Data Sources

Data used in this report are obtained from the U.S. Department of Agriculture's (USDA) Farm Costs and Returns Survey (FCRS) for 1993, 1994, and 1995 and the 1996 Agricultural Resource Management Study (ARMS). These surveys of farmers and ranchers are conducted jointly by the Economic Research Service and the National Agricultural Statistics Service (NASS). The surveys cover farm and ranch operations in the 48 contiguous States.

The FCRS and the ARMS are multiframe, probability-based surveys in which sample farms are randomly selected from groups of farms stratified (sorted into groups) by attributes such as economic size, type of production, and land use. Each selected farm represents a known number of farms with similar characteristics. Weighing the data for each surveyed farm by the number of farms it represents is the basis for calculating estimates for all U.S. farms.

The surveys are designed to collect data to measure the financial condition and operating characteristics of farm businesses, the costs of producing agricultural commodities, and the well-being of farm operator households. Several versions of the survey questionnaire are used in a given year, one whole-farm version and several rotating commodity-specific versions. For example, in 1993, two questionnaires were used, the Farm Operator Resource (FOR or whole-farm) version, and the dairy cost-of-production (COP) version. The FOR version provided

greater detail on some survey items and included unique questions on farm operator household characteristics. The COP version contained in-depth questions on production practices for the selected commodity but has less detailed information about the farm business.

Each version of the survey has sample weights that allow the data to be expanded to the U.S. population in two ways: along with all other versions of the survey or, independently, with only the data from that version. Because of survey costs, USDA cannot undertake a detailed survey of all major field crops and livestock enterprises each year. Hence, each surveyed commodity is covered on a rotating basis about every 5 years. Dairy was last covered in 1993. Dairy will be covered again in 2000.

This report concentrates on specialized dairy farms. A specialized dairy farm is defined as an establishment which had at least 50 percent of cash receipts coming from dairy product sales. Farms included in this study are legally organized as proprietorships, partnerships, or family corporations.

The survey questions are asked of one operator per farm—the senior farm operator. A senior farm operator is the one who makes most of the day-to-day decisions. When management is equally shared, the oldest person is asked the questions. This survey design provides good financial information for the farm business but limits information about the people who farm when more than one family is involved.