Value of Beginning/Ending Year Inventories of Machinery, Commodities, and Production Inputs, etc.

Net farm income relates to the value of production during a given year. A portion of cash sales in any year may come from commodities produced in prior years, and carried into this year as inventory. Some of this year's production may remain in inventory at the end of the year. Accurately measuring net farm income to reflect this year's production must account for changes in inventory levels. For that reason, we ask beginning and ending inventory values for crops, livestock, and production inputs.

There are three main criteria you should guide the respondent toward considering

in coming up with answers to beginning or ending year inventory values:

- the types of commodities or production inputs,
- the quantity of each type on hand, and
- their market price on the date in question.

Although more accurate figures would be obtained if we collected all these pieces, it is acceptable for you to get the operator's best estimate of the market value of commodities or production inputs on hand at the beginning and the end of the year.

But if the operator says the market values were the same, **YOU MUST PROBE** for the commodity/input types, the quantity, livestock weights, and the market price on the date in question. This will ensure as accurate figures as possible. After you have probed, if the operator still says the beginning and ending year market values were the same, accept the answers. Be sure to make good notes of the reason why they were the same so the survey statistician understands the situation.

The value of commodities held in inventory relate to the figures reported earlier in the questionnaire related to crop production, the amount (of crops) used on farm, or the quantity (of livestock) sold, and to the sales data reported Section D. If the commodity was produced in 2003, but not sold or already used on farm, it should be in ending inventory and its value would be recorded here.

In most cases, the value of commodities or production inputs on hand at the beginning of the year should not equal their value at the end of the year. After finding out the value at the end of 2003 and you ask about the value at the beginning of 2003, do not say, "Was it (about) the same?" or "It was the about the same, was it not?".

Item 4a Value of CROPS Owned

Record the operator's best estimate of both the beginning-of-year and end-of-year market value of all crops stored on or off the operation. Be sure to consider the quantity on hand and market prices on the date in question.

Include the value of:

- (1) all crops owned by the operation whether stored on or off the operation.
- (2) hay and silage crops.

- (3) crops produced in 2003 and earlier years.
- (4) crops to be used for feed, seed, sales, etc.
- (5) all whole grains on hand.
- (6) all crops purchased.
- (7) crops owned by the operation which were produced under a contract but not sold as of December 31, 2003.
- (8) crops in storage which had been redeemed from CCC loan by the reference date above.
- (9) nursery and greenhouse products in saleable condition.

Exclude the value of:

- (1) crops still under CCC loans.
- (2) feed items such as cracked corn, rolled oats, etc.
- (3) growing crops.

Item 4a 1&2 Government Program vs Non-Program Crops

Of all the crops owned or stored on the operation for the two different dates, ask the operator to break them out based on Government Program Crops and Non-Program Crops. Most of the government program crops are listed in Section B, Item 5.

Item 4 Value of Livestock Owned

For livestock, you also need to consider their weights or size. You need to consider all these things on January 1, 2001, to get the market value of the beginning year inventory. Then you need to consider all these things on December 31, 2003, to get the market value of the end of year inventory. It is very unlikely that all of these things are the same at the end of the year as they were at the beginning of the year.

Include the value of:

- (1) all animals held for resale.
- (2) beef and dairy cows, bulls, steers, heifers, calves and any other cattle.
- (3) hogs and pigs.
- (4) sheep and lambs.
- (5) horses, ponies and mules.
- (6) goats.
- (7) chickens, ducks, geese, guineas, pigeons, etc.
- (8) fur bearing animals.

- (9) catfish, crawfish and other fish.
- (10) bees.
- (11) other specialty livestock.
- (12) livestock owned by this operation, but located on another operation under a "livestock on shares" arrangement. (See example following Section D, on page 5056).

Exclude the value of:

- (1) livestock on hand not owned by the operation.
- (2) animals owned for pleasure use only (except equine).
- (3) livestock owned by this operation, but being produced by another operation under contract. The value of these animals are collected in Section C, item 3.

Item 4b Breeding Livestock

Record the operator's best estimate of both the beginning-of-year and end-of-year market value for all breeding livestock (including dairy animals) and poultry owned by, and located on, the operation. Be sure to consider the quantity on hand, their size or weights, and the market prices on the date in question. Breeding livestock animals are considered non-current assets on an operation's balance sheet. They reflect a long term investment.

The number of head on hand on Dec. 31, 2003 was reported in Section C. This should be the inventory for which the operator gives you the end of year value.

Item 4c Value of Non-Breeding Livestock Owned

Record the operator's best estimate of both the beginning-of-year and end-of-year market value for all non-breeding livestock (including dairy animals) and poultry owned by, and located on, the operation. Be sure to consider the quantity on hand, their size or weights, and the market prices on the date in question. Non-breeding livestock (calves, heifers, and steers) held in inventory for sale within the next year are considered current assets on an operation's balance sheet.

The number of head on hand on Dec. 31, 2003 was reported in Section C. This should be the inventory for which the operator gives you the end of year value.

Item 4d Value of Production Inputs Owned

Record the operator's best estimate of both the beginning-of-year and end-of-year market value of inputs owned by this operation. Inputs include such things as feed, fertilizer, chemicals, fuels, purchased seed and other supplies, etc. Exclude the value of any items that should be reported in item 4a (hay, crops to be used for seed, etc.) Do not include fertilizers and chemicals already applied.

Item 4e Production Inputs Already Used for Crops (Sunk Costs)

Why do we ask this question?

Growing crops represent a substantial investment and have a significant impact on a farmer's balance sheet. As purchases of fertilizer, seed, herbicide, gas, labor, etc. are made and the resources used, either cash is diminished or liabilities are increased. It is important that an asset value still be shown. One method is to assume these cash inputs transformed into growing crops, do in fact have a value; that is, someone would pay to acquire such resources during the year. For a December 31 balance sheet and a winter wheat crop, this means a value should be placed on the growing crop. Since the actual market value is hard to determine, actual cash invested in the crop is used as the balance sheet value.

Record the amount spent up through December 31, 2003 for physical production inputs (seeds, fertilizers, pesticides, etc.) for all cover crops and crops planted but not harvested as of that date. Also include the amount spent for fertilizers and pesticides already applied to benefit a crop that had not been planted yet as of December 31, 2003.

Include the value of inputs already applied to:

- (1) nursery crops.
- (2) greenhouse crops.
- (3) mushrooms, fruit or vegetable crops.
- (4) cover crops.
- (5) winter or spring grain crops which had been planted by December 31, 2003.

Exclude the value of inputs to:

- (1) crops already harvested and on hand (these crop values should be recorded in item 4a).
- (2) crops such as Christmas trees, fruit trees, etc. where the value of the crop is included in the value of the land.
- (3) mature crops not harvested by December 31, 2003 due to weather or market conditions. An estimated value for these

crops should be recorded in item 4a if they were originally intended for harvest as of December 31, 2003.

Item 4f Trucks and Cars Owned

Record the end-of-year (on Dec. 31, 2003) estimate of the market value of the farm share of trucks and cars owned by the operation

Item 4g Tractors, Machinery, Tools and Equipment Owned

Record the end-of-year (on Dec. 31, 2003) estimate of the market value of the farm share of tractors, machinery, tools, equipment and implements owned by the operation.

Item 4h Stock in Farm Credit System

Record the value on December 31, 2003, of the stock the operation owns in the Farm Credit System and all other farm cooperatives. Be sure to include the value of shares received during the year in lieu of dividends.

As a condition of obtaining a loan, the Farm Credit System has requirements for a borrower to purchase stock in the Farm Credit System. The value of the stock in reported here.

Item 5 Amount Owed To The Operation

Amount Owed on December 31, 2003 (End-of-Year)

Record the total amount owed to the operation as of December 31, 2003, for all commodities sold or delivered in 2003 or previous years.

In the case of pooled commodities or other sales through cooperatives, etc., record the operator's best estimate of the income the operation will receive in future years from crops, livestock, poultry or products sold or delivered in 2003 or earlier years.

Note that the amount owed to the operation for past sales and the value of commodities held in inventory are related to the figures reported in earlier sections on production, the amount (of crops) already used on farm, or the quantity (of livestock) sold, and to the sales data reported previously.

If the commodity was produced in 2003, but neither sold nor already used on farm, it should be in inventory and the value should have been recorded as end of the year inventory earlier in this section in item 2c. If the commodity was sold, but the revenue was not recorded earlier, then the amount of money owed to the operation for these sales goes here.

Amount Owed on January 1, 2003 (Beginning-of-Year)

Record the total amount owed to the operation as of January 1, 2003 for all commodities sold or delivered in 2003 or earlier years. In the case of pooled commodities or other sales through cooperatives, etc., record the operator's best estimate of the income the operation expected to receive in 2003 and future years from crops, livestock, poultry or products sold or delivered in 2003 or earlier years.

Item 6 All Other Farm Assets

Record the operator's best estimate of the market value of all other assets of the farm/ranch, using the Value Codes in the Respondent Booklet. Refer the respondent to the list of items in the respondent booklet labeled, "Other Farm Assets".

Include the value of:

- (1) cash, bonds, certificates of deposit, savings and checking accounts belonging to the operation.
- (2) money owed to the operation (other than that reported in item 5).
- (3) quotas and allotments owned by the operation, if these values are not reflected in the land values reported in item 1.

Exclude the value of:

- (1) assets for which values were obtained earlier in the questionnaire.
- (2) personal assets.

Section I - Debt

Item 1 Seasonal Production Loans

This item includes only loans taken out in 2002 and entirely or partially repaid during the year. For example, if an operation took out a \$100,000 operating loan and had repaid all but \$20,000 by the end of the year, record \$80,000 in item 1 as the maximum loan amount taken out and repaid during 2002. Record

the \$20,000 debt balance in the item 3 table, entering code '1' in column 4.

Item 2 Screening for Debt

In most situations, the operation will have debt. Debt can usually be tied to specific assets. It is unusual for an operation to not have any debt, so if the answer to this item is NO, make a good note before skipping to Section 22. PROBE to determine if the operation had any loans at the end of 2003 against any livestock, machinery, or farm real estate. If the operator has multiple operations, include debt for only this operation.

Item 3 Debt By Lender

V1 only

If the operation had debt at the end of 2003, the table in this item must be completed. Include debt on the operator's house if it was owned by the operation.

Start completing the table by asking about the largest loan. Work across the columns in the table for each loan, starting with the largest loan owed and working down to the smallest loan owed, for up to five loans. Be sure the respondent includes debt secured by the operation's assets, even if the loan was for non-farm purposes.

Column 1 Lender

Refer the respondent (and yourself) to the list of Lender Codes in the Respondent Booklet.

There is no need for the respondent to report specific firms or persons with whom he/she has loans, such as 'First State Bank of Iowa' or 'my mother-in-law'. By encouraging the respondents to use the RESPONDENT BOOKLET, you are assuring them your interests are in obtaining what types of loans are typical in their state not where they personally have particular debts.

Enter the code for the lender to whom the operation owed money. If more than one loan is owed to the same lender, record the loans separately if possible.

Report as Farm Credit System debt (code 1) any loans from the Federal Land Bank Association, Production Credit Associations, Agricultural Credit Associations, or any other organizations through which Farm Credit System loans

are made.

USDA's Farm Service Agency (FSA) has taken over the lending functions of the former Farmers Home Administration (FmHA). FSA provides credit to farm operators through direct loans and through guarantees of loans made by private lenders. Use code 2 only for direct loans made by the former FmHA and/or the new FSA. For loans made through private lenders but guaranteed by FSA, use other codes, such as 5, 6, and 7, etc.

Exclude loans made on the cash value of the borrower's life insurance policy from debts owed to life insurance companies (code 7). Record this type of loan under "Any Other Lenders" (code 15).

Report as contractor debt (code 11) any loans from corporations, cooperatives, partnerships, individuals, or other organizations for which this operation produces or markets any commodity or product under contract. Poultry and other livestock contractors frequently provide financing for the construction of facilities and for the purchase of feed and other inputs. Similarly, fruit and vegetable processors often finance seed, specialized machinery, and packing and on-farm processing facilities for producers who grow for them under contract.

For code 12 and code 13, lenders are individuals; however, there is a difference in the two types of loans. For code 12 (individuals from whom land in the operation was bought under a mortgage or deed of trust) title to the land transfers immediately. For code 13 (individuals from whom land in the operation was bought under a land purchase contract) title to the land transfers after a specified portion of the purchase price has been paid, or after a certain amount of time has passed.

Report credit card debt (code 16) only for credit card balances outstanding at the end of the year. The farm press frequently reports on the dangers farmers face in charging feed, seed, and other inputs on credit cards to gain frequent flier miles and other affinity program benefits, with the intention of refinancing these purchases during the credit card grace period. Exclude credit card purchases that were paid from an equity credit line or rolled into other debt before the end of the year. The balance owed to the bank, or other lender, should be reported in the table instead. Exclude credit card purchases that were paid in full before the end of 2003.

Include as other debts (code 17) the farm share of all unpaid bills.

Column 2 Balance Owed

Record the 2003 end-of-year balance remaining to be paid. Include both principal and unpaid interest which was delinquent.

Exclude future interest that will be owed. Only include any interest which was unpaid and/or delinquent. Exclude accrued interest that was not delinquent.

Column 3 Interest Rate

Enter the interest rate associated with the loan balance recorded in column 2. Rates should be entered to the nearest hundredth of a percent, such as 10.25, 9.50, 8.00 or 6.75 percent. You can have debt recorded in column 2 with a zero percent interest rate if no interest is charged. This is most common with very short term debt, although it is sometimes found with debt owed to family members. Write a note of explanation whenever the interest rate is zero.

Column 4 Loan Type

Select one of the three choices in the "Loan Types" list above table that best describes the type of loan that the respondent has.

Production loans refer to seasonal loans that farmers typically borrow to finance the production of a commodity, and repay when the commodity is sold.

Nonreal estate loans (longer than one year) refer to machinery, equipment, and breeding livestock loans that the farmer will repay over a number of years.

Real estates loans refer to loans secured by farmland. These loans may be for any purpose, but typically are repaid over a period of 10-20 years.

Column 5 Year Obtained

Enter the four digit year (1980, 1992, etc.) in which the operation obtained the loan or the most recent year of refinancing. For annual lines of credit, enter the year the line of credit was first established even if it was repaid each year.

Column 6 Percent for FARM Purposes

If the loan was obtained entirely for farm purposes, this item should be 100. If part of the loan was used for non-farm purposes, enter the percent of the original loan which was for farm purposes.

Column 7 Purpose of Loan

Ask column 7 for all loans. Respondents have eight choices for the purpose of the loan.

- (1) Purchase land/machinery/etc - record this purpose for any loan which was used to make new purchases for the operation.
- (2) Refinance, existing debt only - the operator refinanced an existing loan to pay off debt. The operator may have chosen to refinance to obtain a lower interest rate.
- (3) Refinance, existing debt and cash - the operator refinanced an existing loan to pay off debt. In addition to maybe obtaining a lower interest rate, the operator received cash from equity to use for other expenses.
- (4) Farm related equity loan - the operator took out an equity loan for a farm-related purpose. This loan did not involve the refinancing of any existing debt.
- (5) Household expenses - the operator borrowed money to help pay for household expenses such as: food, utilities etc.
- (6) Nonfarm business investment - the operator borrowed money to invest in a business venture other than the farming operation that you are collecting information on.
- (7) Nonfarm home/auto purchase - the operator borrowed money to purchase a home or automobile that is not used for farming purposes.
- (8) Other - Any other loan that does not apply to the first 7 categories.

Column 8 Loan Guarantee

Ask the farm operator if the loan you are referring to is guaranteed. If it is, then record a "1" in the first column if Item 8. If the answer is yes then select the best option (2,3,4 or 5) from the list of guarantee entities that best describes the situation.

Item 3a,3b,3c Money Borrowed

V2,V3,V4 only

For these versions, report the total debt owed on 3a) production loans, 3b) nonreal estate loans, and 3c) real estate loans. These rows correspond to individual loans that would have been coded 1, 2, and 3, respectively, in column 4 of the Debt by lender table in the CRR(Version 1).

For each of the loan types in items 3a, 3b & 3c the corresponding columns in the table that follow each correspond to a column in item 3 of the CRR(Version 1) questionnaire as follows:

COP Questionnaire	CRR Questionnaire
Column 1	Column 2
Column 2	Column 3
Column 3	Column 6

Estimate weighted average interest rates and farm shares for each type of loan. (For example: The respondent reports 2 machinery loans, \$100,000 @ 5 %, and \$50,000 @ 10 %. Record \$150,000 in 3b, col 1, and 6.67% in 3b, col 2).

Item 4 Additional Debt

Space is provided to record details of five loans in the item 3 table. If the operation had more than five loans with balances outstanding at the end of 2003, enter the number of loans in addition to the five identified in the table.

Item 4a Amount of Additional Debt

If the operation had more than five loans with balances outstanding at the end of 2003, enter the total amount of outstanding debt not recorded in the table. Include both principal and unpaid interest which was delinquent.

Item 5 Debt owed for Operator's Dwelling

This should be the portion of debt from all of the loans listed in item 3 and 4a that is specifically for the operator's dwelling. If the operator's dwelling is owned by the operation, debt should have been included above.

Section J & K - Farm Operator and Household

The economic well-being of farm households is affected not only by income from all sources-- farm and non-farm-- but also by the debt they owe and by whether income can adequately support the basic needs of the farm household without having to draw down assets or sell the farm.

Information on the economic well-being of farm households is needed to evaluate the effect of current and proposed policies that affect farms and rural areas. The questions in these sections provide data to learn about the relationships between farm people and their farms. No other source of data is available to illustrate how the financial situation of the farm and farm household varies among operators and households. The characteristic questions asked here in Sections J and K—including legal status—provide the data needed to classify farms, operators, and households into specific groups, such as full-time farmers or retired farmers.

Knowledge of age, race, education level, and gender helps USDA determine the impact of characteristics previously shown to affect the economic well-being of the individual and the household. The relationships among the financial situation of the farm business, household members and off-farm employment is addressed by asking about major occupation, and other questions about off-farm employment. These data help us provide a perspective about how important non-farm jobs are to farm families and rural areas.

With recent changes in how the Federal government provides assistance to farms, it is more important than ever to monitor how farm households adjust to changes in farm programs. Off-farm income is important to many farm households. Many farm operators and/or other members of the farm household work at least some days off the farm. It is necessary to know the income received by the household members to describe the relative importance of off-farm income to the economic well-being of the farm household. Some farm families also receive income from previous investments. Others receive retirement benefits from pensions or Social Security.

Past analyses of off-farm income data have been used by the Office of Management and Budget to help analyze proposed farm legislation. Using ARMS data, USDA looked at the proposal to limit farm program payments to farm operator households making \$100,000 or less (in off-farm income). More than a quarter of the 2.1 million farms in the U.S. had at least one individual who received direct government farm program payments. But from the ARMS we found that only 2 percent of those who receive payments had off-farm incomes over \$100,000. These data were used by lobby groups, media and farm groups, as well as government officials. The collection of off-farm employment data will continue to be important as government decides how to allocate federal funds to agriculture.

Information is collected on assets and debt of the farm household not connected

to the farm business. Non-farm assets and debts also affect the economic well-being of the farm household. Non-farm debts must be paid from the farm household's income. The extent to which non-farm assets are available and non-farm debt exists is part of the household's overall financial status.

Policy officials within USDA as well as members of Congress have an interest in how the incomes of farm families compare with the incomes of non-farm families.

Traditionally, farm family incomes have been estimated by adding off-farm income to the net income produced by the farm. USDA believes it is no longer accurate to estimate the income of farm operator families in this manner because of the complexity of today's farm businesses.

The traditional procedure ignores that many farms support more than one family. Income sharing among partnerships and farm corporations are obvious, but many individual proprietorships also support multiple households. To correctly estimate the operator household's share of net farm income, we ask how many other households shared in the net income of the farm operation and what percentage of the net income did the operator receive. Answers to these two questions are critical to the development a correct estimate of income for farm families.

Also, in today's agriculture, it is fairly common for farms to have contractual arrangements to produce products for another farm or person. Assigning the contractor's net income to the farm operator would greatly overstate income and make farm families appear better off financially than they in fact are.

A key function of management is planning: how the farm will be organized, what to produce, how to produce it, what type of machinery and equipment to use, whether to hire labor, and how to market commodities or products produced on the farm. Once plans are developed farmers have to decide how to implement the plan and then they are responsible for following up to determine how well the plan worked. This follow up is one way that farmers exercise control over their businesses. A key to a farm's competitiveness is the adoption and use of cost effective practices by producers. Information about farmers' attitudes toward acceptance or mitigation of risk through the use of a variety of management strategies such as insurance or diversifying crop or livestock production will be combined with information on the use of emergent technologies such as genetically modified seed and precision planting, chemical applications and harvesting practices, use of niche and other marketing approaches, to analyze farm cost structure, performance, and efficiency.

Data on household expenditures are used for two important reasons: (1) the estimate is incorporated in the Index of Prices Paid, and (2) it is necessary to know how much is spent on family living to develop an estimate of farmer's debt repayment capacity. Family living expenses are deducted from net income to determine how much is left over to replace equipment and to repay outstanding debt. The relationship between household income and family living expenses also provides information about how farm families have had to adjust given changes that we have observed in prices received for crops and livestock, in production, and in the costs for inputs such as fertilizer, fuel, feed, and labor.

Section J - Farm Operator

Item 1 Individuals involved in the day-to-day decisions

Record the number of individuals that were involved in the day-to-day decisions for this operation. Enter the number of operator(s), including the operator listed on the front of the questionnaire.

Item 2 Legal Status

In this item we want to record the operation's legal status. This does not mean how decisions are made for the operation on a day-to-day basis. Therefore, the answer to this question may be different than the answer to the question on day-to-day decision-making in the screening section of this questionnaire. Responses to this question are used to classify farms into individually operated farms and farms that are operated by multiple people or households.

Individual (Sole or family proprietorship)

This type of operation exists when one person (operator) is responsible for making management decisions for the operation. Include partnerships which are NOT LEGALLY ESTABLISHED.

Legal Partnership

Two or more individuals are LEGALLY joined together to carry on the operation. Each partner contributes money, property, labor or skills and shares in profits or losses according to some percentage agreed upon by the partners. To be recognized as a partnership, the relationship of the partners must be LEGALLY established. Husband and wife partnerships should be classified as individual/family proprietorships unless they are legally established. Exclude joint operations which involve livestock only (with no land operated in partnership) and landlord-tenant arrangements.

Family-held Corporation

This is a legal form of incorporation in which more than 50% of the stock in the operation is owned by people related either by blood or by marriage. The operator of these operations may be paid a salary, but these operations usually report that day-to-day decisions are made by an individual or by partners.

A Non-family Corporation

This is a legal form of organization separate from its owners. It is created under the laws of individual states. For these operations, the operator is almost always considered a hired manager.

Other

If this operation is any other kind of organization not readily classified in the above-mentioned categories, enter code "5". Some examples are:

- a. Estate-- Undivided property still in, or subject to, probate.
- b. Trust -- The farm is operated by a person as trustee for someone else who is not of age, or may be in a hospital, institution, or is otherwise unable to carry on his/her own business. Estate or trust may be further defined as a property administered for the benefit of another individual or organization. Estate or trust may also be defined as a fund of money or property administered for the benefit of another individual or organization.
- c. Cooperative -- this place is operated as a cooperative. It is defined as an incorporated or unincorporated enterprise or association created and farmed jointly by the members.

Item 2a Stockholders

V1 only

This question is only asked if item 1 above is a code "3" or "4".

Indicate with the appropriate code (1=Yes or 3=No), whether the corporation has more than 10 stockholders.

Operator and Partner Characteristics

The operators are those persons responsible for the day-to-day management decisions for this operation, including hired managers. In the event there is more than one person involved in the day-to-day decisions, three columns have been provided to record their names and characteristics. The principal operator will be listed first. Often this is the senior person that lives on the operation or the designated spokesperson for this operation.

Item 3 Year Operator began to Operate

List the four-digit year that the operator(s) first began farming on any farm.

Item 4 Age of Operator on December 31

This question gives us the chance to look at the financial situation of the farm as it

relates to the operator's age. Enter the age of the operator(s) on December 31, 2003.

Item 5 Sex of Operator

Indicate if the operator, listed at the top of each column is male or female.

Item 6 Activities Performed for the Farming Operation

For each of the activities listed ask if the operator and if any partners participated in these activities. If so, put a "1" in the column next to the activity. This helps to determine if individual operators specialize in particular activities.

**Item 7 Principal Operator's Spouse
V1 only**

If there was a 2nd or 3rd operator involved in the operation for questions 3 - 6 then ask if either operator 2 or operator 3 was the primary operator's spouse. If so, enter the appropriate code (2 or 3) in the response box and then skip to item 11. If not, leave the box blank and proceed to item 8.

Item 8 Spousal Involvement in Day-to-Day Decisions

This question determines if the operator's spouse is also an operator, defined as making day-to-day decisions for the farm or ranch. The purpose of this question is to determine the extent to which multiple people are involved in making management decisions for the farm and will be used to help provide a broader understanding of how involved spouses are in the day-to-day business of running the farm.

If the operator and spouse are separated and the spouse does not depend financially on the operator's household, the code 2--'No Spouse'--should be used.

**Item 9 Year Spouse Began Making Day-to-Day Decisions
V1 only**

Enter the four-digit year in which the primary operator's spouse began making day-to-day decisions for the operation.

**Item 10 Spouse's Age on His/Her Last Birthday
V1 only**

Ask how old the operator's spouse was on his/her last birthday.

Item 11 Major Occupation

We consider major occupation to be the occupation or work at which an individual spent more than 50% or more of his or her work time in 2003. Some farmers may call themselves retired because they are farming on a smaller scale than when they were younger. Other people who have retired from an off-farm job and now farm on a small scale may also call themselves retired. Record what the respondents consider themselves to be. If the principal operator has a spouse, ask for both the operator and the spouse.

Item 11a Was Non-Farm Work Your Career Decision

If the answer to item 11 was "4", ask if non-farm work was the primary career decision of the operator and/or spouse. The question helps distinguish between respondents who chose an off-farm occupation and respondents who need to work off the operation for financial reasons.

Item 12 Highest Level of Formal Education

This question provides the data for a look at the operation's financial situation as it relates to the education of the operator and spouse.

Enter the code representing the highest level of school completed by the operator and spouse. Vocational school, secretarial school, etc. should not be counted as formal education unless the credits can be transferred to a college or university. An associate degree should be recorded as some college.

Item 13 Race or Origin

Refer the respondent to the list of Race Codes in the Respondent Booklet. The purpose of this question is to examine the relationship between the financial situation of the operation and the race or ethnic origin of the operator and spouse. Place a "1" in the column across from each race that applies. If more than one race applies then multiple 1's may be entered.

Item 14 Raised on a Farm

V1 only

This question is asked to measure the farm-related work experience of the farm operator. Experience in farming can be an important indicator of financial success on the farm. Enter a code "1" if the operator and/or the spouse were raised on a farm. Use the operator's and spouse's definition and opinion of what "Raised on

a farm” means to them.

Item 15 Number of People in the Household

This question provides information about the number of people who depend on the farm for income and are affected by its current financial situation. Record the total number of people living in the operator’s household on December 31, 2003. Include the operator, spouse, children, and others living in the household. Also include those who are dependent upon the household for support, whether they are living in the household or not. Students who are away at school should be counted, if they depend upon the farm household for support.

Item 16 Minors in Household

V1 only

Of the number of people living in the operator’s household (item 15), record the number for each age group of children. For each age group, a farm household can make different decisions depending on the needs of the dependents. These items provide vital information on the composition of the farm family itself with its attending demand on the time available to the operator and to the spouse for non-home production activities and on added expenditures. For example, farm families reporting children younger than six years old will need a parent to stay home to provide needed care (or have access to another source of care) thus diminishing the amount of available time for non-home productive activities. For parents with young children who opt to work outside the homes (either on- or off-farm), there will be the extra expenditures needed to cover the cost of day care, leaving the farm family with less disposable income.

Item 17 Senior Citizens in Household

V1 only

Excluding the operator and spouse, record the number of household members that were 65 years or older. The farm operator’s decision making can be different if older dependents are a part of the household.

Item 18 Distance to nearest town with 10,000 or more People

V1 only

The relationship of farm operator’s and the distance to larger communities is being studied. Some farm households have limited access to medical care, shopping and other resources that a larger community could provide. Responses to this question also indicate how isolated the farm is from potential off-farm employment. Farms located too far away from towns with relatively sizeable population may have operators and spouses who are less inclined to participate in

off-farm employment, thereby diminishing the potential for increased household income.

Input Acquisition Strategies

Pre-purchasing or contract purchasing of inputs is a management strategy that has become increasingly popular among farmers. This strategy is used to reduce the risk of higher input costs due to rising input prices during the spring planting season when most inputs are used. For example, during the early part of 2003 nitrogen fertilizer prices increased dramatically as the result of higher prices for natural gas, the major input for producing nitrogen fertilizers. Farmers who pre-purchased or contract purchased nitrogen fertilizer prior to the first of the year (Jan. 2003) paid considerable less than farmers who waited until the planting season to purchase the inputs. Farmers also pre-purchase inputs as a means of reducing their taxable income in a given year.

Item 19 Input Acquisition for the 2003 Crop Year

If crops were not harvested on the farm in 2003, skip to Item 23.

This section refers to inputs used on all crops produced as part of the 2003 crop year (i.e., crops harvested in 2003). For each of the input categories listed in columns 2-6 (seed, nitrogen fertilizers, mixed fertilizers, crop chemicals, crop fuel), report the percent of the input that was purchased in each period indicated in column 1. Report the input as purchased in the quarter that the price was established, which may not be the same quarter as when the input was delivered to the farm or when the input supplier was paid. The percent purchased should be estimated by the total quantity of the input purchased. Crop acreage, input expenditures, or input use may be used to approximate the quantity of input purchased if necessary. The percent reported in each of the columns (2-6) should sum to 100. Exclude homegrown inputs such as seed saved from the previous year and manure.

The most common types of nitrogen fertilizers are anhydrous ammonia (AA), urea ammonium nitrate (UAM), and Urea. Other examples include aqua ammonia and various nitrogen solutions (28%, 30%, etc.). Mixed fertilizers are those that include a combination of nitrogen (N), phosphorus (P), and/or potassium (K).

Item 20 Purchase of Nitrogen Fertilizer

Refer to item 19 to determine if any nitrogen fertilizer was purchased prior to

January 1, 2003 (i.e., positive data in item codes 1301 or 1306). If so, record the code that indicates the primary reason why the farmer purchased nitrogen fertilizer prior to January 1, 2003. This data indicates the particular management strategy that the farmer was using with his input purchasing decision.

Item 21 Non-Purchase of Nitrogen Fertilizer

Refer to item 19 to determine if any nitrogen fertilizer was purchased prior to January 1, 2003 (i.e., positive data in item codes 1301 or 1306). If not, record the code that indicates the primary reason why the farmer did not purchase nitrogen fertilizer prior to January 1, 2003. This data indicates factors that may limit a farmer's ability to pre-purchase or contract purchase inputs. If the farmer did not use nitrogen fertilizer, enter code 5 for other.

Note: All producers will answer either item 20 or item 21, but no producer will answer both items.

Item 22 Management of Nitrogen Fertilizer on Your Farm

Refer to item 19 to determine if any nitrogen fertilizer was purchased for the 2003 crops after January 1, 2003 (i.e., positive data in item codes 1311, 1316, 1321 or 1326). If so, record responses to questions about how farmers responded to the higher nitrogen fertilizer prices relative to what they would have done otherwise.

The objective of this section is to examine how those farmers who did not pre-purchase all of their nitrogen fertilizer were affected by the higher prices, and to determine what types of farms were most affected by the higher prices.

Item 22a Reduced application rate

If the application rate of commercial nitrogen fertilizer on any crops produced in 2003 was reduced compared to what would have otherwise been applied, enter code '1' for YES.

Item 22b Increased use of manure or other organic fertilizers

If the amount of manure or other organic nitrogen fertilizer sources was increased on any crops produced in 2003 compared with what would have otherwise been applied, enter code '1' for YES.

Item 22c Changed type of fertilizer products

If the operator changed the type of nitrogen fertilizer products that were applied on any crops in 2003 from what would have otherwise been applied, enter code '1' for YES.

Item 22d Changed crop mix

If the operator changed the crop mix planted in 2003 compared with what would have otherwise been planted, enter code '1' for YES.

Item 22e Managed fertilizer more carefully

If the operator took steps to manage nitrogen fertilizer more carefully on any crops in 2003 compared with how nitrogen fertilizer would have otherwise been managed, enter code '1' for YES. If YES, ask about practices used to manage nitrogen more carefully.

Items 22e(1)-(4) Practices used

Report which practices were used to manage nitrogen fertilizer more carefully on any crops produced in 2003.

Farm and Household Spending Decisions

Items 23, 24, and 25 are linked, and gather data on the choices producers make when faced with farm-type and household-type spending decisions. These data will help us analyze farm operators' use of additional funds to meet farm operation and/or household needs. Two versions of question 23 exist, and the version used by the enumerator is determined by how the producer responds to Section E, item 2.a. If the respondent reports that in 2003 they received Direct Payments, then the enumerator reads question 23. If the respondent reports that in 2003 they did not receive Direct Payments, read question 23a.

Item 23 Fixed Direct Payments or Production Flexibility Contracts

This question will be used to assess how operators receiving Direct Payments generally allocated the payments among farm and household spending. Consider as Direct payments only those defined as "Direct payments" under the 2002 Farm Act, and reported in Section E, question 2.a. These payments are based on past production and unrelated to current production of government program

commodities. If payments received were allocated exclusively to farm uses, enter "1" in box 1341 and go to item 24. If payments were allocated exclusively to household uses, enter "2" in box 1341 and go to item 25. If payments were allocated to some combination of both farm and household uses, enter "3" in box 1341.

Item 23a Unexpected Payment of \$10,000

For respondents who did not receive Direct Payments in 2003, we ask them to answer the same set of questions posed to Direct Payment recipients. Enumerators should pose Item 23a as a "hypothetical" question of how the respondent would spend \$10,000 if they were to receive this amount annually for six years. Enumerators may want to call this payment a "windfall" payment such as a lottery payment or an unexpected inheritance. If payments would be allocated to farm uses, enter "1" in box 1341 and go to question 24. If the payment would be allocated exclusively to household uses, enter "2" in box 1341 and go to item 25. If the payment would be allocated to some combination of both farm and household uses enter "3" in box 1341.

Item 23a (1) &(2) Share Allocated Toward Farm or Household

If the payments reported in Item 23 or Item 23a would be allocated to some combination of both farm and household uses, enter "3" in box 1341, then enter the percentage allocated to the farm in box 1342 and the percentage allocated to the household in box 1343. If a "3" is entered in box 1341, boxes 1342 and 1343 should sum to 100.

Item 24 Allocations to the Farm

Direct payments (or \$10,000 unexpected payment) allocated to farm. Only ask this question if respondent enters "1" or "3" in box 1341. Ask the respondent to divide up all payments going to the farm among five alternative uses. Enter percentages from 0 to 100 for all sub-items in Item 24 to show how allocations are divided among farm uses, including the share of payments going to paying operating costs for the farm, renting land for the farm, paying for capital purchases for the farm, buying land for the farm, and reducing the principal on farm debts. Percentage allocations across the five choices should sum to 100.

Item 25 Allocations to the Household

Only ask this question if respondent enters "2" or "3" in box 1341. Ask the

respondent to divide up all payments going to the household among five alternative uses. Enter percentages from 0 to 100 for all sub-items in Item 25 to show how allocations are divided among household uses, including the share of payments going to family living expenditures, maintaining cash reserves, purchasing stocks, bonds, or other financial assets for the household, buying non-farm real estate or making home improvements for the household, or paying down household nonfarm debt. Percentage allocations across the five choices should sum to 100.

Crop Mix and Planting Decisions

Producers may take into account one or more factors when making decisions such as which crops to plant and how much of their total acreage to plant in any year. An analysis of the factors that are most important to producers will help in the evaluation of the effects of current farm and commodity programs and for the design of future commodity and other farm programs.

Item 26 Crop Allocation and Planting Decisions

Show the response codes for Item 26a-26j to be used reinforcing the idea that an answer of "1" will be interpreted as a very important determining factor to the respondent, an answer of "5" will be interpreted as not at all important in determining decisions, and an answer of "3" will be interpreted as neutral, neither important or unimportant in determining the respondent's production decisions. Read each item individually to the respondent, following a pattern where you read the question and code the response individually. It may be important to read each item more than once until the respondent is comfortable with the style of question.

Risk Management

Measuring farmers' risk attitudes is an important and relevant issue. Legislation requires that USDA collect information that allows for conducting analysis of the affects of this policy change on American agriculture. Rating scales of risk management questions have been developed for the purpose of finding out how much risk farmers are willing to take.

Item 27 Management Issues, Agree or Disagree

This question should be asked of all respondents. The following questions collect information about farmers' attitudes towards management of risks that are

acceptable or mitigation of risks that are not acceptable.

Show the respondent the list of Agree/Disagree codes in the Respondent Booklet, reinforcing the idea that an answer of "1" signifies that the respondent strongly agrees with the statement as it applies to his or her operation, an answer of "5" signifies that the respondent strongly disagrees with the statement, and an answer of "3" will be interpreted as neutral, neither important or unimportant in determining the respondent's production decisions. Ask each of the items (27a-n) individually and record the appropriate code indicated by the respondent in the appropriate box. It may be necessary to read each item more than once until the respondent becomes familiar with this type of question.

Item 28 Income and Net Worth Statements

Many successful farming operations keep track of the income and expenditures of the business through income and net worth statements. This helps farm operators analyze business performance in relation to short and long term plans. Additionally, this is a management strategy that keeps farmers from over spending and borrowing beyond their debt repayment capacity.

This item begins as a yes/no question using a check box. If the respondent prepares income and net worth statement, ask whether they are used to evaluate the business performance of the farm. If the respondent asks, use the following definitions for income statement and net worth statement: Income statements include a calculation of gross revenues, expenses, and net farm income. Net worth statements (or statement of owner equity) show the value of owner(s) interest in the operation. It is calculated by subtracting the total of the claims of creditors from the total from the value of assets. Data on assets and debt are collected in Sections H and I, respectively. Note that this question relates to the use of any accounting method to formulate income statements and net worth statements, rather than the specific valuation methods used in preparing the statements.

Item 29 Advice about Your Operation

Farm operators and ranchers seek new information/advice on various activities of farming through different sources. This information is necessary for the competitive edge and profitability of the business. Many farm production, marketing, organizational, and management decisions are made either with the partners/owners in the business or in consultation with farm management services.

The purchase of paid professional and farm management services is covered elsewhere in this survey (Section F, item 31). The network of contacts that some producers may include professionals or other farmers who provide the farm with consulting or advice on farm management. This network may include, but may not be limited to bankers, veterinarians, machinery and input distributors, cooperative extension agents, neighbors, and the Internet.

Farm operators and ranchers seek new information/advice on various activities of farming through different sources. This information is necessary for the competitive edge and profitability of the business. Many farm production, marketing, organizational, and management decisions are made either with the partners/owners in the business or in consultation with farm management services.

If the operation obtained advice about organization and/or operation of farm/ranch from people outside the ownership team record a code "1".

Section K Farm Household

Item 1 Screening for Hired Manager

The questions in this section are only asked of operators who are NOT hired managers. By hired manager, we mean how this operation is managed on a day-to-day basis (not the legal status).

If the operator is the hired manager for this operation, enter a code "1" and go to the Conclusion on the back page. For the Corn version, if the operator is the hired manager for this operation, enter a code "1" and go to Section L.

If the operator is not the hired manager for this operation, enter a code "3" and continue with item 2.

ENUMERATOR NOTE: If the operator has a spouse, answer columns for both the operator and spouse where applicable.

Off-Farm Work and Income

These questions are used to gauge the amount of operator's and/or spouses off-farm work. The respondent should consider both self-employment and work for others when answering whether the operator worked off-farm. Many farm operators may have to work off the farm to support their farming operations. The purpose of these questions is to evaluate the impact of off-farm work on the financial situation of the farm and farm households. Off-farm work opportunities have become critical to the survival of most farm families. Off-farm employment includes jobs for which wages, salary or self-employment income was earned. Include as off-farm employment any custom or contract work done on another farm if it is not considered part of this farming operation (if separate books are kept). Also include ownership or management of any off-farm business if the operator contributed hours (not just equipment or money).

Item 2 Off-Farm Work

If the operator and/or spouse had a non-farm job at any time prior to starting

their farm operation enter "1" for item 2 and continue to items 2a.

If the operator and spouse did not have an off-farm job, go ahead and ask Item 2a as well.

Item 2a Reason for becoming a Farm Operator

Many farms are operated by beginning farmers. Although it is traditionally believed that beginning farmers are taking over a family operation and run the farm as a business, often this is not the case. There are many reasons cited for why producers begin farming, and many reasons for why a spouse might join as an operator. Ask the respondent what their primary reason for becoming a farmer was, and mark their answer. Note that the operator and spouse may enter farming for different reasons.

Item 3 Off-Farm Work During 2003

If the operator and/or spouse had a non-farm job at any time during 2003, enter "1" for item 3 and continue to items 2a & 2b.

If the operator and spouse did not have an off-farm job, enter a code "3" and skip to item 8.

Item 3a Weeks Worked Off the Farm

Record the number of weeks the operator and/or spouse worked off this operation for pay in 2003.

Item 3b Average Hours Worked Per Week

For the weeks the operator and/or spouse worked off this operation for pay in 2003, record the average hours worked per week. If the operator and/or spouse had more than one job, include average hours for all jobs combined. For example, if an operator worked 10 hours per week on one job and 20 hours per week on another, the average number of hours worked per week would be 30 hours.

Item 4 Type of Work Performed

The purpose of this question is to organize and make understandable the many occupations that farm operators are involved in outside of the farm. If either the operator or the spouse worked off the farm, ask them to pick the type of work that they did in 2003.

Item 5 Mileage Traveled to Off-Farm Job

This question will help in assessing what is called 'transaction costs' of off-farm employment. Farm operators who live on farms that are far away from major towns where off-farm employment is centered may not only have higher transportation costs than those operators who live closer to these towns, but the additional commuting time and transportation costs may be a substantial disincentive for long-term off-farm employment.

Item 6 Years Worked Off-Farm Job

This question addresses whether farming activity is secondary to off-farm employment or whether it is, or has been for a number of years, the main source of income for the farming household.

Item 7 Reason for Working Off the Farm

The purpose of this question is to evaluate whether farm operators and/or their spouses work off-farm to supplement farm incomes, or whether they work for the purpose of securing fringe benefits that might otherwise be unavailable to them.

Item 8 Off-Farm Income

The amount of off-farm/ranch income available to farm households is sizeable. To understand the economic situation of agriculture, it is important to know how much outside income is available to farm/ranch households. The breakout of cash income received is requested to assure that cash income reported on each response will have the same definition. The request for income by operator, spouse, and other household members as source recognizes that there can be multiple sources of income for the household by each household member, and that the contribution of each should be included. The request for income received by source of income including wages, salaries, income from operating any other business, cash or share rent, interest and dividends, social programs, and other sources recognizes that there are a multitude of possible sources for income a wage earner may receive depending upon their personal situation. The breakout is to assure that income from each of these sources is considered by each respondent. This also allows us to analyze how the composition of income may be affected by differences in operator or farm characteristics. Also, this detail allows us to analyze how the composition of income may change as wage earners move through their life cycle. This allows us to more accurately assess the financial health of the farm household.

For the eight categories of off-farm income, record the VALUE CODE that represents off-farm income for the operator and all members of the operator's household in 2003.

Include:

- (1) the operator identified in screening. If the operation is a partnership, and the responding partner cannot get this information for the partner identified as the operator in screening, the responding partner should report the information for himself/herself.
- (2) the individual identified as the operator for a family corporation.
- (3) all other members of the operator's household. If an operator lives with parents, or other adults, any income earned by these household members (Social Security, off-farm jobs, net income from other farms, etc.) must be included.

Exclude:

- (1) landlord's share.
- (2) other partners in a partnership, unless they lived in the same house as the operator.

Note that for each of these items, if no income was received, "1" must be entered. When using Value Codes a code "1" indicates zero.

Item 8a (1) Off-Farm Pay for Principal Operator

V2,V3,V4 Only

Of the amount of money reported in Item 8a ask the respondent how much of that was for the principal operator.

Item 8a (1) Off-Farm Pay for Principal Operator

V2,V3,V4 Only

Of the amount of money reported in Item 8a ask the respondent how much of that was for the principal operator's spouse.

Item 9 Other Households Sharing in Net Income

With these data we can analyze the way farm income is distributed to the farm operator's household and other households. For example, in a partnership or family corporation many farm households may share in the farm's net income. Even in proprietorships the operator may share income with another family. The sharing arrangement does not have to be a formal (legal) agreement. This is important for us to know as this directly affects the actual amount of the farm income that is realized by the operator household.

If YES, a code "1" should be entered and items 10a and 10b should be completed. If NO, a code "3" should be entered then continue with item 10.

Item 9a Number of Households that Shared in the Income

Record the number of households besides the operator's that shared in the net income of the farm operation in 2003. Do not include money paid to landlords, contractors or people who worked on the operation for wages.

Item 9b Percent of Net Income Operator Received

Record the percent of the operation's net income that was received by the operator and the operator's household. Do not include net income received by partners or shareholders of the operation UNLESS THEY LIVED IN THE SAME HOUSE AS THE OPERATOR.

Operator Household Net Worth

Economic well-being of any household not only depends on current income, but also the ability to meet consumption needs from household net worth (defined as assets minus debt). Compared to all other households, farm households are unique because as business operators and owners they have assets and debt both on and off the farm. Information on non-farm assets and debt is needed to accurately assess the economic well-being of farm families. The last time we asked these questions (in 1999) and the economy in general was doing well. However, times have changed and the well-being of all households is being affected by changing economic conditions. The level of detail obtained in items 10 and 11 allows us to compare assets with associated debt, and estimate the contribution of various investment types to household net worth.

Item 10 Value of Non-Farm Assets

This question applies to the operator's household only, not to the operator's farm business. Do not include assets of the operation reported earlier in the questionnaire. Assets of the operation were recorded in Section I. Include the

value of the operator's house here if it is owned separately from the operation and excluded from farm business assets.

Record the VALUE CODE which includes the value of assets owned by the operator and members of the operator's household SEPARATELY from the operation on December 31, 2003.

Item 10a Value of Cash, Savings, and Money Market Accounts

Record the VALUE CODE which represents the value of household assets in cash, checking, savings, and money market accounts.

Item 10b Value of CDs, Saving bonds and Government Securities

Record the VALUE CODE which represents the value of household assets in certificates of deposit (CDs), savings bonds, and other government securities.

Item 10c Value of Money owed to the Operator

Record the VALUE CODE which represents the value of household assets in the form of money owed to the household. This includes mortgage on land sold.

Item 10d Value of Stocks, Mutual Funds, Surrender Value of Life Insurance, etc.

Record the VALUE CODE which represents the value of household assets in corporate stocks, mutual funds, cash surrender value of life insurance (not the death benefit), and all other financial assets.

Item 10e Value of IRA, Keogh, 401K, and other Retirement Accounts

Record the VALUE CODE which represents the value of household assets in retirement accounts such as IRAs, Keogh accounts, 401K, and all other retirement accounts.

Item 10f Value of Operator's dwelling and other personal homes

Record the VALUE CODE which represents the value of household assets in operator's dwelling, if the dwelling is not owned by the operation and other homes for personal use.

Item 10g Value of Real Estate

Record the VALUE CODE which represents the value of household assets in real estate such as other farms, residential rental properties, commercial rental

properties, and other real estate.

Item 10h Value of other businesses

Record the VALUE CODE which represents the value of household assets in the form of other business that are not part of the farm operation.

Item 10i Value of All Other Non-Farm Assets

Refer the respondent to the list of Non-Farm Assets and Value Codes. Record the VALUE CODE which represents the value of household assets in equipment and machinery for personal use of household members, non-farm use vehicles, furnishings, and other assets owned by the operator and operator's household. If the operator or members of the operator's household owns land which was RENTED TO THE OPERATION, the value of that land should be included here.

Item 11 Non-Farm Debt

This question applies to the operator's household only, not to the operator's farm business. Do not include debt of the operation reported earlier in the questionnaire. Do not include household debt, credit cards, etc. used to finance farm business expenses. Report all such debts in Section I.

Record the VALUE CODE which includes the value of debts owned by the operator and members of the operator's household SEPARATELY from the operation on December 31, 2003.

Item 11a Mortgages on operator's dwelling and other personal homes.

Record the VALUE CODE which represents the amount of household debt, if not owned by the farm operation, in mortgages on the operator's dwelling and other personal homes. Include home equity loans, and other lines of credit secured by the operator's dwelling.

Item 11b Mortgages on other real estate.

Record the VALUE CODE which represents the amount of household debt for other real estate properties, such as residential and commercial properties, and other farms. Include any lines of credit secured by other real estate.

Item 11c Other Businesses Loans.

Record the VALUE CODE which represents the amount of debt associated with

nonfarm business loans. These businesses are independent of the farming operation.

Item 11d Personal Loans.

Record the VALUE CODE which represents the amount of household debt in the form of personal loans such as credit card debt, auto loans, medical bills, and unpaid taxes.

Item 12 Lenders for Farm and Non-Farm Needs

Farm households may or may not rely on the same lenders to meet their farm business and household credit needs. Some operations may use specialized agricultural lenders for loans for farm business purposes, and more general lenders, such as credit unions or retail store credit, for their household financing needs. This item will provide an indication of the extent to which farm operator households utilize the same lenders for both farm business and household needs.

Item 13 Financial Record System to Track Expenses

Farm households may maintain a separate system of records, or a separate set of accounts, for farm and household purposes. This reduces the commingling of business and household financial accounts, and provides a means of monitoring farm business and household income and expenses. This item will provide an indication of the extent to which operators maintain separate accounting for farm business and household purposes.

Item 14 Does Household Save or Invest on a Regular Basis

Some households choose to establish a systematic savings and/or investment plan, with contributions made at regularly scheduled intervals. These intervals may range from automatic withholdings on monthly or bi-weekly paychecks to annual contributions when commodities are sold or tax refunds are received. This item will provide an indication of the extent to which operators save and/or invest on a regular basis.

Item 15 Saving for Long-Term Goals

Some households choose to allocating savings to specific longer term goals, which could include expanding the farm business, investing in commercial or residential rental property, educating children, or providing for retirement for the operator and spouse. This item will provide an indication of the extent to which operators save and/or invest for long-term goals.

Item 16 Minimum Income Needed

Different households face different costs in meeting their basic needs, because households vary in size and composition. Because living expenses can vary regionally, the respondent should provide the total gross income (pre-tax income) needed to meet basic needs. Basic needs are those necessary for the household to meet on an ongoing basis, and should not include investments, hobbies, or other leisure activities. Enumerators may remind respondent to include income necessary for all members currently in the household, but to exclude income necessary to pay farm business expenses. The respondent should consult value codes listed in the respondent booklet.

Item 17 Spending in 2003

Household expenditures collected on Version 1 are used for two important reasons: (1) the estimate is incorporated in the Index of Prices Paid, and (2) it is necessary to know how much is spent on family living to develop an estimate of farmer's debt repayment capacity. Family living expenses are deducted from net income to determine how much is left over to replace equipment and to repay outstanding debt. Household expenditures are also collected in order to compare with basic needs reported earlier, and to construct an overall index of household well-being.

Expense and Income in 2002

Items 18-21 Pertain to Income and Expense items for 2002.

Farm sources of income will normally vary from year to year depending on both prices and local conditions affecting yield and production costs. Nonfarm source of income can also vary from year to year, often depending on changes in the general economy, changes in the employment status of household members, and changes in the size of the household. Generally, data for 2003 are collected throughout the questionnaire. In order to get a more accurate picture of farm sales, net farm income, and off-farm income we ask the respondent to provide us with items for 2002.

Item 18 Spending on Household and Living Expenses in 2002

Item 17 obtained household and living expenses for 2003. This item obtains the same data for 2002. Use the value codes at the top of the page to code respondents.

Item 19 Total Value of Farm Sales in 2002

Use the value codes at the top of the page to obtain the respondent's best estimate of the total value of farm sales in 2002.

Item 20 Net Operating Income in 2002

Use the value codes at the top of the page to obtain the respondent's best estimate of net operating income for the farm in 2002. In cases where the respondent reports a negative value for net farm income in 2002, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999.

Item 21 Total Off-Farm Income in 2002

Use the value codes at the top of the page to obtain the respondent's best estimate of total off-farm income in 2002. In cases where the respondent reports a negative value for total off-farm income in 2002, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999.

Item 22 Retirement from Work

Farmers may consider themselves to be retired from farming if their active involvement in the farming operation is much lower compared to when they were younger. Allow the respondent to answer this question according to their own definition.

Item 22a Future Farming Operation Plans

If the operator has not already retired, ask Item 22a. This question will provide important information about the characteristics of operator's who plan to retire, their farm operations, and whether or not these operations are likely to be transferred intact.

Item 23 Income from Previous 2002 Year

V2,V3,V4 Only

Ask the respondent to indicate which code represents the household income, farm/non-farm income for the previous 2002 year.

Section L - Irrigation

Versions 2, 3 and 4 Only

What's this Section for? How is the information used?

This section is only asked in Version 2, 3 and 4 (Barley, Sorghum and Cotton).

Information on irrigated agriculture is critical for USDA's Economic Research Service to assess the impact on agriculture, at the farm and regional level, of problems/conflicts associated with water quality, water policy, wildlife, and other environmental issues facing American agriculture. Irrigation data is required across crops for a farm so that economic analysis can correctly estimate all economic costs and benefits to agriculture associated with proposed policy changes that may affect American agriculture.

Item 1 Irrigation During 2003?

Enter code '1' for operations that irrigated any cropland, alfalfa, other hay or pastureland in 2003. If the operation irrigated in 2003, complete the remainder of Section L.

Include any land that was privately owned or rented and land rented from a public agency which received irrigation water as part of the farming operation for this farm in 2003. Exclude irrigation of home gardens.

If no cropland, alfalfa, other hay or pastureland was irrigated in 2003, go to the Conclusion.

Item 2 Enumerator Instruction

This item records specific crops irrigated on the operation during 2003. Refer

back to Section B, page 3. For each crop harvested during 2003, determine if it was irrigated and list the crops irrigated in Column 1. Then, for each crop irrigated, go across the table and complete columns 2 - 9 for item 2, Section L. Ask all the Column 2 - 9 questions about one crop before going on to the next crop.

Column 1 Crop

Identify each crop irrigated during 2003 in Column 1. Alfalfa, other hay and pastureland are pre-listed at the bottom of the table because they are often forgotten. Nursery and greenhouse crops may be lumped on one line. All other crops should be reported individually (up to 5 other irrigated crops, separately). If more than five other crops were irrigated, identify the four with the most acres irrigated, then lump the rest on the last line. If more than one irrigated crop is included on the last line, then the last line should be identified as "Other Crops".

Column 2 Office Use-crop Code

Record the Crop Code found in the Respondent Booklet on pages 3, 4, and 5. If you have to report more than 1 crop in the "Crop 5", then record the number: 9999 in cell #1773. The 9999 is the crop code that represents all other crops in this situation.

When all other crops are reported, record the total irrigated acres of all other crops in column 3, but skip columns 4-9.

Column 3 Harvested Acres Irrigated

Report the irrigated, harvested acreage to the nearest whole acre for all irrigated crops, except for tobacco and potatoes. Irrigated, harvested tobacco and potato acreage should be reported to the nearest tenth of an acre. Acreage irrigated of corn and sorghum/milo harvested for silage should always be recorded on a separate line from irrigated acres harvested for grain. Irrigated wheat acreage harvested for grain should be recorded by type (durum, spring or winter). Irrigated acres of small grains harvested for hay should be recorded under Other Hay.

INCLUDE (for each irrigated crop):

- (1) Irrigated acres harvested in 2003.
- (2) Irrigated acres intended for harvest in 2003 even if harvest was delayed until 2004 due to bad weather, etc.

EXCLUDE (for each irrigated crop):

- (1) Double-counting acres from second and later harvests of any crop from a single planting, for example, multiple harvests of hay, a second or third picking of cotton, ratoon crops of rice.
- (2) Irrigated acres of 2002 crops not harvested until 2003 due to weather conditions, etc.

Make sure the respondent is not reporting planted acres by crop when you are asking only for harvested acres.

Column 4 and 5 Yield and Unit Code

In column 4, record the average yield per acre for each commodity. This is the average yield on the irrigated acres actually harvested. Record the unit reported in column 5. For example, if the respondent reported an average yield per acre of 70 bushels of wheat, you would record 70 in column 4 and in column 5 you would record "4" for bushels.

If a crop is harvested more than once during the year (for example, hay or alfalfa), then sum the average yield per acre for each harvesting. For example, if a hay crop had two harvests (cuttings) in 2003, and yield for the first harvest was 1.6 tons per acre and yield for the second harvest was 1.2 tons per acre, the total yield would be reported as 2.8 tons (1.6 + 1.2).

If the operator reports yield in a unit that is not listed, be sure to record complete information about that unit, including its weight. This allows the State Office to convert the yield into a more common unit and to also evaluate if the unit reported is commonly used for the reported commodity.

Leave the yield and unit code blank if more than one irrigated crop is included on the last line identified as "Other Crops".

Column 6 Primary Irrigation System Type

Record the primary irrigation system type for each commodity. The primary irrigation system for each irrigated crop is the system used to apply the most water during the 2003 crop season for the irrigated crop's harvested acres. Be sure to have the respondent refer to the Irrigation System Code List shown on the questionnaire above the table.

Column 7 Average Inches of Water Applied Per Acre

Record the average inches of water applied per acre for the growing season for each commodity. Average applied water per acre can vary significantly across commodities, ranging from a value of 1 to as high as 70 or more inches per acre. One inch of water is equivalent to the quantity of water required to cover an acre of level-land, one-inch in depth. This is approximately 27,152 gallons. If the respondent reports applied water in terms of acre-feet per acre, multiply by 12 to obtain inches per acre.

Column 8 Percent of Acres Irrigated Using Surface Water

For each commodity, record the percent of acres irrigated using surface water (not well water). This is the percent of irrigated, harvested acres (column 3). For each commodity, the total for column 8 will be equal to or less than 100 percent.

Column 9 Percent of Acres Irrigated Using Surface Water Purchased From Off-farm Water Suppliers

For each commodity, record the percent of acres irrigated using surface water purchased from off-farm water suppliers. This is the percent of irrigated, harvested acres (column 3), not the percent of acres irrigated using surface water (column 8). For each commodity, the total for column 9 will be equal to or less than 100 percent, and equal to or less than the total for column 8.

Off-farm water suppliers may include water purchased from the U.S. Bureau of Reclamation; an irrigation district; mutual, private, cooperative or neighborhood ditches; commercial or municipal water systems. Record surface water from off-farm water suppliers as it was delivered even if the original source of water may have come from groundwater wells.

Item 3 Number of All Irrigation Wells Used in 2003

Record the number of irrigation wells used in 2003 for irrigation of the harvested crops listed above in item 2. Include all types and models actually used for irrigation and whether a crop was harvested above in item 2. EXCLUDE wells used for purposes other than irrigation and wells used only for non-farm uses. If no irrigation wells were used, go to item 6.

Item 4 Number of Wells Used With Backflow Prevention Devices

Of the number of wells reported in item 3, record the number of wells which used backflow prevention devices.

When chemicals are applied to the field through irrigation water, potential water-source contamination problems may occur due to accidental backflow of water containing chemicals, the accidental injection of chemicals, or both, into the water source. Backflow prevention devices involve the use of check valves and vacuum relief valves on the irrigation pump system that prevent water containing chemicals from siphoning into the water source when the irrigation pump stops. Backflow prevention may also involve interlocking the chemical injection system and the irrigation pump so that the injection of chemicals stops when the irrigation pump stops in order to prevent accidental injections.

If no wells with backflow prevention devices were used, go to item 5.

Item 4a Acres Irrigated From Wells With Backflow Prevention Devices

Record the number of harvested acres irrigated using water from the wells identified in Item 4.

Item 5 Number of Wells Used With Water Meter or Water-flow Measurement Device

Record the number of wells on the farm which used a water meter or water-flow measurement device.

A water meter, or water-flow measurement device (often referred to as a flowmeter), generally consists of a propeller-driven, flow-measurement device positioned in the center of the flowstream of the irrigation system's water-delivery pipe, but with an attached external flow-measurement unit (sometimes called a "totalizer") which records the total quantity of water flow. The flow-measurement unit may measure water quantity in terms of gallons, acre feet, acre inches, cubic feet, etc.

If no wells with water meters or water-flow measurement devices were used, go to item 6.

Item 5a Acres Irrigated From Wells With Water Meter or Water Measurement Devices

Record the number of harvested acres irrigated using water from the wells identified in Item 5.

Item 6 Additional Management Use of Irrigation System

Record the number of harvested acres irrigated for each purpose listed in Items 6a-e. These need not sum to anything. All may be zero. Enter "DK" for Don't Know if the respondent used a practice, but does not know on how many acres.

Item 7 Management Techniques

This item determines respondent use of several water management techniques. For column 2, enter the management practice code shown above the table. For respondents who are currently using the technique, record the number of acres irrigated using the technique in 2003. For each water management technique (a-c), the number of irrigated acres may range from zero to the total irrigated acres harvested for the farm operation.

Item 8, 8a Improvements to existing irrigation systems

Enter code '1' for operations that made improvements in 2003 to existing irrigation systems. Include upgrades or new equipment, but do not include maintenance. Irrigation system upgrades may involve improvements such as switching a center-pivot system from using high-pressure sprinklers to using drop-tubes with attached low-pressure sprinklers. A new irrigation system may involve an investment such as switching from a gravity-flow, gated-pipe system to a low-pressure, sprinkler irrigation system.

In item 8a, record the number of irrigated acres using the irrigation system improvements.

Item 9, 9a Offer to purchase water or water rights

Enter code '1' for operations where someone made an offer to purchase water or water rights (from this operation) in the past five years (since January 1999). If no offers were received in the past five years, or the respondent does not know if offers were received, go to item 10.

For item 9a, based on the operator's knowledge, identify the purchaser's intended use of the water. If the operator does not know the purchaser's intended use, record 5 for "don't know."

Item 10 Number of years water rights claims caused reduction or discontinuation of crop irrigation

Enter the number of years (in the last 10, since January 1994) in which someone with senior water right claims caused the respondent to reduce or discontinue crop irrigation for the farm. Acceptable responses are 0 through 10.

Section M - Barley, Sorghum or Cotton Marketing

V2, V3, V4 Only

This section is used to collect information on how the 2003 commodity (either barley, sorghum, or cotton) was marketed. The section differs for each version to reflect the differences in marketing methods and practices used for each commodity. This information will be used to enhance the reporting and analysis of enterprise cost and return estimates by incorporating marketing costs and returns into the accounts. Information on the cost of ginning, necessary for cost of production estimates, will also be collected in the cotton version.

Historical USDA accounts of crop enterprise costs and returns have excluded the direct affects of government programs (i.e., income support, loan, and insurance programs) and have included only production costs. The production period was assumed to end when the commodity was hauled from the field to storage or directly to market. Returns to production were then computed by valuing the commodity at the harvest period price. This method of accounting was used so that the relative returns of commodities could be compared before the impact of government programs, and before the unique market conditions of each commodity were considered. While this method has been useful for policy-making by putting each commodity on an equal footing for comparison, it does not present a complete picture of the actual costs and returns associated with each farm enterprise. It also does not provide a perspective on the impact that government policy had on the costs and returns of farm enterprises. Information

collected in this section, as well as information on government payments and insurance payments and costs collected in sections E and F, will be used to present a more complete cost and return picture for the enterprise. These data will be used to enhance the understanding of how returns to commodity production vary across the farm sector, and to determine what factors have the greatest impact on the net returns of individual commodity enterprises.

When completing this section, please note that all questions refer to the 2003 crop produced (either barley, sorghum, or cotton), not the crop marketed in 2003 that was from the previous years crop. The 2003 crop was the one harvested in 2003. Information on sorghum marketing should be collected only for sorghum that was harvested for grain.

Item 1 Month crop was harvested

Report the month, numbered 1 (January) through 12 (December), in which the majority of the 2003 crop was harvested.

Item 2, 2a-b Cost of cotton ginning

V4 Only

The cost of ginning is usually paid by giving the cottonseed to the gin. Often neither the ginning expense nor the cottonseed income appear on the farmer's books. This information should appear on the operation's statement from the ginning company. You will have to probe for this information.

Occasionally, the cost of ginning is more than the value of the seed produced by the cotton. The operation then has out-of-pocket expenses for ginning.

Indicate whether the cost of ginning the 2003 cotton crop was paid by cash (code 1), all or a portion of the cottonseed (code 2), or both (code 3). If a cash payment was made for ginning the cotton (code 1 or 3), enter the cost in cents per pound paid for ginning the 2003 cotton crop in Item 2a.. Include any costs for module building and hauling that were provided by the gin. If all or a portion of the cottonseed was exchanged for ginning (code 2 or 3), enter the total credit received in dollars and cents per hundredweight for the cottonseed exchanged for ginning the cotton crop in Item 2b. Include any costs for module building and hauling that were provided by the gin.

Item 3 Compress, bag, and tie charges for cotton

V 4 Only

Enter the amount paid in dollars and cents per bale for compress, bag, and tie charges for the 2003 cotton crop. This information should appear on the operation's statement from the ginning company. You will have to probe for this information. (Note that there is an error in the questionnaire concerning the crop year. The question refers to the 2003 cotton crop, not the 2001 cotton crop as is stated on the questionnaire).

Item 4 Month crop sold for delivery

Report the number of units (bushels for sorghum and barley, bales for cotton) of the 2003 crop sold for delivery in each month or the percent of the 2003 crop sold for delivery in each month, as of the date of the interview. If the crop was sold earlier in the year under contract for delivery at harvest or a later month, please report the amount of crop sold in the month delivered. All of the 2003 crop should be counted. If some of the crop (barley or sorghum) has been fed to livestock as of the interview date, report the amount in item 2m. If some of the crop is stored and not yet sold as of the interview data, report the amount in item 2n.

Item 5 Average weight of cotton bales

V4 Only

Report the average weight in pounds of cotton bales from the 2003 crop that were sold and/or in storage.

Item 6 Marketing methods and channels

In column 2 report the number of units (bushels for sorghum and barley, bales for cotton) of the 2003 crop that was sold by the interview date with each of the marketing methods reported in column 1. The total should equal all the of 2003 crop that was sold as of the interview date. Alternatively, report the percent of the 2003 crop that was sold by the interview date with each of the marketing methods reported in column 1. The total should equal 100%.

In column 3 report the average price received (or to be received if under contract) per unit (dollars and cents bushel for sorghum and barley, cents per pound for cotton) for the 2003 crop sold with each of the marketing methods reported in column 1.

In column 4 (V2 and V3 only) report the code from the code box that indicates the marketing channel through which the 2003 crop was sold. If more than one

marketing channel was used with a marketing method reported in column 1, report the channel that received the majority of the crop.

In column 5 (V4 only) report the amount of the premium that was paid or discount that was incurred per pound because of the cotton quality. Cotton is quality graded according to various standards (such as fiber length, color, etc.) and premium/discounts are added/deducted to/from the price according to the grade. This information should appear on the operation's sales receipt for the cotton.

Item 7a-c Marketing tools

Record a "1" in the appropriate code box if the operation used the marketing tools indicated in items 7a-c for the 2003 crop. If a marketing tool was used, indicate the net gain or loss that was associated with using that marketing tool for the 2003 crop. Indicate a loss with a negative sign (-).

Put option purchase: A purchase of the right, but not the obligation, to sell a commodity at a particular price (the strike price) on or before the expiration date of the contract.

Future hedge: A futures contract is a legally binding agreement between two parties to buy or sell a predetermined amount of a commodity during a specified month (the delivery month) at a price (the future price) which is determined at the time the contract is established. A hedge is the buying or selling of a futures contract for protection against the possibility of a price change in the commodity that the farmer is planning to buy or sell.

Hedge-to-arrive (HTA) contract: The price received under a hedge-to-arrive is the futures price plus the basis (difference between the cash and futures price). The contract establishes part of the forward delivery price (the futures price), but the basis is determined at delivery.

Item 8 Fees paid to cotton marketing associations

V4 Only

Report the amount paid in dollars and cents per bale for fees charged by cotton marketing associations for the 2003 cotton crop. Include fees charged by USDA-HVI, Cotton Inc., National Cotton Council, and local grower associations. Exclude costs for participation in the Boll Weevil Eradication

Program and the Pink Bollworm Program. This information should appear on the operation's sales receipt for the cotton.

Item 9, 9a Warehouse storage charges for cotton

V4 Only

Indicate if warehouse storage charges were incurred for any of the 2003 cotton crop. If so, report the average amount paid (either cents per pound or dollars and cents per bale) per month for cotton stored in the warehouse in item 9a. This information should appear on the operation's sales receipt for the cotton or statements received from the warehouse.

Item 10 Check-off cost

V2 and V3

If any of the 2003 crop had been sold at the time of the interview, report the check-off cost in cents per bushel paid for the crop sold.

Item 11, 11a Commercial crop hauling

V2 and V3

If any of the 2003 crop had been sold at the time of the interview, report the number of bushels that were hauled to market by commercial truckers. If any of the crop was hauled to market by commercial truckers, report the hauling cost in cents per bushel for the crop hauled in item 11a.

Item 12 Distance crop hauled

V2 and V3

If any of the 2003 crop had been sold at the time of the interview, report the average one-way distance in miles that the crop was hauled to market by this operation. Report the distance only if this operation hauled the crop, and exclude any of the crop hauled by commercial truckers.

Item 13, 13a Crop stored off-farm

V2 and V3

Report the total number of bushels of the 2003 crop that were stored off-farm. This includes any of crop stored at an elevator, on another operation, or any place off the surveyed operation. Include any of the crop that was stored off-farm but sold prior to the time of the interview, and any of the crop still in off-farm storage. Report the average monthly storage charge paid, in cents per bushel, for the crop stored off-farm in item 13a.

Item 14 Input acquisition

Pre-purchasing or contract purchasing of inputs is a management strategy that has become increasingly popular among farmers. This strategy is used to reduce the risk of higher input costs due to rising input prices during the spring planting season when most inputs are used. For example, during the spring of 2003 nitrogen fertilizer prices increased dramatically as the result of higher prices for natural gas, the major input for producing nitrogen fertilizers. Farmers who pre-purchased or contract purchased nitrogen fertilizer prior to the first of the year (Jan. 2003) paid considerable less than farmers who waited until the planting season to purchased the inputs. Farmers also pre-purchase inputs as a means of reducing their taxable income in a given year.

This section refers only to the inputs used on the target crop, either barley, sorghum, or cotton. For each of the input categories listed in columns 2-6 (seed, nitrogen fertilizers, mixed fertilizers, crop chemicals, crop fuel), report the percent of the input that was purchased in each period indicated in column 1 for the target crop. Report the input as purchased in the quarter that the price was established, which may not be the same quarter as when the input was delivered to the farm or when the input supplier was paid. The percent purchased should be estimated by the total quantity of the input purchased. Crop acreage, input expenditures or input use may be used to approximate the quantity of input purchased if necessary. The percent reported in each of the columns (2-6) should sum to 100. Exclude homegrown inputs such as seed saved from the previous year and manure.

The most common types of nitrogen fertilizers are anhydrous ammonia (AA), urea ammonium nitrate (UAM), and Urea. Other examples include aqua ammonia and various nitrogen solutions (28%, 30%, etc.). Mixed fertilizers are those that include a combination of nitrogen (N), phosphorus (P), and/or potassium (K).

Item 15 Reason nitrogen fertilizer was purchased prior to Jan. 1, 2003

Refer to item 14 to determine if any nitrogen fertilizer was purchased prior to January 1, 2003 (i.e., positive data in item codes 1927 or 1932). If so, record the code that indicates the primary reason why the farmer purchased nitrogen fertilizer prior to January 1, 2003. This data indicates the particular management strategy that the farmer was using with his input purchasing decision.

Item 16 Reason nitrogen fertilizer was not purchased prior to Jan. 1, 2003

Refer to item 14 to determine if any nitrogen fertilizer was purchased prior to January 1, 2003 (i.e., positive data in item codes 1927 or 1932). If not, record the code that indicates the primary reason why the farmer did not purchase nitrogen fertilizer prior to January 1, 2003. This data indicates factors that may limit a farmers' ability to pre-purchase or contract purchase inputs. If the farmer did not use nitrogen fertilizer on the particular crop, enter code 5 for other.

Note: All producers will answer either item 15 or item 16, but no producer will answer both items.

Conclusion

Survey Publication

After completing the interview, ask the respondent if he/she would like to receive a copy of the survey results. The Farm Production Expenditures Report will be published in July of 2003. Enter "1" for YES.

Respondent Code

The respondent code is used to identify the person who was interviewed. Enter the code of the person providing most of the data. If the respondent was an accountant, bookkeeper or someone other than the codes listed, record the respondent's name and phone number.

Records Use

Though most farmers/ranchers have some kind of farm record keeping system, not all of them use these records in the interview. Record the response category you feel best characterizes how often the respondent's records were or were not used in the interview.

Type of Records

Respondents usually keep records in a level of detail that the complexity of their operation and enterprises require. However, the form these records take varies considerably across operations. Record the response category that best represents the records that were used the most during the interview, regardless of how much they were used.

A general ledger is something that can be bought just about anywhere (drugstore, bookstore, printing supply store, discount store, etc.). It can be used for any accounting application; it is not farm specific.

A formal farm record workbook or account book is created specifically for farm/ranch accounting. It is organized into categories to handle common farm/ranch accounts (seed expense, fuel expense, livestock purchases, etc.).

Ending Time

Record the ending time (military time) of the interview. If more than one person was interviewed or it took more than one appointment to complete the interview, times should reflect the approximate total time for the questionnaire.

Exclude the time you spend reviewing the questionnaire or verifying calculations by yourself after you have completed the interview. Be sure the ending time is after the beginning time entered on the face page.

Accurate reporting of interview time (beginning and ending time) is critical for monitoring and evaluating survey burden and cost.

Date

Record the date the questionnaire was completed. Enter the date in MMDD03 format on the lines provided in the date cell. For example, if the interview was completed on March 6, 2003, enter 3 06 in the date cell. The year 03 is preprinted in the questionnaire. It is not necessary to enter a leading zero before the month number.

Enumerator Name

After signing the questionnaire, record your enumerator ID code.

Thank the respondent for their time and effort.

Appendix A

THE CORE QUESTIONNAIRE

VERSION 5

(AR CA FL GA IL IN IA KS MN MO NE NC TX WA WI) Only

One of the changes to the 2003 ARMS program is the attempt to set state level estimates for the states listed above. In order to provide indications with a high level of accuracy, sample sizes for these states had to be increased significantly. Thus the core questionnaire has been introduced. The core questionnaire contains the basic questions for those items that NASS and ERS will be attempting to set state-level estimates from. Virtually every question in the core is either found in the version I or the versions II, III or IV questionnaire. Certain questions in the core combine two or three questions in the CRR(Version 1). However sections of the core do not always coincide with sections of versions I - IV, therefore a mapping of core questions to the respective questions from the other four versions has been created. Below you will find each question of the core questionnaire listed sequentially. The corresponding version, section and item number will tell you where to go to find the information for that question.

SECTION A Land in Farm/Ranch

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section A, Item 1
Item 2a	CRR, Section A, Item 2a
Item 2b	CRR, Section A, Item 2b
Item 2c	CRR, Section A, Item 2c
Item 2d	CRR, Section A, Item 2d
Item 3	None (Add items 1+2a+2b+2c+2d)
Item 4	CRR, Section A, Item 3

Item 5	None (Subtract item 4 from item 3)
Item 6a	CRR, Section A, Item 5a
Item 6b	CRR, Section A, Item 5g, Acres Column
Item 6c	CRR, Section A, Combines Items 5 b & c
Item 6d	CRR, Section A, Item 5h

SECTION B Acreage and Production

Item 1 Crops Produced and Used on this Operation

In this table, columns one through four follow exactly the CRR questionnaire, Section B, Item 1, columns one through four. Therefore refer to those instructions for filling this table out.

Item 2 Value of Landlords share

This item corresponds to the cost of production questionnaires (version II, III and IV), Section B, Item 2.

SECTION C Livestock

Core Question Corresponding Question(s) in Other Versions

Item 1a	CRR, Section C, Item 1a
Item 1b	CRR, Section C, Item 1c
Item 1c	CRR, Section C, Item 1h
Item 2	CRR, Section C, Item 2

SECTION D Rent Paid

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section A, Item 10
Item 2	CRR, Section A, Item 11a
Item 3	CRR, Section A, Item 12

SECTION E Farm Income

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section D, Item 1
Item 2, Col 1	CRR, Section D, Item 1, Column 1
Item 2, Col 2	CRR, Section D, Item 1, Column 5
Item 2, Col 3	CRR, Section D, Item 1, Column 6
Item 2, Col 4	CRR, Section D, Item 1, Column 7
Item 3	COP(2,3&4), Section D, Item 1a
Item 4	COP(2,3&4), Section D, Item 1b

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Item 5	CRR, Section D, Item 2
Item 6, Col 1	CRR, Section D, Item 2, Column 1
Item 6, Col 2	CRR, Section D, Item 2, Column 5
Item 6, Col 3	CRR, Section D, Item 2, Column 6
Item 6, Col 4	CRR, Section D, Item 2, Column 7
Item 7	COP(2,3&4), Section D, Item 2a
Item 8	COP(2,3&4), Section D, Item 2b
Item 9	CRR, Section D, Item 6
Item 10	CRR, Section D, Items 3a-h
Item 11	CRR, Section D, Item 7
Item 12a	CRR, Section C, Item 3, Column 6
Item 12b	CRR, Section C, Item 3, Column 7
Item 12c	CRR, Section C, Item 3, Column 5
Item 13a	CRR, Section D, Item 4a
Item 13b	CRR, Section D, Item 4b
Item 14a	COP(2,3&4), Section E, Item 2a
Item 14b	CRR, Section E, Item 2a
Item 14c	COP(2,3&4), Section E, Item 2c
Item 14d	COP(2,3&4), Section E, Item 2d
Item 15	CRR, Section E, Item 3
Item 16	CRR, Section A, Item 8
Item 17	CRR, Section A, Item 9
Item 18a	CRR, Section E, Item 4a

Item 18b	CRR, Section E, Item 4c
Item 18c	CRR, Section E, Item 4f
Item 18d	CRR, Section E, Item 4j

SECTION F Operating and Capital Expenditures

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section F, Item 1
Item 2	CRR, Section F, Item 2
Item 3	CRR, Section F, Item 3
Item 4a	CRR, Section F, Item 4a
Item 4b	CRR, Section F, Item 4d
Item 4c	CRR, Section F, Item 5
Item 5	CRR, Section F, Item 6
Item 6	CRR, Section F, Item 8
Item 7	COP(2,3&4), Section F, Item 9
Item 8	CRR, Section F, Item 13
Item 9	CRR, Section F, Item 14
Item 10	CRR, Section F, Item 15
Item 11	CRR, Section F, Item 16
Item 12	CRR, Section F, Item 17
Item 13a	CRR, Section F, Item 18a
Item 13b	CRR, Section F, Item 18b
Item 14a	CRR, Section F, Item 19a
Item 14b	CRR, Section F, Item 19b

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Item 15	CRR, Section F, Item 26
Item 16	CRR, Section F, Item 23
Item 17a	CRR, Section F, Item 24a
Item 17b	CRR, Section F, Item 24b
Item 17c	CRR, Section F, Item 24c
Item 17d	CRR, Section F, Item 24d
Item 18	CRR, Section F, Item 25
Item 19a	CRR, Section F, Items 27a&b combined
Item 19b	CRR, Section F, Items 10,11,12 combined
Item 19c	CRR, Section D, Item 5
Item 19d	CRR, Section F, Item 20
Item 19e	CRR, Section F, Item 21
Item 19f(1)	CRR, Section F, Item 22
Item 19f(2)	CRR, Section F, Item 22a
Item 19g	CRR, Section F, Items 28&29 combined
Item 19h	CRR, Section F, Item 30
Item 19i	CRR, Section F, Item 31
Item 19j	CRR, Section F, Item 32
Item 20	CRR, Section Items 33-42 combined

SECTION G Farm Type

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section A, Item 13
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SECTION H Farm Labor

This section of the core questionnaire matches the CRR, Section G, item for item.

SECTION I Farm Assets

Core Question Corresponding Question(s) in Other Versions

Item 1a	CRR, Section H, Item 1a
Item 1b	CRR, Section H, Item 1b
Item 1c	CRR, Section H, Item 1c
Item 1c	CRR, Section H, Item 1d
Item 2	CRR, Section H, Item 2
Item 3	CRR, Section H, Item 3
Item 4a	CRR, Section H, Item 4a(1)
Item 4b	CRR, Section H, Item 4a(2)
Item 4c	CRR, Section H, Item 4b
Item 4d	CRR, Section H, Item 4c
Item 4e	CRR, Section H, Item 4c
Item 4f	CRR, Section H, Item 4e
Item 4g	CRR, Section H, Item 4f
Item 4h	CRR, Section H, Item 4g
Item 4i	CRR, Section H, Item 4h
Item 5	CRR, Section H, Item 5
Item 6	COP(2,3&4), Section H, Item 6

SECTION J Farm Debt

This section matches identically to Section I (Farm Debt) of the COP questionnaires (Versions 2,3,4). Refer to that section of the interviewers manual for instructions.

SECTION K Farm Operator and Household

Core Question Corresponding Question(s) in Other Versions

Item 1	CRR, Section J, Item 1
Item 2	CRR, Section J, Item 2
Item 3	CRR, Section J, Item 3
Item 4	CRR, Section J, Item 4
Item 5	CRR, Section J, Item 5
Item 6	CRR, Section J, Item 6
Item 7	CRR, Section J, Item 11
Item 8	CRR, Section J, Item 11a
Item 9	CRR, Section J, Item 12
Item 10	CRR, Section J, Item 13
Item 11	CRR, Section K, Item 22
Item 12	CRR, Section J, Item 8
Item 13	CRR, Section J, Item 11
Item 14	CRR, Section J, Item 11a
Item 15	CRR, Section J, Item 15
Item 16	CRR, Section K, Item 9a
Item 17	CRR, Section K, Item 9b
Item 18	CRR, Section K, Item 1

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Item 19	CRR, Section K, Item 3 (Operator)
Item 19a	CRR, Section K, Item 3a (Operator)
Item 19b	CRR, Section K, Item 3b (Operator)
Item 20	CRR, Section K, Item 3 (Spouse)
Item 20a	CRR, Section K, Item 3a (Spouse)
Item 20b	CRR, Section K, Item 3b (Spouse)
Item 21a	CRR, Section K, Item 8, Column 1
Item 21a(1)	CRR, Section K, Item 8, Column 2
Item 21a(2)	CRR, Section K, Item 8, Column 3
Item 21b	CRR, Section K, Item 8b
Item 21c	CRR, Section K, Item 8c
Item 21d	CRR, Section K, Item 8d
Item 21e	CRR, Section K, Item 8e
Item 21f	CRR, Section K, Item 8f
Item 21g	CRR, Section K, Item 8g
Item 22	COP(2,3&4), Section K, Item 23
Item 23	COP(2,3&4), Section K, Item 17
Item 24	CRR, Section K, Item 16
Item 25	COP(2,3&4), Section K, Item 10
Item 26	COP(2,3&4), Section K, Item 11

*From the State Office staff and Headquarters personnel in
Washington, D.C., THANK YOU for your continued dedication
in the collection of agricultural statistics of the highest quality!!!*