

United States
Department of
Agriculture

National
Agricultural
Statistics
Service

January 2008



USDA

2007

Agricultural
Resource
Management
Survey (ARMS)

Phase III – Cost and Returns
Report

Interviewer's Manual

Table of Contents

| | |
|--|-----|
| Chapter 1 - General | 101 |
| Purpose | 101 |
| ARMS/Census Coordination | 101 |
| Data Collection Phases | 102 |
| Uses of ARMS Data | 102 |
| Farm/Ranch Income | 103 |
| Cost of Production | 104 |
| Balance Sheets | 105 |
| Financial Situation | 105 |
| Operator's Household Situation | 106 |
| Use of ARMS Data for Parity Prices | 107 |
| Publication of ARMS Data | 107 |
| Chapter 2 - Terms and Definitions | 201 |
| Economic and Cost of Production Terminology | 201 |
| Livestock Production Categories | 204 |
| Hog Contractee Operations | 204 |
| Chicken Contractee Operations | 205 |
| Turkey Contractee Operations | 206 |
| Chapter 3 - Survey Procedures | 301 |
| Survey Materials | 301 |
| Questionnaire Versions | 302 |
| Respondent Booklet | 302 |
| Respondent Burden | 303 |
| Entering Data | 304 |
| Planning Your Work | 304 |
| Interviewing | 305 |
| Fiscal Year Versus Calendar Year | 307 |
| Nonresponse | 308 |
| Supervision | 308 |
| Completed Questionnaires | 308 |
| Chapter 4 - Screening | 401 |
| Face Page | 401 |
| Introduction | 401 |
| Screening Information | 402 |
| Office Use Boxes | 402 |
| Response Code | 402 |
| Date | 402 |
| Respondent Code | 402 |
| Beginning Time | 402 |
| Ending Time | 403 |
| Mode Code | 403 |
| Optional Use | 403 |
| Name, Address, and Partners Verification -- List | 403 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Area Frame Sampled Operations | 404 |
| Screening Box on Face Page..... | 405 |
| Completing the Screening Supplements..... | 405 |
| Screening Supplements for non-opDom 99 Operations..... | 406 |
| Item 1: Crops, Livestock, or Poultry | 406 |
| Item 2: Sales of Agricultural Products or Receipt of Gov't Agriculture Payments | 407 |
| Item 3: Other Operations..... | 407 |
| Item 3a: Total Number of Operating Arrangements | 408 |
| Item 3b: Identifying Additional Operating Arrangements | 408 |
| Item 4: Operation Selection..... | 408 |
| Item 5: Informing Respondent of Operation Selection | 408 |
| Item 6: Decision-Maker For This Operation | 409 |
| Item 7: Listing of Partners | 410 |
| Item 8: Out-of-Business Determination | 410 |
| Item 9: Enumerator Action..... | 410 |
| Screening Supplements for opDom 99 Operations | 411 |
| Item 1: Other Operation Name..... | 411 |
| Item 2: Crops, Livestock or Poultry | 411 |
| Item 3: Sales of Ag Products or Receipt of Government Ag Payments..... | 412 |
| Item 4: Out-of-Business Determination | 413 |
| Item 5: Enumerator Action..... | 413 |
| Item 6: Decision-Maker for this Operation | 413 |
| Special Situations - Managed Operations | 414 |
| | |
| Chapter 5 - Completing the Questionnaire..... | 501 |
| Section 1 - Land in Farm/Ranch | 501 |
| Section Purpose..... | 501 |
| General Instruction for Items 1-4..... | 501 |
| Item 1: Acres Owned | 502 |
| Item 2: Acres Rented From Others | 503 |
| Item 3: Acres Rented To Others..... | 504 |
| Item 4: Total Acres Operated in 2007 | 506 |
| Item 5: Acres Rented or Leased to Others that The Operation Owned..... | 506 |
| Item 6: Total Acres used on a per head of animal unit month (AUM) basis | 506 |
| Item 7a: Location of Agricultural Activity for this Operation | 506 |
| Item 7b: Agricultural Activity in any Other County | 506 |
| Items 8-12: Land Use in 2007..... | 507 |
| Item 8a: Harvested Cropland | 508 |
| Item 8b: Cropland on Which all Crops Failed or Were Abandoned..... | 509 |
| Item 8c: Cropland in Cultivated Summer Fallow | 509 |
| Item 8d: Cropland idle/Cover Crop/Soil Improvement NOT Harvested/Grazed..... | 509 |
| Item 9a: Permanent Pasture and Rangeland..... | 510 |
| Item 9b: Woodland Pasture..... | 510 |
| Item 9c: Cropland Used Only for Pasture or Grazing | 511 |
| Item 10: Woodland Not Pastured..... | 511 |
| Item 11: All Other Land..... | 511 |
| Item 12: Total Acres..... | 511 |
| Item 13-15: Irrigation..... | 512 |

| | |
|---|-----|
| Item 14: Harvested Land Irrigated | 512 |
| Item 15: Pastureland, Rangeland, Idle Cropland, and other Land Irrigated..... | 512 |
| Item 16a: Acres Covered Under Federal Insurance | 512 |
| Item 16b: Acres Classified as Base Acreage for Government Farm Programs..... | 513 |
| Item 16c: Number of Acres Accessible to the Public for Recreation..... | 513 |
| Item 17: Acres Enrolled in CRP , CREP, or WRP..... | 513 |
| | |
| Sections 2-9 - Acreage, Production, and Storage..... | 515 |
| Purpose..... | 515 |
| Section 2 - Field Crops..... | 515 |
| Item 1: Crop Acreage & Production | 515 |
| Columns 1 & 2: Crop | 516 |
| Column 3: Harvested Acres | 518 |
| Columns 4 & 5: Total Production | 518 |
| Column 6: Acres Irrigated that were Harvested | 518 |
| Columns 7 & 8: Amount of Production Used on This Operation | 519 |
| Columns 9 & 10: Landlord's Share of Production (Total Amount)..... | 519 |
| Section 3 - Grain Storage Capacity | 521 |
| Section 4 - Hay and Forage Crops | 521 |
| Item 2: Land Which Dry Hay, Haylage, Grass Silage, or Greenchop Harvested | 522 |
| Item 3: Amount of Dry Hay, Haylage, Grass Silage, or Greenchop Harvested..... | 522 |
| Section 5 - Woodland Crops and Maple Syrup..... | 523 |
| Item 2: Cut Christmas Trees..... | 523 |
| Item 3: Short Rotation Woody Crops..... | 523 |
| Item 4: Maple Syrup | 524 |
| Item 5: Market Value of Landlord's Share of Woodland Crops Sold | 524 |
| Item 6: Market Value of Landlord's Share of Maple Syrup | 524 |
| Section 6 - Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, etc | 525 |
| Item 2: Acres For Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, etc | 525 |
| Item 3: Crops Grown During 2007 For Sale | 525 |
| Item 4: Market Value of Landlord's Share of Nursery, Greenhouse, Floriculture, Sod, etc. | 526 |
| Section 7 - Vegetables, Potatoes, and Melons | 526 |
| Item 2: Acres of Vegetables, Potatoes, and Melons Harvested..... | 527 |
| Item 3: Total Potato Production & Landlord's Share | 527 |
| Item 4: Vegetable, Potato, and Melon Acreage | 527 |
| Item 5: Market Value of Landlord's Share of Vegetables and Melons..... | 528 |
| Section 8 - Fruit and Nuts | 528 |
| Item 2: Acres in Bearing and Non-Bearing Fruit Orchards | 528 |
| Item 3: Fruit and Nut Acres in 2007 | 528 |
| Item 4: Market Value of Landlord's Share of Fruit and Nuts..... | 529 |
| Section 9 - Berries..... | 529 |
| Item 2: Acres which Berries were Grown..... | 529 |
| Item 3: Individual Berry Acreage | 529 |
| Item 4: Market Value of Landlord's Share of Berries | 530 |
| | |
| Sections 10-17 - Livestock..... | 531 |
| Section 10 - Cattle and Calves | 531 |
| Item 2: Number of Cattle and Calves On Hand | 531 |
| Item 2a: Beef Cows | 531 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|---|-----|
| Item 2b: Milk Cows | 531 |
| Item 2c: Other Cattle | 531 |
| Item 3: Total Cattle and Calves on Hand December 31, 2007 | 532 |
| Item 4a: Calves Sold or Moved in 2007 | 532 |
| Item 4b: Cattle Sold or Moved in 2007 | 532 |
| Item 4c: Milk Cows Sold or Moved in 2007 | 532 |
| Item 5: Total Cattle and Calves Sold or Moved During 2007 | 532 |
| Item 6: Number that will be Shipped Directly to Slaughter Market | 532 |
| Item 7: Number that were Shipped Directly to Slaughter Market | 533 |
| Item 8: Amount of Milk Sold or Moved | 533 |
| Item 9: Market Value of Landlord's Share of Cattle & Calf Sales/Movements | 533 |
| Item 10: Market Value of Landlord's Share of Milk and Other Dairy Product Sales/Movements | 533 |
| Section 11 - Sheep and Lambs | 533 |
| Item 2a: Sheep and Lambs Owned | 533 |
| Item 2a(i): Ewes 1 Year Old or Older | 534 |
| Item 3: Market Value of Landlord's Share of Sheep & Lambs Sales/Movements | 534 |
| Section 12 - Poultry | 534 |
| Item 2a(i): Layers (Table egg types) | 535 |
| Item 2a(ii): Layers (Hatching Layers for Meat Types) | 535 |
| Item 2a(iii): Layers (Hatching layers for table eggs) | 535 |
| Item 2b: Pullets for Laying Flock Replacement | 535 |
| Item 2c: Broilers, fryers, other chickens raised for meat, including capons and roasters | 535 |
| Item 3: Chicken Eggs Sold/Moved in 2007 | 536 |
| Item 4a: Turkeys for Meat Production | 536 |
| Item 4b: Turkey Hens Kept for Breeding | 536 |
| Item 5-11: Ducks, Emus, Geese, Ostriches, Pheasants, Pigeons or Squab, and Quail | 536 |
| Item 12: All Other Poultry | 536 |
| Item 13: Poultry Hatched | 537 |
| Item 14: Market Value of Landlord's Share of Poultry Sales/Movements | 537 |
| Section 13 - Hogs and Pigs | 537 |
| Item 2a: Hogs and Pigs Used or to be Used for Breeding | 537 |
| Item 2b: Other Hogs and Pigs | 538 |
| Item 3: Total Hogs and Pigs | 538 |
| Item 4: Hogs and Pigs Sold or Moved | 538 |
| Item 5: Type of Operation | 538 |
| Item 6: Describe the Producer | 539 |
| Item 7: Market Value of Landlord's Share of Hog Sales/Movements | 539 |
| Section 14 - Aquaculture | 539 |
| Item 2: Fish and other Aquaculture Products Grown in 2007 | 540 |
| Item 3: Market Value of Landlord's Share of Aquaculture and Egg Sales/Movements | 540 |
| Section 15 - Colonies of Bees | 540 |
| Item 2: Colonies of Bees Owned | 540 |
| Item 3: Market Value of Landlord's Share of Bee & Honey Sales/Movements | 541 |
| Item 4: Use of Bees for Pollination | 541 |
| Item 5: Crops Pollinated by Bee Colonies | 541 |
| Section 16 - Other Animals and Livestock Products | 542 |
| Item 2: Horses and ponies Owned by the Operation | 542 |
| Item 3: Horses and ponies NOT Owned by the Operation | 542 |
| Item 4: Mules, Burros, and Donkeys | 542 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Item 5-10: Milk, Angora, and Meat and other Goats, Alpacas, Llamas, and Bison | 543 |
| Item 11: Deer in Captivity..... | 543 |
| Item 12: Elk in Captivity..... | 543 |
| Item 13: Rabbits, including Pelts | 544 |
| Item 14: Mink, including Pelts..... | 544 |
| Item 15: Other Livestock and Animals | 544 |
| Item 16: Mohair (Pounds Clipped) | 544 |
| Item 17: Other Livestock Products | 545 |
| Item 18: Market Value of Landlord's Share of Horses, Ponies, Mules, Burros, and Donkeys..... | 545 |
| Item 19: Market Value of Landlord's Share of Other Animals and Livestock Products | 545 |
| Section 17 - Other Operations Growing Livestock for this Operation..... | 545 |
| Item 2: Contracts to Have Livestock or Poultry Fed or Raised by Another Operation | 546 |
| Example: Respondent with Production Contract W/Feedlot-Marketing Contract w/Meatpacker | 546 |
| Column 1: Commodity Contracted Out | 547 |
| Column 2: Livestock Code..... | 547 |
| Column 3: Market Value of Commodities Under Contract on Jan 1, 2006 | 547 |
| Column 4: Estimated Market Value of Commodities Placed..... | 547 |
| Column 5: Production Expenses and Fees Paid to Contractees | 547 |
| Column 6: Gross Receipts from Contracts..... | 547 |
| Column 7: Market Value of Items Under Contract on December 31, 2006..... | 548 |
| Item 1a: Gross Receipts From Contracts..... | 548 |
| Item 1b: Market Value of Unsold Livestock..... | 548 |
| Item 1c: Production Expenses and Fees Paid to Contractees | 548 |
| Cattle on Feed Worksheet | 549 |
| | |
| Sections 18-21 - Marketing and Income | 551 |
| Overview of Sections 18 and 19: Production and Marketing Contracts | 551 |
| Overview of Marketing and Production Contracts | 552 |
| Special Topics (Feedlots, Livestock on Shares, Futures, etc.)..... | 557 |
| Cattle on Feed Worksheet | 558 |
| Section 18 - Marketing Contracts | 560 |
| Item 2: Marketing Contracts | 560 |
| Column 1: Commodity..... | 560 |
| Column 2: Commodity Code | 561 |
| Column 3: Quantity Marketed | 561 |
| Column 4: Unit Code | 561 |
| Column 5: Price Per Unit | 561 |
| Column 6: Total Amount Received | 562 |
| Column 7: Marketing Expenses | 562 |
| Section 19 - Production Contracts..... | 563 |
| Item 2: Production Contracts | 563 |
| Column 1: Commodity..... | 563 |
| Column 2: Commodity Code | 563 |
| Column 3: Quantity Removed | 563 |
| Column 4: Unit Code | 564 |
| Column 5: Fee Per Unit..... | 564 |
| Column 6: Total Fees Received | 564 |
| Column 7: Marketing Expenses | 565 |
| Item 3: Contractor Identification..... | 565 |
| Section 20 - Value of Sales | 565 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Items 1-21: Payment for Cash or Open Market Sales Less Marketing Expenses | 565 |
| Item 1: Grains, Oilseeds, Dry Beans, and Dry Peas | 566 |
| Item 2: Tobacco | 566 |
| Item 3: Cotton and Cottonseed | 566 |
| Item 4: Vegetables, Potatoes, Sweet Potatoes, and Melons | 567 |
| Item 5: Fruit, Tree Nuts, and Berries | 567 |
| Item 6: Nursery, Greenhouse, Floriculture, and Sod..... | 567 |
| Item 7: Cut Christmas Trees and Short Rotation Woody Crops | 568 |
| Item 8: Other Crops and Hay | 568 |
| Item 9: Subtotal for Crop Sales..... | 568 |
| Item 10: Hog and Pigs..... | 568 |
| Item 11: Hog Breeding Stock..... | 569 |
| Item 12: Milk and Other Dairy Products from Cows..... | 569 |
| Item 13: Cattle and Calves | 569 |
| Item 14: Cattle Breeding Stock | 569 |
| Item 15: Sheep, Goats, and their Products | 569 |
| Item 16: Horses, Ponies, Mules, Burros, and Donkeys..... | 570 |
| Item 17: Poultry and Eggs..... | 570 |
| Item 18: Aquaculture..... | 570 |
| Item 19: Other Animals and Animal Products | 571 |
| Item 20: Subtotal for Livestock Sales | 571 |
| Item 21: Total Sales | 571 |
| Item 22: Recognized Gain or Loss on Sales of Breeding Hogs | 571 |
| Item 23: Recognized Gain or Loss on Sales of Breeding Cattle | 571 |
| Item 24: Direct Cash Sales to Consumers for Consumption..... | 571 |
| Item 25: Amount of Cash Sales to Consumers for Consumption | 572 |
| Item 26: Types of Products Sold Directly to Consumers for Consumption..... | 572 |
| Specialty Operation: Livestock on Shares Instruction and Example | 572 |
| Section 21 - Marketing Charges and Accounts Receivable/Deferred Payments | 574 |
| Introduction to Marketing Expenses | 574 |
| Item 1: Marketing Charges..... | 577 |
| Item 2: Accounts Receivable/Deferred Payments (Timing of Cash Receipt of Payments) | 577 |
| Item 2a: Payment Owed at Beginning of 2007 | 578 |
| Item 2a(i): Money Received in 2007 for Prior Production | 578 |
| Item 2b: Payment Owed at End of 2007 | 578 |
| Section 22 - Organic Agriculture | 581 |
| Item 2: Certified Organic Status | 581 |
| Item 3: Organic Certifier..... | 581 |
| Item 4: Acres for Organic Production | 581 |
| Item 4a: Organic Crop Acres..... | 581 |
| Item 4b: Organic Pasture Acres..... | 581 |
| Item 5: Value of Sales For Organic Crops | 582 |
| Item 6: Value of Sales for Organic Livestock Produced..... | 582 |
| Item 7: Value of Sales for Organic Livestock PRODUCTS Produced..... | 582 |
| Item 8: Acres In Conversion to Organic Production..... | 582 |
| Section 23 - Commodity Credit Corporation Loans (CCC)..... | 583 |
| Section 24 & 25 - Other Farm Income | 585 |

| | |
|--|-----|
| Section 24 - Federal and State Agricultural Program Payments | 585 |
| Item 1: Federal, State and Local Farm Program Payments | 585 |
| Item 2: Program Payments | 585 |
| Item 2a: Direct and Counter Cyclical Payments | 585 |
| Item 2a(i): Percentage for Direct Payments | 586 |
| Item 2a(i)(1): Direct Payments for Cotton Base..... | 586 |
| Item 2a(ii): Percentage for Counter Cyclical Payments | 586 |
| Item 2a(ii)(1): Direct Payments for Cotton Base | 586 |
| Item 2b: Loan Deficiency Payments (LDPs)..... | 586 |
| Item 2b: Amount Received for Various Payments | 587 |
| Item 2b(i): Amount Received of Various Payments for Cotton..... | 587 |
| Item 2c: Marketing Loan Gains (MLGs) | 587 |
| Item 2c: Amount Received for Various Conservation Payments..... | 588 |
| Item 2d: Milk income loss contract payments..... | 588 |
| Item 2d: Farmable Wetlands Reserve Program (FWP) Payments..... | 588 |
| Item 2e: Net value of commodity certificates | 588 |
| Item 2e: Amount Received for Various Environmental/Conservation Payments | 589 |
| Item 2f: Conservation Reserve Program (CRP) Payments..... | 589 |
| Item 2f: Any other Federal Agricultural Program Payments | 589 |
| Item 2f(i): Disaster and Market Loss Payments for Commodity | 589 |
| Item 2g: Wetlands Reserve Program (WRP) Payments | 589 |
| Item 2g: Any other State or Local Agricultural Program Payments | 589 |
| Item 2g(i): Any other State or Local Agricultural Program Payments for Commodity | 590 |
| Item 2h: Farmable Wetlands Reserve Program (FWP) Payments..... | 590 |
| Item 2i: Conservation Reserve Enhancement Program (CREP) Payments..... | 590 |
| Item 2j: Agriculture Disaster Payments | 590 |
| Item 2k: Environmental Quality Incentive Program (EQIP) Payments | 590 |
| Item 2l: Conservation Security Program (CSP) Payments..... | 591 |
| Item 2m: Any other Federal Agricultural Program Payments..... | 591 |
| Item 2n: Tobacco Buyout Payments Including Lump Sum Payments..... | 591 |
| Item 2o: Any other Local or State Agricultural Program Payments | 591 |
| Item 3: Landlord Government Payments..... | 591 |
| Item 4: Landlord Government Payments..... | 591 |
| Section 25 - Income from Farm Related Sources..... | 592 |
| Item 1: Custom Work and Machine Hire | 592 |
| Item 2: Cash Rent Received for Acres Rented to Others | 592 |
| Item 3: Value of Share Rent Received for Acres Rented to Others | 593 |
| Item 4: Grazing of Livestock..... | 593 |
| Item 5: Sales of Forest Products..... | 593 |
| Item 6: Recreation and Agritourism Activities..... | 594 |
| Item 7: Cooperative Patronage Dividends and Refunds..... | 594 |
| Item 8: Crop and Livestock Insurance Payments | 594 |
| Item 8: Amount Received from Direct to Consumer Sales | 594 |
| Item 8a: Federal Crop Insurance | 594 |
| Item 8a(i): Federal Crop Insurance Indemnity Payments for Cotton | 595 |
| Item 8b: Other Insurance Indemnity Payments | 595 |
| Item 9: Sales of Value-Added Goods from Farm Commodities | 595 |
| Item 9a: Federal Crop Insurance | 596 |
| Item 9a(i): Federal Crop Insurance Indemnity Payments for Apples..... | 596 |
| Item 9: Sales of Machinery and Vehicles..... | 596 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Item 10: Sales of Development Rights | 597 |
| Item 10: Sales of Machinery and Vehicles | 597 |
| Item 10: Sales of Value-Added Goods from Farm Commodities | 597 |
| Item 10: Straw and Crop Residue Sales | 597 |
| Item 11: Proceeds from Sales of Farmland/Farm Real Estate | 597 |
| Item 11: Straw and Crop Residue Sales | 598 |
| Item 11: Sales of Machinery and Vehicles | 598 |
| Item 11: Other Farm Income | 598 |
| Item 11a: Gain/Loss of Farm Real Estate Sale | 599 |
| Item 12: Sales of Machinery and Vehicles | 600 |
| Item 12: Other Farm Income | 600 |
| Item 12: Straw and Crop Residue Sales | 601 |
| Item 12: Largest Portion of 2007 Gross Farm Income | 601 |
| Item 13: Straw and Crop Residue Sales | 602 |
| Item 13: Largest Portion of 2007 Gross Farm Income | 602 |
| Item 13: Other Farm Income | 602 |
| Item 14: Other Farm Income | 603 |
| Item 14: Largest Portion of 2007 Gross Farm Income | 604 |
| Item 15: Largest Portion of 2007 Gross Farm Income | 604 |
| | |
| Section 26 - Operating and Capital Expenditures | 607 |
| What's this Section 26? How is the information used? | 607 |
| General Instructions | 610 |
| Item 1: Seeds, Plants, Trees, etc. | 613 |
| Item 1a: Amount of Seed Expense for Cotton or Apples | 614 |
| Item 2 : Fertilizer, Lime, and Soil Conditioners | 614 |
| Item 2a: Total Fertilizer Expense for Cotton or Apples | 614 |
| Item 3: Agricultural Chemicals | 614 |
| Item 3a: Custom Application Expense | 615 |
| Item 3a(i): Chemical Expense for Specific Commodities | 615 |
| Livestock Expenses Items 4-7 | 615 |
| Livestock Purchases | 616 |
| Item 4a: Breeding Stock for Cattle, Hogs, and Sheep | 616 |
| Item 4b: All Other (Non-breeding) Cattle, Calves, Hogs and Pigs | 617 |
| Item 4c: Chickens and Turkeys Purchased..... | 617 |
| Item 4d: Other Breeding Livestock and Poultry | 617 |
| Item 4e: Other Non-Breeding Livestock, Poultry, Fish, Bees, etc. | 618 |
| Item 5: Leasing Livestock | 618 |
| Item 5a: Leasing Bees for Pollination | 618 |
| Item 6: Bedding and Litter | 618 |
| Item 6: Purchased Feed | 619 |
| Item 7: Purchased Feed | 619 |
| Item 7: Medical Supplies, Veterinary, and Custom Services for Livestock..... | 619 |
| Item 8: Medical Supplies, Veterinary, and Custom Services for Livestock..... | 620 |
| Items 8-9: Fuels, Utilities, and Purchased Water (Farm Share Only)..... | 620 |
| Items 9-10: Fuels, Utilities, and Purchased Water (Farm Share Only)..... | 620 |
| Item 9: Fuel Expense - general..... | 622 |
| Item 9a: Diesel Fuel | 622 |
| Item 9b: Gasoline and Gasoline Blends that Include Ethanol..... | 622 |

| | |
|--|-----|
| Item 9c: Natural Gas..... | 622 |
| Item 9d: LP Gas..... | 622 |
| Item 9e: Oils and Lubricants..... | 623 |
| Item 9f: All Other Fuels..... | 623 |
| Item 9g: Fuel Expense for Irrigation..... | 623 |
| Item 9g(i): Fuel Expense for Water Pumped from Wells..... | 623 |
| Item 9h: Fuel Expense for the Cotton or Apples..... | 623 |
| Item 10: Utility Expense - general..... | 623 |
| Item 10a: Electricity..... | 623 |
| Item 10a(i): Electricity for Irrigation..... | 624 |
| Item 10a(i)(1): Electricity Expense for Cotton or Apples..... | 624 |
| Item 10a(i)(1)(a): Electricity Expense for Water Pumped from Wells..... | 624 |
| Item 10a(ii): Electricity for Drying..... | 624 |
| Item 10a(ii)(1): Electricity Drying Expense for Apples..... | 624 |
| Item 10a(iii): Electricity for Specialized Livestock Production Facilities..... | 624 |
| Item 10b: Purchased Irrigation Water..... | 624 |
| Item 10b(i): Purchased Irrigation Water for Cotton or Apples..... | 625 |
| Item 10c: All Other Utilities..... | 625 |
| Item 10: Repairs, Supplies, and Maintenance Costs - General..... | 625 |
| Item 11: Repairs, Supplies, and Maintenance Costs - General..... | 625 |
| Item 11a: Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment..... | 625 |
| Item 11: Farm Supplies, Marketing Containers, Tools, Shop Equipment, Bedding & Litter, etc..... | 627 |
| Item 11a: Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment for Cotton or Apples..... | 628 |
| Item 11b: Maintenance/Repair of Farm Buildings and Land Improvements..... | 628 |
| Item 11b(i): Maintenance/Repair of Farm Buildings and Land Improvements for Specialized Livestock Production Facilities..... | 628 |
| Item 11b(ii): Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation Equipment and Pumps..... | 629 |
| Item 11b(ii)(1): Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation and Pumps for Cotton or Apples..... | 629 |
| Item 11c: Maintenance and Repair of the Operator's House..... | 629 |
| Item 12: Farm Supplies, Marketing Containers, Tools, Shop Equipment, etc..... | 629 |
| Item 12: Contract Labor Expense..... | 630 |
| Item 12a: Marketing Containers..... | 631 |
| Item 13: Contract Labor Expense..... | 631 |
| Item 13a: Contract Labor for Cotton or Apples..... | 632 |
| Item 13a(i): Contract Labor Expense for Migrant Workers..... | 632 |
| Item 13: Cash Wages Paid to Hired Workers..... | 632 |
| Item 14: Cash Wages Paid to Hired Workers..... | 632 |
| Item 14: Payroll Taxes and Benefits..... | 634 |
| Item 14a: Cash Wages for Cotton or Apples..... | 634 |
| Item 14a&b: Breakout of Cash Wages Paid..... | 635 |
| Item 14a(i): The Operator..... | 635 |
| Item 14a(ii): Wages Paid to Spouse..... | 635 |
| Item 14a(iii): Other Household Members..... | 635 |
| Item 14a(iv): Other Operators..... | 636 |
| Item 14a(v): Everyone Else..... | 636 |
| Item 15: Payroll Taxes and Benefits..... | 636 |
| Item 15: Custom Work..... | 636 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Item 15a: Amount Paid for Household Insurance | 637 |
| Item 15a: Payroll Taxes and Benefits for Cotton or Apples | 637 |
| Item 16: Custom Work | 637 |
| Item 16a: Custom Hauling | 637 |
| Item 16a: Interest and Fees Paid on Debts | 638 |
| Item 16b: Other Custom Work | 638 |
| Item 16b: Interest and Fees Paid on Debts NOT Secured by Real Estate | 638 |
| Item 17: Total Custom Work | 639 |
| Item 17a: Total Custom Work for Cotton or Apples | 639 |
| Item 17a: Real Estate Taxes | 639 |
| Item 17b: Other Property Taxes | 639 |
| Item 18: Insurance | 640 |
| Item 18a: Interest and Fees Paid on Debts | 640 |
| Item 18b: Interest and Fees Paid on Debts NOT Secured by Real Estate | 640 |
| Item 19: Vehicle Registration and Licensing Fees | 641 |
| Item 19a: Real Estate Taxes | 641 |
| Item 19b: Other Property Taxes | 642 |
| Item 20: Insurance..... | 642 |
| Item 20: Depreciation for Capital Assets | 642 |
| Item 20a: Federal Crop Insurance | 642 |
| Item 20a: Depreciation for Breeding Livestock | 642 |
| Item 20a(i): Crop Insurance for Cotton or Apples | 642 |
| Item 21: Vehicle Registration and Licensing Fees..... | 643 |
| Item 21: Cash Value of Commodities Provided as Payment for Farm Work | 643 |
| Item 22: Depreciation for Capital Assets | 643 |
| Item 22: Market Value of Products Used or Consumed on the Operation..... | 644 |
| Item 22a: Depreciation for Breeding Livestock | 644 |
| Item 23: Cash Value of Commodities Provided to Household Members as Payment for Farm Work..... | 644 |
| Item 23: Fees Paid for Professional or Farm Management Services..... | 645 |
| Item 24: Cash Value of all Food, Goods, and Services Provided as Payment to Workers who are NOT Household Members | 645 |
| Item 24: General Business Expenses | 646 |
| Item 25: Market Value of Products Used or Consumed on the Operation..... | 646 |
| Item 25: Cash Rent Paid for Acres Rented from Others | 646 |
| Item 25a: Percentage of Market Value of Products that was Livestock..... | 647 |
| Item 26: Fees Paid for Professional or Farm Management Services..... | 647 |
| Item 26: Usage Fees Paid for Use of Public Land | 647 |
| Item 26a: Fees Paid for Farm Management, Planning, and Advice | 648 |
| Item 26b: Fees Paid for Conservation Practices..... | 648 |
| Item 27: General Business Expenses | 648 |
| Item 27: Amount Paid for Pasturing Livestock on Private Land | 650 |
| Item 28: Cash Rent Paid for Acres Rented from Others | 650 |
| Item 28: Renting and Leasing Vehicles, Tractors, Equipment and Storage Structures | 651 |
| Item 29: Usage Fees Paid for Use of Public Land | 651 |
| Item 29: All Capital Expenditures..... | 652 |
| Item 30: Amount Paid for Pasturing Livestock on Private Land | 652 |
| Item 30: Other Expenses | 652 |
| Item 31: Renting and Leasing Vehicles, Tractors, Equipment and Storage Structures | 653 |

| | |
|---|-----|
| Item 32: Land Improvements | 653 |
| Item 33: New Constructions and Remodeling of Farm Buildings, Structures, and Dwellings (excluding the operator's dwelling) | 654 |
| Item 34: New Construction and Remodeling of Operator's House | 654 |
| Item 35: Miscellaneous Capital Expenditures | 654 |
| Item 35a: Cars | 654 |
| Item 35a(i): Farm Share Percent | 655 |
| Item 35b: Trucks | 655 |
| Item 35b(i): Farm Share Percent | 655 |
| Item 35c: Tractors | 656 |
| Item 35d: Self-Propelled Farm Equipment..... | 656 |
| Item 35e: NON-SELF-PROPELLED Equipment, Implements and/or Machinery Purchased | 656 |
| Item 35f: Office Equipment, Furniture, and Computers | 657 |
| Item 35g: Purchase of Farmland and Other Farm Real Estate | 657 |
| Item 35h: Other Capital Expenditures..... | 657 |
| Item 36: Other Expenses | 658 |
| | |
| Section 27- Farm Labor | 659 |
| Item 1a: Number of Hired Workers Working Less than 150 Days..... | 659 |
| Item 1b: Number of Hired Workers Working More than 149 Days | 659 |
| Item 2: Presence of Migrant Workers in 2007 | 659 |
| Item 2a: Number of Migrant Workers in 2007..... | 659 |
| Items 3&4: Farm Labor/Use of Time (V1 Only) | 660 |
| Items 3&4: Hours Worked by the Operator, Spouse, Other Operators, and Unpaid Workers | 660 |
| Item 3a&b: Operator and Spouse Use of Time | 661 |
| Item 3a(i-ii): Operator Farm/Ranch Work Hours | 661 |
| Item 3a(iii): Non-Farm Work Off this Farm/Ranch Hours | 662 |
| Item 3a(iv): Work on Another Farm/Ranch Hours | 662 |
| Item 3a(v): Operator Other Hours | 662 |
| Item 3b: Operator's Spouse's Use of Time | 662 |
| Item 3b(i-ii): Operator's Spouse's Farm/Ranch Work Hours | 662 |
| Item 3b(iii): Operator's Spouse's Non-Farm Work Off this Farm/Ranch Hours | 663 |
| Item 3b(iv): Operator's Spouse's Work on Another Farm/Ranch Hours | 663 |
| Item 3b(v): Operator's Spouse Other Hours | 663 |
| Item 4: Other Operator's and Unpaid Labor Hours | 663 |
| Item 4a(i): Other Operators' Unpaid Labor Hours | 664 |
| Item 4a(ii): Other Operators' Paid Labor Hours | 664 |
| Item 4b: Other Unpaid Labor Hours | 664 |
| Item 4c: Other Paid Labor Hours | 664 |
| Item 5: Number of Workers Performed Unpaid Labor | 665 |
| Item 3: Farm Labor (V2,V3) | 665 |
| Item 3: Hours Worked by the Operator, Spouse, Other Operators, and Unpaid Workers | 665 |
| Item 3a: Principal OPERATOR'S Hours of Farm Work | 665 |
| Item 3b: Principal OPERATOR'S Hours of Off-Farm Work..... | 666 |
| Item 3c: Principal Operator's SPOUSE'S Hours of Farm Work..... | 666 |
| Item 3d: Principal Operator's SPOUSE'S Hours of Off-Farm Work | 666 |
| Item 3e: Principal Operator's Hours of Farm Work | 666 |
| Item 3f: Unpaid Worker's Hours of Farm Work | 666 |
| Item 3: Farm Labor (V5)..... | 667 |
| Item 3: Hours Worked by the Operator, Spouse, Other Operators, and Unpaid Workers | 667 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|---|-----|
| Item 3a: Principal OPERATOR'S Hours of Farm Work..... | 668 |
| Item 3b: Principal Operator's SPOUSE'S Hours of Farm Work | 668 |
| Item 3c: Other Operator's Hours of Farm Work..... | 668 |
| Item 3d: Unpaid Workers' Hours of Farm Work..... | 668 |
| Sections 28 & 29 - Farm Assets and Debts..... | 669 |
| What are these Sections for? How is the information used?..... | 669 |
| Section 28 - Farm Assets..... | 673 |
| General Instructions | 673 |
| Items 1-3: Value of Land and Buildings | 674 |
| Item 1: Market Value of Land and Buildings OWNED..... | 674 |
| Item 1a: Market Value of Operator's Dwelling, if OWNED..... | 674 |
| Item 1a(i): Dwelling Located in Town, City, or Suburb | 675 |
| Item 1b: Market Value of Hired Labor Dwellings Owned by the Operation..... | 675 |
| Item 1b(i): Number of Hired Labor Dwellings Owned by the Operation | 675 |
| Item 1c: Market Value of All Other Dwellings Owned | 675 |
| Item 1c(i): Number of All Other Dwellings Owned by the Operation..... | 675 |
| Item 1d: All Other Farm Buildings and Structures Owned..... | 676 |
| Item 1e: Orchard Trees, Vines and Trees for Wood | 676 |
| Item 1e(i): Value of Apple Trees | 676 |
| Item 1f: Land Owned | 676 |
| Item 2: Value of Land and Buildings on Acres Rented From Others | 677 |
| Item 3: Value of Land and Buildings on Acres Rented to Others..... | 677 |
| Item 4: Trucks and Cars Owned..... | 677 |
| Item 5: Tractors, Machinery, Tools and Equipment Owned..... | 677 |
| Item 6: Market Value of All Leased Machinery and Equipment | 678 |
| Item 7: Value of Beginning/Ending Year Inventories of Commodities, Production Inputs, and Farm Cooperatives..... | 678 |
| Item 7a: Value of CROPS Owned..... | 679 |
| Item 7a(i): Value of Apples Owned and Stored | 680 |
| Item 7b&c: Value of Livestock Owned | 680 |
| Item 7b: Breeding Livestock..... | 681 |
| Item 7c: Value of Non-Breeding Livestock Owned..... | 682 |
| Item 7d: Value of Production Inputs Owned..... | 682 |
| Item 7e: Production Inputs Already Used for Crops (Sunk Costs) | 683 |
| Item 7f: Stock in Cooperatives and Farm Credit System | 684 |
| Item 8: Machinery and Equipment Inventory | 684 |
| Item 8a: Truck Inventory..... | 685 |
| Item 8b: Tractors Less than 40 PTO Inventory | 685 |
| Item 8c: Tractors with 40 to 99 Horsepower (PTO)..... | 685 |
| Item 8d: Tractors with 100 Horsepower (PTO) or More | 685 |
| Item 8e: Grain and Bean Combines, Self-Propelled | 685 |
| Item 8f: Cotton Pickers and Strippers, Self-Propelled | 685 |
| Item 8g: Forage Harvesters, Self-Propelled | 686 |
| Item 8h: Hay Balers..... | 686 |
| Item 9: Other Farm Assets | 686 |
| Section 29 - Farm Debt | 687 |
| Version 1 Questionnaire..... | 688 |

| | |
|--|-----|
| Item 1: Debt Use in 2007 | 688 |
| Item 2: Established Line of Credit During 2007 | 688 |
| Item 3: Use of Line of Credit | 688 |
| Item 4: Reason for Not Using Debt..... | 689 |
| Item 5: Loans Taken Out in 2007 and Repaid in 2007 | 689 |
| Item 6: Screening for Debt..... | 689 |
| Item 7: Debt by Lender | 690 |
| Item 7a: Lender | 690 |
| Item 7b: Balance Owed | 692 |
| Item 7c: Interest Rate | 692 |
| Item 7d: Loan Type | 692 |
| Item 7e: When Loan will be Completely Repaid | 693 |
| Item 7f: Year Loan was Obtained | 693 |
| Item 7g: Original Term of Loan | 693 |
| Item 7h: Percent for FARM Expenditures | 693 |
| Item 7i: Purpose of Loan..... | 693 |
| Item 7j: Fixed or Variable/Adjustable/Floating Rate Loan..... | 694 |
| Item 7k: Loan Pricing..... | 694 |
| Item 7l: Payment Schedule..... | 694 |
| Item 8: Screening for Additional Debt..... | 695 |
| Item 9: Number of Additional Loans | 695 |
| Item 10: Amount of Additional Debt | 695 |
| Item 11: Debt Owed for Operator's Dwelling | 695 |
| Item 12: Applying for Credit or Loans from 2003 through 2007 | 695 |
| Versions 2 - 5 Questionnaire..... | 696 |
| Item 1: Loans Taken Out in 2007 and Repaid in 2007 | 696 |
| Item 2: Screening for Debt..... | 696 |
| Item 3a-c: Money Borrowed | 696 |
| Item 4: Debt Owed for Operator's Dwelling | 697 |
| | |
| Section 30 - Fertilizer and Chemicals Applied | 699 |
| Item 2: Acres Which Fertilizer and Soil Conditioners were Applied | 699 |
| Item 2a: Acres of Cropland Which Commercial Fertilizer or Soil Conditioners were Applied in 2007..... | 699 |
| Item 2b: Acres of Pastureland Which Commercial Fertilizer or Soil Conditioners were Applied in 2007..... | 699 |
| Item 3: Acres of Cropland and Pastureland on Which Animal Manure was Applied in 2007 | 699 |
| Item 4: Acres which Chemicals were Applied on this Operation | 700 |
| Item 4a: Land Treated to Control Insects..... | 700 |
| Item 4b: Land Treated to Control Weeds, Grass, or Brush | 700 |
| Item 4c: Land Treated to Control Nematodes | 700 |
| Item 4d: Land Treated to Control Disease | 700 |
| Item 5: Acres Treated to Control Growth, Thin Fruit, Ripen, or Defoliate | 701 |
| | |
| Section 31 - Agricultural Activity within the Borders of American Indian Reservations, Pueblos, and Service Areas..... | 703 |
| Item 1: Did this Operation Use Any Land for Cropland or Livestock within the Borders of an American Indian Reservation, Pueblo, or Service Area at Any Time During 2007?..... | 703 |
| Item 2: Type of Land Used with Reservation, Pueblo, or Service Area | 703 |
| Item 3: Name of Reservation, Pueblo, or Service Area | 703 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|--|-----|
| Item 4: Acres Used Within Reservation, Pueblo, or Service Area..... | 703 |
| Item 4a: Acres Within Reservation, Pueblo, or Service Area that are Harvested Cropland | 703 |
| Item 5: Screening for Livestock within Reservation, Pueblo, or Service Area..... | 704 |
| Item 6: Percentage of Livestock with Reservation, Pueblo, or Service Area..... | 704 |
| | |
| Section 32 - Practices | 705 |
| Item 1: Practices for the Operation | 705 |
| Item 1a: Internet Access | 705 |
| Item 1b: High-Speed Internet Access..... | 705 |
| Item 1c: Water Usage..... | 705 |
| Item 1d: Source of Irrigation Water | 705 |
| Item 1e: Alternative Sources of Energy Used | 705 |
| Item 1f: Use of Conservation Methods | 706 |
| Item 1g: Rotational or Management Intensive Grazing | 706 |
| Item 1h: AUM Grazing | 706 |
| Item 1i: Value Added Products | 706 |
| Item 1j: Use of Community Supported Agriculture (CSA)..... | 706 |
| Item 1k: Raise Veal Calves | 706 |
| Item 1l: Raise Hair Seep or Wool-Hair Crosses..... | 706 |
| Item 1m: Barns Built Before 1960 | 706 |
| Item 1n: Market Products to an Energy Producer | 707 |
| Item 1o: Use Ethanol Co-Products for Livestock Feed..... | 707 |
| Item 2: Sources of Non-Paid Advice | 707 |
| Item 3: Distance to Providers | 707 |
| | |
| Sections 33-35 - Farm Management and the Farm Household | 709 |
| Section 33 - Operator Characteristics..... | 715 |
| Item 1: Individuals Involved in the Day-to-Day Decisions | 715 |
| Item 1a: Women Involved in the Day-to-Day Decisions | 715 |
| Item 1b: Is the Spouse an Operator? | 715 |
| Item 2: Operator and Partner Characteristics | 715 |
| Item 2b: Gender of Operator | 715 |
| Item 2c: Major Occupation..... | 715 |
| Item 2d: Retirement from Farming..... | 716 |
| Item 2e: Off-Farm Work | 716 |
| Item 2f: Operator Living on the Operation | 716 |
| Item 2g: When Operator Began Operating THIS Operation..... | 716 |
| Item 2h: Year Operator Began to Operate ANY Operation | 716 |
| Item 2i: Age of Operator on December 31 | 716 |
| Item 2j&k: Race or Origin..... | 717 |
| Item 2l: Highest Level of Formal Education..... | 717 |
| Item 2m: Number of People in the Household..... | 717 |
| Item 2n: Hired Manager | 717 |
| | |
| Section 34 - Type of Organization | 719 |
| Item 1: Ownership Interest by Blood/Marital Relatives | 719 |
| Item 2: Number of Owners of the Operation | 719 |
| Item 2a: How Many Owners Part of Operator's Household..... | 719 |
| Item 2b: Percent Ownership Interest in Operator's Household | 719 |

| | |
|--|-----|
| Item 3: Limited Liability Organization | 719 |
| Item 4: Legal Status | 720 |
| Item 5: Operation Part of Larger Corporate Farm..... | 724 |
| | |
| Section 35 - Household Information | 725 |
| Item 1: Total Household Income of Principal Operator..... | 725 |
| Item 2: Principal Operator's Household Income from Farm Operation | 725 |
| Item 3: Distance to Nearest City with 10,000 or More People | 725 |
| Item 4: Does Operator Live On or Adjacent to Any Part of Their Farm/Ranch Land? | 725 |
| ENUMERATOR INSTRUCTION: Screen for Household Questions..... | 725 |
| Version 1 Questionnaire..... | 726 |
| Item 5: Age of Principal Operator's Spouse on December 31 | 726 |
| Item 6: Spousal Involvement in Day-to-Day Decisions..... | 726 |
| Item 7: Principal Operator's Spouse Major Occupation..... | 726 |
| Item 8: Principal Operator's Spouse Highest Level of Formal Education | 727 |
| Item 9&10: Principal Operator's Spouse Race or Origin | 727 |
| Item 11: Mileage Traveled to Off-Farm Job | 727 |
| Item 12a: Minors and Seniors in Operator's Household | 727 |
| Item 12b-c: Number of People in the Household Covered by Health Insurance | 728 |
| Item 13: Other Households Share of Farm Income..... | 728 |
| Item 13a: Income received by Household from Farm Business, except if the farm is a C- Corporation | 728 |
| Item 13b: Income Received from C-Corporation..... | 728 |
| Item 14: Off-Farm Income (Cash Income from Sources Other Than This Farm Operation)..... | 729 |
| Item 14a: Off-Farm Wages or Salaries for the Household, Principal Operator, Spouse | 730 |
| Item 14a(i): Source of Off-Farm Wages | 730 |
| Item 14b-j: Other Sources of Income for Household, Principal Operator, Spouse | 730 |
| Item 14c(i): Source of Off-Farm Income | 730 |
| Item 14c(ii): Number of Employees in Off-Farm Business | 730 |
| Item 14g: Proceeds From the Sale of Non-farm Capital Assets..... | 731 |
| Item 14g(i): Recognized Gain/Loss on the Sale of Non-Farm Capital Assets | 731 |
| Item 14h: Income from Private Pensions & Disability Payments | 731 |
| Item 14i: Income from Public Sources | 732 |
| Item 14j: Other Off-Farm Income | 732 |
| Item 15: Total Value of Farm Sales in Previous Year (2006)..... | 732 |
| Item 16: Net Operating Income in Previous Year (2006) | 732 |
| Item 17: Total Off-Farm Income in Previous Year (2006) | 732 |
| Item 18: Non-Farm Assets Owned by Operator and Household..... | 732 |
| Item 18a: Financial Assets in Non-Retirement Accounts | 733 |
| Item 18b: Financial Assets in Retirement Accounts | 733 |
| Item 18c: Operator's Dwelling | 733 |
| Item 18d: Real Estate | 733 |
| Item 18e: Other Businesses | 734 |
| Item 18f: All Vehicles | 734 |
| Item 18g: Other Assets | 734 |
| Item 19: Non-Farm Debt..... | 734 |
| Item 19a: Mortgages on Operator's Dwelling | 734 |
| Item 19b: Mortgages on Other Real Estate Including Other Personal Homes | 734 |
| Item 19c: Other Businesses Loans | 735 |
| Item 19d: Personal Loans..... | 735 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|---|-----|
| Item 19e: Other Off-Farm Debt..... | 735 |
| Item 20: Non-Farm Debt Secured by Farm Assets | 735 |
| Item 21: Spending in 2007 | 735 |
| Item 22: Amount Withdrawn to Pay for Household Expenses | 736 |
| Item 23: Using Non-Farm Assets to Fund Farm Operations..... | 736 |
| Versions 2-5 Questionnaires | 736 |
| Item 3: Other Households Share of Farm Income..... | 736 |
| Item 3a: Income Received by Household from Farm Business, except if the Farm is a C- Corporation | 737 |
| Item 3b: Income Received from C-Corporation..... | 737 |
| Item 4: Off-Farm Income (Cash Income from Sources Other than This Farm Operation | 737 |
| Item 4a: Off-Farm Wages or Salaries for the Household, Principal Operator, Spouse..... | 738 |
| Item 4b-j: Other Sources of Income for Household, Principal Operator, Spouse | 738 |
| Item 4g: Proceeds from the Sale of Farm and Non-Farm Capital Assets..... | 738 |
| Item 4g(i): Recognized Gain/Loss on the Sale of Farm and Non-Farm Capital Assets..... | 739 |
| Item 4h: Income from Private Pensions & Disability Payments | 739 |
| Item 4i: Income from Public Sources..... | 739 |
| Item 4j: Other Off-Farm Income | 740 |
| Item 5: Off-Farm Assets Owned by Operator and Household | 740 |
| Item 6: Off-Farm Debt | 740 |
| Item 7: Spending in 2007 | 740 |
| | |
| Section 36 - Irrigation | 743 |
| Item 1: Irrigation During 2007..... | 743 |
| Item 2: Enumerator Instruction - Crops Irrigated..... | 743 |
| Column 1: Crop..... | 744 |
| Column 2: Office Use-Crop Code..... | 744 |
| Column 3: Harvested Acres Irrigated..... | 744 |
| Columns 4 and 5: Yield and Unit Code | 745 |
| Column 6: Primary Irrigation System Type | 745 |
| Column 7: Average Inches of Water Applied Per Acre | 746 |
| Column 8: Percent of Acres Irrigated Using Surface Water | 746 |
| Column 9: Percent of Acres Irrigated With Surface Water From Off-farm Suppliers..... | 746 |
| Item 3: Number of All Irrigation Wells Used in 2007 | 747 |
| Item 4: Number of Wells Used With Backflow Prevention Devices..... | 747 |
| Item 4a: Acres Irrigated From Wells With Backflow Prevention Devices | 747 |
| Item 4a(i): Apple Acres Irrigated From Wells With Backflow Prevention Devices..... | 747 |
| Item 5: Number of Wells Used With Water Meter or Flow Measurement Device..... | 748 |
| Item 5a: Acres Irrigated From Wells With Water Meter or Flow Measurement Devices..... | 748 |
| Item 6a-e: Additional Management Use of Irrigation System | 748 |
| Item 6e(i): Apple Acres Irrigated for Crop Cooling or Freeze Protection | 748 |
| Item 7: Management Techniques | 748 |
| Item 8, 8a: Improvements to existing irrigation systems | 749 |
| Item 9, 9a: Offer to purchase water or water rights..... | 749 |
| Item 10: Years water rights claims reduced or discontinued crop irrigation | 749 |
| | |
| Section 37 - Cotton Ginning and Apple Marketing | 751 |
| Cotton Ginning..... | 751 |
| Item 1a-b: Cost of Cotton Ginning..... | 751 |

| | |
|--|-----|
| Item 2: Compress, Bag, and Tie Charge for Cotton..... | 752 |
| Item 3: Average Weight of Cotton Bales..... | 752 |
| Apple Marketing..... | 752 |
| Item 1: Acres of Apples Harvested During 2007..... | 752 |
| Item 1a: Acres of Certified Organic Apples Harvested During 2007..... | 752 |
| Item 2: Amount of Apples Harvested..... | 753 |
| Item 2a: Amount of Apples Harvested for Fresh Market..... | 753 |
| Item 2b: Amount of Apples Harvested for Processing Market..... | 753 |
| Item 3: Month Majority of the Crop was Harvested..... | 753 |
| Item 4: Utilization of the Apple Crop..... | 754 |
| Item 5a-g: Sales of the Crop..... | 754 |
| Item 5a: Crop Sold at Harvest to Fresh Market..... | 754 |
| Item 5b: Crop Sold at Harvest to Processing Market..... | 754 |
| Item 5c: Crop Sold after Harvest to the Fresh Market, but Before December 31, 2007..... | 754 |
| Item 5d: Crop Sold after Harvest to the Processing Market, but Before December 31, 2007..... | 754 |
| Item 5e: Crop Sold to the Fresh Market after December 31, 2007..... | 755 |
| Item 5f: Crop Sold to the Processing Market after December 31, 2007..... | 755 |
| Item 5g: Crop at the Packing House with Undetermined Status..... | 755 |
| Item 6: Marketing of 2007 Crop..... | 755 |
| Item 7, 7a: Commercial Crop Hauling..... | 755 |
| Item 8: Distance Crop Hauled..... | 755 |
| Item 9, 9a: Crop Stored Off-Farm..... | 756 |
| Item 10: Marketing through an Intermediary..... | 756 |
| Item 11: Average Price Received by Variety of Market..... | 756 |
| Column 2: Acres Harvested by Variety..... | 756 |
| Column 3: Certified Organic Apple Indicator..... | 756 |
| Column 4&5: Number of Fresh Market Units Sold of Variety..... | 757 |
| Column 6: Price Per Unit of Fresh Market Units Sold of Variety..... | 757 |
| Column 7&8: Number of Peelers Units Sold of Variety..... | 757 |
| Column 9: Price Per Unit of Peeler Grade Units Sold of Variety..... | 757 |
| Column 10&11: Number of Juice Market Units Sold of Variety..... | 757 |
| Column 12: Price Per Unit of Juice Market Units Sold of Variety..... | 757 |
| Column 13: Contract Marketing of Apples..... | 757 |
| Item 12: Average Price Received for Apples Sold Directly to Consumers..... | 758 |
| Column 2: Certified Organic Apple Indicator..... | 758 |
| Column 3&4: Number of Fresh Market Units Sold..... | 758 |
| Column 5: Price Per Unit of Fresh Market Units Sold..... | 758 |
| Column 6&7: Number of Processing Market Units Sold..... | 758 |
| Column 8: Price Per Unit of Processing Market Units Sold..... | 758 |
| Item 13: Producing Certified Organic Apples..... | 759 |
| Item 14: Obtain Organic Certification as a Producer..... | 760 |
| Item 15: Obtain Organic Certification as a Handler..... | 760 |
| Item 16: Amount Paid for Third Party Certification..... | 760 |
| Item 17: Years Producing and Selling Organic Apples..... | 760 |
| Item 18: Length of Time to Become Certified..... | 760 |
| Item 19: Percentage Certified Organic Apples Sold in Conventional Markets..... | 761 |
| Item 20: Value Added Organic Apple Products..... | 761 |
| Item 21a-k: Especially Difficult Aspect of Producing Apples..... | 761 |
| Item 22a-f: Marketing Channel for Apples..... | 761 |

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

| | |
|---|-----|
| Section 38 - Record Use..... | 763 |
| Item 1: Records Use | 763 |
| Item 2: Types of Records | 763 |
| | |
| Section 39 - Conclusion (Section 36 - V5 & Section 37 - V1) | 765 |
| Item 1: Survey Publication..... | 765 |
| Item 2: Possible Duplication | 765 |
| Item 4-6: Other Operations | 765 |
| Item 7: Data for Other Operations..... | 765 |
| Item 8: Thank You for Your Cooperation..... | 766 |

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 to focus on resource use and production costs for specific commodities.

ARMS/Census Consolidation

The responsibility for conducting the Census of Agriculture was transferred from the Department of Commerce to the Department of Agriculture on October 1, 1996. NASS is charged with the responsibility of conducting the Census within USDA.

Questionnaires for the 2007 Census of Agriculture are mailed to all farmers and ranchers in the U.S. to arrive on or about January 1, 2008. Respondents are mailed several reminder postcards over the next couple months to encourage reporting. Telephone follow-up is also conducted of selected non-respondents. Unlike most other NASS surveys which are voluntary, the Census is required by law.

The 2007 ARMS Phase III data collection takes place in late January through March of 2008. Since data collected on the ARMS and Census are somewhat similar, it seemed an unnecessary burden to ask farm operators to complete both complex surveys. Therefore, a combined questionnaire to collect both ARMS and Census data was created as was done for the 1997 ARMS/Census year.

Instead of receiving the Census questionnaire, operators sampled for ARMS Phase III will be personally enumerated using the combined ARMS/Census questionnaire. Completing this questionnaire will satisfy the

mandatory Census reporting requirement and also provide the necessary information for the ARMS.

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 Phase I was not conducted in 2007.

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 January 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, State Departments of Agriculture, 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 an 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 have 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 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.nass.usda.gov>

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 2007 ARMS Phase II, will be released in May, 2008. The second report is the Farm Production Expenditures. The report, compiled from the 2007 ARMS Phase III will be released in August 2008. This report will show expenditures for the U.S., 20 farm production regions (which include 15 States), 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 as well as various independent statistics 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 Field Offices to include in State releases.

ERS publishes numerous reports using ARMS data including:

Annual Report to Congress on the Status of Family Farms

U.S. "Commodity" Production Costs and Returns

The Economic Well-Being of Farm Operator Households

Farmers' Use of Marketing and Production Contracts

Contracts, Markets, and Prices: Organizing the Production and Use of Agricultural Commodities

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. A comprehensive list of Terms and Definitions used in all NASS surveys can be found on the internet under the following address:

www.nasda.org/NASDA_NASS/

Under the heading “Education Materials” there will be a link for “Reference Materials” and then a link for “NASS Terms and Definitions.” This link should contain the most recent list of terms and definitions used in all NASS surveys. Currently, the address is

http://www.nasda.org/NASDA_NASS/docs/EDUCATIO/REFERENC/TERMS___/TERMSDEF.PDF

This list should have been given to each new enumerator when they first got hired with NASDA.

Economic and Cost of Production Terminology

| | |
|----------------------------|------------------------------|
| accounting, accrual | base acreage |
| accounting, cash | BLM |
| acreage base | borrowing capacity |
| acreage, eligible contract | |
| acreage, contract | call back |
| acreage, noncontract | carryover |
| agricultural commodity | cash receipts |
| agricultural production | cattle on shares |
| animal unit (AU) | check-off |
| animal unit month (AUM) | commission charges |
| aquaculture | commodity |
| area sample | commodity, contract |
| assessed value | Commodity Credit Corporation |
| assessments | (CCC) |
| assets | confidentiality |
| auction pool | Conservation Reserve Program |
| | (CRP) |
| balance sheet | conserving use |
| barrel (bbl) | contract |

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

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

| | |
|----------------------------------|---------------|
| solvency | |
| straw | tenant |
| subsidy | |
| survey | wages |
| survey period | water rights |
| survey, statistically defensible | wetlands |
| Wetland Reserve Program (WRP) | work, service |
| woodland | worker |
| work, agricultural | |
| work, contract | yardage |
| work, custom | |

Livestock Production Categories (Respondent Booklet)

Hog Contractee Operations

- Farrow to Wean** – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will feed and care for the pigs for about 16 to 20 days, until they reach 12-14 pounds. The weaned pigs will be moved to a nursery and/or grower operation and the sows will either be bred again or go to slaughter.
- Farrow to Feeder** – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will keep the pigs for approximately 6 weeks, until they reach 35 - 45 pounds. The pigs will be moved to a finishing operation and the sows will either be bred again or go to slaughter.
- Farrow to Finish** – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will keep the pigs and finish them out until they reach market weight. The sows will either be bred again or go to slaughter.
- Nursery** – This operation only handles young pigs. Pigs from 12 - 14 pound pigs are received, fed and cared for, until they reach 35 - 45 pounds. They are then transferred to a finishing operation.

Grower/Finisher (Early Wean, ISO Wean, SEW Pigs) – This operation receives pigs around 12 - 14 pounds and finishes them until they reach market weight. ISO Wean stands for “Isolation Weaning”. SEW Pigs stands for “Segregated and Early Weaning”

Finisher (Feeder to Finish) – This type of operation will receive pigs that average about 35 - 45 pounds and finishes them out until market weight.

Other Hogs and Pigs – This category includes a range of different types of operations. An example is an operation that receives gilts or boars only and feeds them until ready for breeding.

Chicken Contractee Operations

Broiler Growout – A written contract with contractees to raise meat-type strain chickens from newly hatched chicks to processing weight. Includes cornish and roasters.

Pullets for hatchery supply flock replacement – Pullets raised from newly hatched chicks to about 15 to 22 weeks for layer flock replacement. Almost all pullets for BROILER hatchery supply flock replacement are raised on production contracts.

Pullets for table egg flock replacement – Pullets raised from newly hatched chicks to about 14 to 20 weeks for table egg flock replacement. Under a PRODUCTION contract the hatchery or egg producer retains ownership of the birds.

Fertile hatching eggs – Producer cares for layers and gathers eggs which go to a hatchery. Virtually all BROILER -type hatching eggs are raised by production contract. Some respondents say they have a ‘broiler’ contract because they are paid by a broiler company. Be careful not to confuse an egg producer with a broiler growout contractee. Most EGG - type hatching eggs are produced by production contract, with the hatchery retaining ownership of the birds.

Table eggs – Producer cares for layers and gathers unfertile eggs which go to a processor or an egg breaker. To be considered a production contract the egg processor or egg breaker would own the birds. Sometimes partners, such as feed mills are involved, and all partners claim ownership of the birds.

Broilers, chicks, hatchery run (Code 935) – Broiler chicks less than 3 days old direct from the hatchery. Normally, these are sold to small operations normally under a marketing contract (NOT a production contract). EXCLUDE integrated contractor delivered birds to be raised under a production contract.

Roosters, meat type (Code 939) – Domestic chicken males raised from chicks to breeding age of approximately 25 weeks and will be used for meat. For the most part, these should be recorded as broilers unless they are kept for research purposes.

Roosters, breeding flock (Code 940) – Domestic chicken males raised from chicks to breeding age of approximately 25 weeks and will be moved to a hatchery flock.

Turkey Contractee Operations

Turkeys (Meat type) – This is a written contract to raise turkeys for meat production. The contractee will raise turkeys either from newly hatched poults (all in, all out) or from poults received at 6 weeks of age from a brooder operation (growout operation) to market weight.

Turkeys (Meat type) brooders – Brooder operations grow the chicks for about 6 weeks. After 6 weeks, the birds are moved to another facility where they are grown out to market weight.

Poults breeding flock – Poults are raised from newly hatched chicks to laying age for the purpose of breeding stock replacement.

Eggs, turkey hatchery – Producer cares for turkey layers and gathers eggs which are separated into either a meat type turkey flock or a breeding flock.

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

Four questionnaire versions will be used in the 2007 ARMS Phase III. The Costs and Returns Report (iCRR), Version 1, will be used in all states except Alaska and Hawaii. Twelve States (AL, AR, CA, GA, LA, MS, MO, MS, NC, SC, TN, TX) will be included in the cotton sample, Version 2. The Version 3 apple sample will consist of 7 States (CA, MI, NY, NC, OR, PA, WA). There will be no Version 4 sample for the 2007 survey. And the Version 5 iCore questionnaire will be used in all states except Alaska and Hawaii.

| <u>Version</u> | <u>Color</u> |
|--------------------------------------|--------------|
| V1 – Costs and Returns Report (iCRR) | White |
| V2 – Cotton Costs and Returns Report | Canary |
| V3 – Apples Costs and Returns Report | Peach |
| V4 – Not used for the 2007 survey | |
| V5 – iCore | Green |

Versions 1, 2, & 3 have a Face Page which identifies the selected operator and partners. Pre-screening of respondents was done for Versions 2 and 3 during the Phase II survey. There was no screening done for Versions 1 and 5. There will be no pre-printed data on the questionnaires for 2007 since Phase I screening was cancelled. Screening is discussed further 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

Headquarters recognizes that ARMS III poses a heavy burden on respondents. The Sample Design Section goes to extra lengths to minimize the burden on respondents in terms of multiple contacts per year and consecutive contacts from one year to the next for ARMS III. For the list sample, a special burden reduction procedure is used prior to selecting the ARMS screening sample to minimize most overlap with other major surveys (Crops/Stocks, Hogs, Cattle, Labor), as well as ARMS from the previous year. However, there are situations where duplication with other major surveys is unavoidable. Therefore, it is imperative for States to identify overlap among surveys and coordinate data collection activities. Area records are needed to complement the list sample and provide good, quality, financial data from all types of farms. Due to the need of area records to complement the list and the fact that the area sample respondents are a sub-sample of the June Area Survey, the extra burden of multiple contacts within a year is unavoidable.

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", check the "none" box or 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 his/her 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 105 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 the 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 2007, 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 2007. 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 2007 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.

This Page Intentionally Left Blank

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.

If the operator has multiple operations, only one operation is selected for the ARMS Phase III survey. For these situations, it is beneficial to recognize which operation has been selected so the operator can obtain the records for that particular operation. The label and preprinted screening information are helpful in this determination. It is important to keep in mind which operation is selected throughout the interview. Only the acreage, crops, livestock, income, expenses, assets, and debt for that selected operation are collected on the questionnaire. Assets, Debt, and net cash income from the other operations are collected in Section 35 on the farm household.

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

This year, screening was not done on the majority of sampled respondents to determine their status. Area frame records were screened during the June Ag Survey as usual. Because of this, there are no previously reported data to print on the questionnaire.

Office Use Boxes

Response Code

Upon completion of the interview, enter the response code in cell 9901 on the Back Page of the questionnaire. Response codes are:

Code 1 = **Complete** (Use for Good Reports, Out-of-Businesses, No Target Crops, and Abnormal Farms)

Code 2 = **Refusal**

Code 3 = **Inaccessible/Incomplete**

Date

Record the date the questionnaire was completed. Enter the date in MMDD07 format in cell 9910. For example, if the interview was completed on February 26, 2008, enter the month, day, and year, 022608 in the date cell.

Respondent Code

The respondent code identifies the person who was interviewed. Enter the code identifying the person who provided most of the data in cell 9902.

Code 1 = **Operator or Manager**

Code 2 = **Operator's Spouse**

Code 3 = **Accountant or Bookkeeper**

Code 4 = **Partner**

Code 9 = **Other**

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.

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.

Mode Code

The mode code (cell 9903) identifies how the person was interviewed. ARMS Phase III completes should be by face-to-face interview unless the V5 report form was mailed .

- Code 1 = **Mail**
- Code 2 = **Telephone**
- Code 3 = **Face-to-Face**

Optional Use

Item codes 0002, 0003, and 0009 are reserved for your State Office use. These cells should remain blank unless your State office directs you otherwise.

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 2007 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 the respondent is known to have multiple operations at the time of sampling, the State Office will want you to complete the Screening Supplement. This is to verify the operating arrangement number of operations, and to determine which operation to collect data for.

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 1.

Completing the Screening Supplements

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 (Abnormal) 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 2007, 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.

There are 2 screening supplements that will be used:

- one for operations whose target is the operator's name (the non-opDom 99's), and
- one for operations whose target is the operation name (the opDon 99's)

Screening Supplements for non-opDom 99 Operations

Item 1 – 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 2007, on the total acres operated. If YES, go to Item 3. If NO, continue with Item 2.

For an operation to qualify as growing a crop, the operator 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 2006, 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 2007.

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 own 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. For an operation to be excluded from ARMS, no other agricultural items (including hay) may be present on the operation.
- 2) horse boarding operations, riding stables, or race horse training operations that
 - a) do not have other agricultural items (ie. has hay or breeds horses) unless they have more than 99 acres of pasture, or

- b) that keep separate accounting books from the farming operation's accounting books. If the horse boarding, riding stable, or race horse training operation's income and expenses can be broken out from the traditional agricultural enterprises' income and expenses, exclude the horse boarding, riding stable, or race horse training operation.
- 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 2 – 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 3.

If Items 1 and 2 are both NO, continue with Item 8.

Item 3 – Other Operations

This is a screening Question to find out if the target name made day-to-day decisions for any other operations in 2007. Each additional **(non-managed)** operation must be listed or verified below Item 3. The information collected on the Screening Supplement will be used to update your State's list sampling frame.

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

If the operator does not have other operations (Item 3 is NO)

If there were not any other operations, enter a "1" in Item Code box 0923, and continue with Item 6.

If the operator has other operations (Item 3 is YES)

Item 3a – Total Number of Operating Arrangements

Enter the TOTAL number of operating arrangements, INCLUDING THE SAMPLED OPERATION LABELED ON THE FACE PAGE OF THE Questionnaire in Item Code box 0923. 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 3b – Identifying Additional Operating Arrangements

After entering the TOTAL number of operating arrangements in Item 3a, complete or verify the information for each additional operation.

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 4 – Operation Selection

The Field Office will place a Random Operation Label (see Figure 1 on last page) on the screening supplement for known multiple operations. Read across the Operation line to match the number of operations you listed in Item 3a. On the Selection line immediately below the Operation line identifies the counting order of operations with apples and not necessarily the operation number.

Circle the pair of numbers on the label associated with the number recorded in Item 3. Write the randomly selected block number in Item 4.

Item 5 – Informing Respondent of Operation Selection

Tell the respondent which operation is selected, and be certain that both of you can identify the operation.

For the whole questionnaire, the respondent must be able to focus on the selected operation, and provide you with information for only that operation.

EXAMPLE 1: RANDOM OPERATION SELECTION

The respondent tells you that he makes day-to-day decisions for 3 operations.

- 1) For Item 3a, enter '3' for total number of operations.
- 2) Record the details for operations 2 and 3 in the table below Items 2 and 3.
- 3) Go to Item 4 to begin the Operation Selection procedure.
- 4) Locate the number 3 on the OPR line of the Random Operation Label (Figure 1 below).

| ST: xx | OPER | | | | |
|------------|------|---|--------|---|---|
| OPERATION: | 1 | 2 | 3 2 | 4 | 5 |
| SELECTION: | 1 | 1 | | 3 | 2 |

Figure 1 - Example of a Random Operation Label

- 5) Circle the pair of numbers on the label associated with the number 3. For this example, the random number selected is '2'.
- 6) Record the randomly selected operation number, number 2, in Item 4.
- 7) Since the selected number identifies the order of operations listed, then the selected operation is Operation 2 (or the first additional operation listed on the screening supplement). Be sure that the respondent knows which operation this is.

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 *Ag Surveys 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 – Listing of Partners

If there are partners recorded in Item 6 above, list those partners in Item 7.

Item 8 – 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 1 and 2. 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 9 – Enumerator Action

These instructions only apply in rare cases where the selected target name is out-of-business. If the answer to items 1 and 2 are both NO:

- On the Screening Supplement, enter Code ‘9’ for the Reporting Unit in item 6 (cell 0921).
- On the Face Page of the Questionnaire, enter Code ‘1’ in Cell 0006, if not already entered.

Go to the Front Page of the Questionnaire, enter code ‘1’ in cell 9901 and complete the Respondent Code, Mode, ending time, date, and enumerator ID information.

Screening Supplements for opDom 99 Operations

OpDom 99 operations are operations whose target is the OPERATION name and not the operator's name.

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 2007, 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, the operator 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 2006, 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 2007.

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 own 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. For an operation to be excluded from ARMS, no other agricultural items (including hay) may be present on the operation.

- 2) horse boarding operations, riding stables, or race horse training operations that
 - a) do not have other agricultural items (ie. has hay or breeds horses) unless they have more than 99 acres of pasture, or

 - b) that keep separate accounting books from the farming operation's accounting books. If the horse boarding, riding stable, or race horse training operation's income and expenses can be broken out from the traditional agricultural enterprises' income and expenses, exclude the horse boarding, riding stable, or race horse training operation.

- 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).
- On the Face Page of the Questionnaire, enter Code '1' in Cell 0006, if not already entered.
- Go to the Back Page of the Questionnaire, enter code '1' in cell 9901 and complete the Respondent Code, Mode, 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 *Ag Surveys 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".

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 2007, 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 1 – Land In Farm/Ranch

Section Purpose

Section 1 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, and
- (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 1-4

Items 1-4 account for acres owned, acres rented from others, and acres rented to others by this operation at any time during 2007. Answers for these items are reported to the nearest whole acre.

For operations that were in business for only a part of 2007, collect data for the part of the year when it was still in operation. If the operation went out-of-business before December 31, 2007, 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 2007.

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 four 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 item 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) grazing land rented on a fee-per-head or Animal Unit Month (AUM) basis, including public lands the operation has grazing rights, sole use, or year-round use of.

- (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.
- (4) Short-term land rental agreements where the operator will graze livestock for a period of 2-4 months then the landlord will harvest crops later in the year. In this case, the landlord "operates" the land.

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 2007, 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 2007. 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.

- (7) land used for such purposes as cell phone towers, pipelines, roadways, windmills, etc., in which the operation receives a payment for and the land is **NOT** farmed. This is without regard for whether the land was formally rented or not. The payments received are recorded as cash rent received in Section 25.

EXCLUDE:

- (1) land enrolled in Government programs for which this operation has enrolled and makes day to day decisions (such as acres under Direct and Counter-cyclical Payment Program (DCP), 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 used for pasturing someone else's livestock for a short term (2-4 months) when the operator will harvest crops later in the year.
- (7) land on which the operator fed livestock under contract for someone else.
- (8) land used for such purposes as cell phone towers, underground pipelines, windmills, etc., in which the operation receives a payment for and the land is farmed. This is without regard for whether the land was formally rented or not. The payments received are recorded as other farm related income received in Section 25.

Item 4 – Total Acres Operated in 2007

The operation's total farming/ranching operation is the total of Items 1 + 2a + 2b + 2c + 2d - 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 – Acres Rented or Leased to Others that The Operation Owned

Report acreage if any owned land was rented or leased to others in Item 3. This land should also be included in Item 1.

Item 6 – Total Acres used on a per head of animal unit month (AUM) basis

Include any acres the operation used on a per head or AUM basis that was NOT reported in Item 2 above. Include land from Federal, State, railroads, Public School Districts, Indian Reservations, or privately owned land where a grazing permit was issued.

Item 7a – Location of Agricultural Activity for this Operation

The principal county is the county where the largest value of the agricultural products sold was raised or produced and the data will be tabulated and published in this county. Please print the principal county, the two letter state abbreviation, and the number of acres from “THIS OPERATION” that were located in that county. All acres in the principal county should be reported here, not just land which is cropland harvested.

Item 7b – Agricultural Activity in any Other County

If the acres in this operation (Item 4) are located in more than one county, print the names of the additional County(ies), the State(s), and the number of acres in each additional County in these response cells. Up to four counties may be reported with the associated acreage in this item. The number of acres in Items 7a and 7b should equal the number of acres in Item 4 but if the acres in this operation are in more than four counties, report the four counties that have the largest value of production.

Items 8-12 – Land Use in 2007

Report how the total acres in Item 4 were used during 2007. Keep in mind the land rented to others, as reported in item 3 is not part of this operation and will not be reported in these questions.

Land used for multiple purposes - In general, the land use items have been arranged in what is normally considered a decreasing order of importance. In this section, each acre in this operation will be reported only once, even though the land may have been used for more than one purpose. See explanations below. Acres reported in this section should equal the acres reported in Item 4.

Double-cropping - If more than one crop was harvested from the same land in 2007, report the acreage only once in this section, Item 8a, as harvested cropland. For example, if wheat was harvested from a 40-acre field in 2007, and then soybeans were planted and harvested from the same field in 2007, report only 40 acres of cropland harvested in Item 8a. However, when reporting acres of the individual crops harvested later in Section 2, the 40 acres of wheat and the 40 acres of soybeans should both be reported on separate lines.

Interplanted crops - If a crop was interplanted in an orchard and harvested, report the acres for the specific crop in the appropriate crop section. For example, if a vegetable crop was interplanted among trees in a 5-acre orchard, report the portion of the 5 acres devoted to vegetables in Section 7, "Vegetables, Potatoes, and Melons" and report the total 5 acres for the orchard in section 8, "Fruits and Nuts." Again, include only 5 acres once in Item 8a, harvested cropland.

Crops grown in alternating strips - If two crops were grown at the same time in alternating strips in the same field, report the acreage devoted to each crop in the appropriate crop sections in the report form. If a 50 acre field was planted in corn and soybeans, with 16 rows of corn followed by 16 rows of soybeans, 25 acres should be reported for corn and 25 acres should be reported for soybeans in Section 2.

Crops grown in alternating strips with idle land or summer fallow - If a field had a crop grown in alternating strips with unharvested grass planted to control erosion, report the acreage devoted to the crop in the

appropriate crop section and report the acreage devoted to the unharvested grass in Item 8d “Cropland idle or used for cover crops.”

Skip row planting with idle land or summer fallow - “Skip” row planting involves leaving a space between the rows for conserving moisture, soil conservation, tillage practices, movement of machinery and equipment between the rows for spraying and harvesting of the crop, etc. See the examples below.

Example 1 - If a crop was planted in “skip” rows with a cover crop for soil improvement, report the harvested portion of the field in the appropriate crop’s section and also include these acres in this section, Item 8a, harvested cropland. Include the acres in soil improvement in this section, Item 8d, cropland idle.

Example 2 - If “skip” rows were in cultivated summer fallow, report the harvested portion of the acres in the appropriate crop’s section and include these acres in this section, item 8a, harvested cropland. Include the acres in cultivated summer fallow in this section, item 8c, cropland in cultivated summer fallow.

Item 8a – Harvested cropland

Includes all acreage from which crops were harvested in 2007 and land in fruit and nut trees and vines in an orchard, grove, or vineyard being maintained for production. The acreage of cropland harvested will include:

- Field crops (corn, wheat, barley, oats, sorghum, soybeans, cotton, tobacco, etc.)
- Hay and forage crops (dry hay, haylage, silage, greenchop, etc.)
- Christmas trees (whether harvested or not in 2007), short rotation woody crops, fruit trees, nut trees, and grapevines (include bearing age acres and nonbearing age acres of trees and vines whether harvested or not in 2007)
- Nursery, greenhouse, floriculture, sod, mushrooms, vegetable seeds, and propagative material.
- Vegetables, potatoes, and melons
- Any other acreage from which a crop was harvested even if the crop was considered a partial failure and the yield was very low.

- The sum of acres reported harvested in Sections 2 and 4 through 9 plus the acres in production of Christmas trees and short rotation woody crops in Section 5, minus the acreage of land from which two or more crops were harvested (acres double-cropped), equals the harvested cropland Item 1a.

Exclude acres of maple trees tapped. They should be reported in Item 10.

Item 8b – Cropland on Which all Crops Failed or Were Abandoned

Includes:

- All land on which a crop failed (except fruit or nuts in an orchard, grove, or vineyard being maintained for production) and no other crop was harvested and which was not pastured or grazed.
- Acreage not harvested because of low prices or labor shortages (except fruit or nuts in an orchard, grove, or vineyard being maintained for production).
- If some, but not all, of the crop acreage was harvested, the harvested acreage should be reported in Item 8a, and in the appropriate crop section. The remainder of the acreage should be reported in this item provided it was not used for pasture or grazing.

Item 8c – Cropland in cultivated summer fallow

Includes cropland in cultivated summer fallow or chemical fallow. It may have been only treated with herbicides, only tilled, or a combination of these practices to control weeds and conserve moisture but it was and not seeded for harvest in 2007. Include cropland summer fallowed in 2007 and planted to a crop (i.e. winter wheat, etc.) for harvest in 2008.

Item 8d – Cropland idle or used for cover crops or soil improvement but NOT harvested and NOT pastured or grazed

Cropland idle includes any other acreage which could have been used for crops without any additional improvement and which was not reported elsewhere in Item 8. Include:

- Land used for cover crops or soil improvement but not harvested or grazed.
- Land in Conservation Reserve (CRP), Wetlands Reserve Programs (WRP) Farmable Wetlands Program (FWP), or Conservation Reserve Enhancement Program (CREP) or other Federal or State conservation programs that was not hayed or grazed in 2007.
- Land occupied with growing crops for harvest in 2008 or later years but not harvested or summer fallowed in 2007 (except fruit or nuts in an orchard, grove, or vineyard being maintained for production). Examples are acreage planted in winter wheat, strawberries, etc., for harvest in 2008 on land where no crop was harvested in 2007.
- Land in “skipped” rows between rows of crops or field strips should be reported here if the land was not used for any other purpose. It should not be reported in Item 8a, “Cropland harvested.”

Exclude acreage from which crops were harvested or planted and intended to be harvested, or used for pasture or grazing.

Item 9a – Permanent pasture and rangeland

This land use item includes pastureland and rangeland, other than woodland pasture or cropland, which is normally used for pasture or grazing. It usually includes land referred to as a “meadow”, “prairie”, or “range” and consists of various types of grasses, such as bunch grass, shortgrass, buffalo grass, bluestem, bluegrass, switch grass, etc. It also includes land predominantly covered with brush or browse. Pastureland or rangeland containing desert shrubs, sagebrush, mesquite, greasewood, mountain browse, salt brush, cactus, juniper, pinion, etc., are to be reported here. Also, include grazing lands which may have been improved by seeding, liming, fertilizing, irrigating, drainage, or controlling brush or weeds.

Item 9b – Woodland pasture

Report all woodland or timber tracts, natural or planted used for pasture or grazing that is not already reported above.

Exclude:

- Land planted for Christmas tree production. This should be reported in Item 8a.
- Cut over or deforested (clear cut) land which has been improved for pasture. This should be reported in Item 9a.
- Pastureland or rangeland containing desert shrubs, sagebrush, or mesquite land. This land should be reported in Item 9a.

Item 9c – Cropland used only for pasture or grazing

This land use item includes

- Land pastured or grazed which could have been used for crops without any additional improvements. Additional improvements include removal of rocks, terracing, removing trees, etc. before crops may be planted or hay harvested.
- Land in planted crops that was hogged-off, pastured, or grazed and not harvested for grain or hay.

Item 10 – Woodland not pastured

This land use item includes

- Cut over and deforested land with new or remaining growth that has future value as wood products and was not pastured in 2007.
- All other woodland, including tapped maple trees (sugar bush).

Item 11 – All other land

Include all other land occupied by building sites, farmstead windbreaks, lanes, roads, ponds, barn lots, gardens for home use, wasteland, etc. Also, include all land in “THIS OPERATION” that does not fit the definition of the other land use categories listed in Items 8, 9, and 10 above.

Item 12 – Total Acres

This is the total of all entries reported for Items 1 through 4. The total acres reported here should be the same as the acreage reported in Section 1, Item 4.

Items 13-15 – Irrigation

Irrigation refers to the application of water to land by any artificial or controlled means, such as sprinklers, furrows and ditches, spreader dikes, flooding, or sub-irrigation pipes. Include acres that had preplant, partial, and supplemental irrigation. Include spreading or channeling of spring run-off or flood waters over pasture if done by manmade structures or ditches. Include the acres where lagoon waste water from livestock operations was distributed by a sprinkler or flood system.

Report irrigated acres in Item 14 or Item 15 only once, regardless of the number of times irrigated or harvested. The sum of Items 14 and 15 cannot be greater than Item 12.

Item 14 – Harvested land irrigated

Report the acres of irrigated land from which crops were harvested in 2007 including all irrigated land with bearing and nonbearing fruit and nut crops and grapevines in an orchard, grove, or vineyard being maintained for production. Irrigated hay land should be included if the hay or haylage was cut. This entry may be equal to, but should not exceed the entry in Item 8a., “Cropland harvested.”

Item 15 – Pastureland, rangeland, idle cropland, and other land irrigated

Report all other irrigated land which was not reported in Item 14. Include acreage used as pastureland, rangeland, land not harvested due to crop failure (except fruit or nuts in an orchard, grove, or vineyard being maintained for production), and land in cover crops and soil improvement grasses irrigated at least once in 2007.

Item 16a – Acres Covered Under Federal Insurance

Of the total acres in Item 4, report the acres that were covered under Federal crop insurance during 2007. **Include** acres covered by insurance for the loss of grazing on rangeland, if the insurance program is administered by a Federal agency.

**Item 16b – Acres classified as base acreage for government farm programs
V1 Only**

Record the acres that are classified as base acres for government farm programs in Item 16b. The base acreage is used in acreage limitation programs as well as to calculate farm program acreage.

**Item 16c – Number of Acres Accessible to the Public for Recreation
V1 Only**

Record acreage that is accessible to the public for the purposes of outdoor recreation, including activities such as hunting, fishing, horseback riding, snowmobile use, etc., regardless of whether or not you received income from the activity(ies). If there is any acreage, indicate:

- (i) If all, part, or none of the acres were in the CRP program, and
- (ii) If the operator received property tax advantages for allowing public access.

Item 17 – Acres Enrolled in CRP , CREP, or WRP

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.

The Conservation Reserve Enhancement Program (CREP) is a State enhancement to the CRP.

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

This Page Intentionally Left Blank

Sections 2 to 9 – Acreage, Production, and Storage

Purpose

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 weights will be adjusted/calibrated so that expansions of harvested acreage for major crops match official NASS estimates at regional and national levels.

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.

Section 2 - Field Crops

Item 1 – Crop Acreage and Production

GENERAL INSTRUCTIONS

This section accounts tobacco, small grains, and other row crops harvested on the selected operation in 2007. All harvested acreage figures should be rounded to the nearest whole acre, except tobacco, which are reported to the nearest tenth of an acre. Total production should be reported in the unit pre-printed for the crop on the questionnaire.

For operations that were in business for only a part of 2007, collect data for the part of the year when they were operating.

If only some of the acres within the field were harvested, report only the acres actually harvested and not the total acres in the field. As an

example, if 3 acres of corn drowned out in a 20-acre field of corn and 17 acres of corn were harvested for grain, report the 17 acres harvested in Section 2. The remaining 3 acres, if not summer fallowed, hayed, or grazed, should be included in Section 1, Item 8b, "Cropland on which all crops failed or were abandoned."

If a planted crop would normally be harvested before December 31, 2007, (corn, soybeans, etc.) but harvest was/will be delayed until 2008 because of weather conditions, equipment problems, etc., it should be included in Acres Harvested, the estimated production included in Quantity Harvested, and the portion of the acres harvested that were irrigated, if any, included in Acres Irrigated.

Columns 1 & 2 – 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 1, Item 4. 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 2007.

These columns identify the crops harvested on this operation in 2007. To ensure proper and complete reporting, for each item listed, ask the respondent, "During 2007, did you harvest any [field crops] on the total acres (Section 1, Item 4) in this operation?"

Record the field crop and crop code from the table at the bottom of the page or in the respondent booklet.

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 sweet corn. Sweet corn should be reported in Section 7 (Vegetables, Potatoes, and Melons).

Cotton

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 “Other tame dry hay” in Section 4.

Potatoes

Record potato acreage in Section 7 (Vegetables, Potatoes, and Melons).

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. Wild rice should be reported separately from general rice. 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 “Other tame dry hay” in Section 4.

Soybeans

Record only soybeans harvested for beans.

Exclude soybeans cut for hay; record as “Other tame dry hay” in Section 4.

Tobacco

Record all types of tobacco harvested in 2007. 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 “Small grain dry hay” in Section 4. If the crop was not harvested (only grazed), do not record in this section. This land will be recorded in Section 1, Item 9c.

Wheat for Grain

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

Column 3 – Harvested Acres

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

INCLUDE:

- (1) acreage of crops harvested in 2007.
- (2) acreage of crops intended for harvest in 2007 even if harvest was delayed until 2008 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 seed harvested, and as acres of Alfalfa in Section 4.

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 2006 crops not harvested until 2007 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 4 & 5 – Total Production

Record the TOTAL PRODUCTION of the harvested commodity (including unit code) in columns 4 and 5. For some respondents, this may require multiplying average yield per acre by the number of acres harvested (col 2).

Column 6 – Acres irrigated that were harvested

Acres irrigated are acres on which water was applied by any artificial or controlled means, such as sprinklers, furrows and ditches, spreader dikes, flooding, or sub-irrigation pipes. Include acres that had preplant, partial, and supplemental irrigation. Include spreading or channeling of spring

run-off or flood waters over pasture if done by manmade structures. Include the acres where lagoon waste water from livestock operations was distributed by a sprinkler or flood system.

Report the acres of the same crop only once, regardless of the number of water applications. If two different crops were harvested in 2007 from the same acreage, report the irrigated acres of each crop.

Column 7 & 8 - 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 the market value of this production in Section 26).
- (2) the landlord's share of production even if it was (or will be) used on this operation.

Column 9 & 10 - Landlord's Share of Production (Total Amount)

Record the TOTAL AMOUNT 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 24, Item 3.

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 2007. This information would be recorded as follows:

| | |
|-----------------|--|
| Column 3 - 125 | acres harvested |
| Column 4 - 7500 | total production [125 acres x 60 bu/acre = 7500] |
| Column 7 - 3750 | operation's share used on this operation [7,500 total bushels produced x 50% share x 100% used = 3,750] |
| Column 9 - 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 2007. 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

Section 3 - Grain Storage Capacity

Report the capacity of all storage structures normally used to store whole grains or oilseeds and on this operation as of December 31, 2007. These facilities can be silos, cribs, bins, buildings, trailers, etc. Do not report any capacity or usage of off-farm public storage or storage rented to others.

Report storage capacity in bushels except for California and Arizona which report in tons. One ton of grain storage capacity is equivalent to approximately 36 bushels. See the conversion table below to convert tons to bushels for the most common grains.

| One ton and equivalent (dry) bushels by crop | | |
|---|------------|----------------|
| Crop | Ton | Bushels |
| Corn, Sorghum (milo), Flaxseed | 1 | 36 |
| Wheat, Soybeans | 1 | 33 |
| Barley, Buckwheat | 1 | 42 |
| Oats | 1 | 63 |
| Rice | 1 | 44 |
| Millet | 1 | 40 |

Section 4 – Hay and Forage Crops

Include hay, haylage, grass silage, or greenchop cut from pastures or CRP land. Any pasture or CRP land that had hay cut from it in 2007 should be reported as “Cropland harvested” in Section 1, Item 8a.

If two or more cuttings of the same crop were made from the same field, i.e., all cuttings harvested as dry hay or all cuttings harvested as haylage, then report the acreage only once for acres harvested and any irrigated harvested acres. Report the total tonnage from all cuttings combined in the quantity harvested column. Dry hay is reported as “Tons, dry” and haylage, grass silage, and greenchop are reported as “Tons, green.”

If haylage, grass silage, or greenchop was cut from the same land from which dry hay was cut, report the acreage and production for that land which was cut for dry hay under the appropriate category of "DRY HAY" and the acreage and production under the appropriate haylage, silage, or greenchop item. For example, if 20 acres of alfalfa were cut for hay and then the same land was used to produce alfalfa haylage, report 20 acres and the quantity harvested of hay in "Alfalfa and alfalfa mixtures for dry hay," and 20 acres and the quantity harvested of haylage in "Haylage or greenchop from alfalfa or alfalfa mixtures."

Exclude the acreage used for straw production, but if the straw is sold, report the value from straw sales in the Section 25.

Item 2 – Land from which Dry Hay, Haylage, Grass Silage, or Greenchop was Cut or Forage was Harvested

Report the total acres of hay and forage crops harvested and any irrigated harvested acres from "THIS OPERATION." If different crops from the same acreage were cut or when there were multiple cuttings, report the acreage only ONCE. Only acres harvested and irrigated acres harvested are needed, not quantity harvested. Exclude corn silage, sorghum silage, and straw.

Item 3 – Amount of Dry Hay, Haylage, Grass Silage, or Greenchop Harvested

Alfalfa and alfalfa mixtures for dry hay - Report only the acres and tons of alfalfa harvested or cut for hay and any irrigated harvested acres. Report the dry weight at the time the hay was removed from the field for storage or feeding. If the weight is not known, report the best estimate.

Haylage or greenchop from alfalfa or alfalfa mixtures - Report acres harvested, quantity harvested, and any irrigated harvested acres of haylage, grass silage, and greenchop (hay cut and fed green) of alfalfa and alfalfa mixtures. If haylage, grass silage, or greenchop was cut from the same land from which dry hay was cut, report the acreage and production for that land which was cut for dry hay under "DRY HAY" and the acreage and production of haylage, silage, or greenchop, in "All other haylage, grass silage, and greenchop".

Small grain dry hay - Report the acres, quantity harvested, and any irrigated harvested acres of hay made from small grains or small grain mixtures. Include hay made from small grains and alfalfa mixtures where the quantity harvested was predominately from small grains. Otherwise report these harvested acres as alfalfa mixtures for dry hay. Exclude straw

acreage harvested and production. Report small grains cut for greenchop, haylage, or silage as “All other haylage, grass silage, and greenchop.”

Other tame dry hay - Report all dry hay made from such crops or mixtures as clover, lespedeza, fescue, timothy, Bermuda grass, Sudan grass, sorghum cut for dry hay, sorghum-sudan crosses, orchard grass, soybeans, peanuts, etc. Report the total acres harvested, quantity harvested, and acres irrigated of all such crops or mixtures.

Wild dry hay - Report all hay cut that was predominantly wild or native grasses, even if it had fill-in seeding of other grasses. Include acres and production of wild hay cut from public lands, pastures, and other land whether rent was paid or not.

All other haylage, grass silage, or greenchop - Report the acres, quantity harvested, and any irrigated harvested acres of haylage, grass silage, and greenchop (hay cut and fed green) made from such crops or mixtures as small grains, clover, lespedeza, fescue, timothy, Bermuda grass, Sudan grass, sorghum-sudan crosses, orchard grass, soybeans, peanuts, etc. When reporting haylage, grass silage, and greenchop, include acres and total quantities from all cuttings, whether harvested from land cut for hay or from land used mainly for pasture.

Section 5 – Woodland Crops and Maple Syrup

Item 2 – Cut Christmas trees

Report the total acres of Christmas trees for cut Christmas trees as “Acres in Production” whether harvested in 2007 or for future harvest. “Number of Trees Cut” should be only those trees harvested in 2007. If there were acres in production, but no trees cut in 2007, report the acres in production and enter “0” for “Number of Trees Cut.” Also, “Acres in Production” should be included in Section 1, Item 8a, “Cropland harvested.”

Report acres of Christmas trees harvested as live nursery stock (balled and burlapped) in Section 6 “Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials”.

Item 3 – Short rotation woody crops

Report the total acres of short rotation woody crops as “Acres in Production” whether harvested in 2007 or for future harvest. Also, “Acres

in Production” should be included in Section 1, Item 8a, “Cropland harvested.”

A short rotation woody crop is a tree with a planned growth cycle from seed to a mature tree in “about 10 years or less”. These are trees for use by the paper or pulp industry, or as engineered wood. The wood is too soft to be used for lumber. Exclude nursery stock or trees that will be harvested for lumber, fence posts, telephone poles, etc.

If the operator maintains the crop during development and initially plans a growth cycle of slightly longer than 10 years, count the crop as a short rotation woody crop and account for the acres in this Section and in Section 1, Item 8a “Cropland Harvested.”

Item 4 – Maple syrup

Report the total number of taps in 2007 and the gallons of syrup produced from the sap harvested from these taps. If sap was sold, estimate the number of gallons of syrup it would have produced. Also, report the acres of tapped maple trees in Section 1, Item 10.

Do not include syrup produced from sap purchased from others.

Item 5 – Market Value of Landlord’s Share of Woodland Crops Sold

For all the crops listed in Items 1 and 2, record the estimated VALUE of the landlord’s share of woodland crops sold. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Item 6 – Market Value of Landlord’s Share of Maple Syrup

For all the crops listed in Items 1 and 2, record the estimated VALUE of the landlord’s share of maple syrup sold. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 6 – Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials

Review the crop types listed at the bottom of the page before completing this section. Report all of the area for these crops grown for sale on this operation under glass or other protection, including “tunnel” production, or in the open, whether wholesale or retail. Include those sold on consignment. Exclude greenhouse vegetables grown for home consumption. Report food crops temporarily covered for early germination, frost protection, etc. in Section 7, 8, or 9.

Item 2 – Area For Irrigated Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials

Report the area of irrigated crops as square feet and/or whole and tenth acres. Do not duplicate the same area irrigated in the “Square Feet” and “Acres in the Open” columns. Report the area only once in Item 2 regardless how many crops were harvested from the same area. If more than one type of crop was harvested from the same area, report each crop separately in Item 3.

Item 3 – Crops Grown during 2007 For Sale

Print the crop type name, corresponding crop code from the list below the table, the area harvested, and value of sales for this crop type. Do not duplicate the area harvested for each Crop Type in the “Square Feet Under Glass or Other Protection” and “Acres in the Open” columns.

Record crops harvested under glass or other protection in square feet and/or those produced in open areas in whole and tenths of acres.

- If the same crop was harvested more than once, such as mushrooms, report the square footage only once. In the case where different crops were grown on the same benches or beds, report the area for each crop harvested.
- For crops grown in hot beds, benches, or cold frames, report only the square feet of the beds, benches, or frames and not the walkways or storage areas. An example might be where crops are grown in stacked trays 3 tiers high. In this case, calculate the square footage of one tier and multiply the footage by 3. (If a tier equals 160 square feet, multiplied times 3 levels equals a total 480 square feet).

- For sod, report area harvested only as “Acres in the Open.”
- If more than one type of crop was harvested from the same area, report each crop separately in Item 3.
- Report tobacco transplants that are grown and sold from this operation using code 1004. Exclude tobacco transplants that were grown and then transplanted on the same operation.
- Report vegetable transplants that are grown and transplanted to farm fields, whether this operation or someone else’s, using code 1006.
- Report acres harvested of live Christmas trees (balled and burlapped, potted, etc.) grown on this operation using code 0488. Cut Christmas trees are reported in Section 5, Item 2.
- Blueberries raised and sold for transplanting are reported in Nursery stock, code 0488.

Acreage which did not have any crop harvested in 2007 but had crops growing in for future harvest, such as sod, ornamentals, shade trees, etc., should be included in Section 1, item 8d, “Cropland idle.”

Item 4 – Market Value of Landlord’s Share of Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials

For all the crops listed in Item 3, record the estimated VALUE of the landlord’s share of Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 7 – Vegetables, Potatoes, and Melons

Report all of the area for vegetable, potato, and melon crops harvested on this operation. Exclude vegetables and melons grown for home consumption. If the potatoes were graded for sale, be sure to include the culls in the quantity harvested, as well as those sold. Include yams with sweet potatoes. Exclude potatoes produced for home consumption.

Report strawberries in Section 9. Report dry edible peas, dry edible beans, dry lima beans, lentils, and chickpeas in Section 2, "FIELD CROPS." Vegetables grown under glass or other protection should be included in Section 6.

In all states, except Florida and Arizona, report vegetables harvested in the calendar year 2007. For Florida and Arizona, report vegetables and melons harvested from September 1, 2006, through August 31, 2007.

Item 2 – Acres of Vegetables, Potatoes, and Melons Harvested

Report the total harvested acres and irrigated harvested acres of vegetables, potatoes, and melons in whole and tenth acres. Report the area only once regardless how many crops were harvested from the same area. If more than one type of crop was harvested from the same area, report each crop separately in Item 4. See example below.

Item 3 – Total Potato Production & Landlord's Share

Report potato production in hundredweight. Record the potato acreage in Item 4. If the land was rented for a share of the crop (Section 1, Item 2c), record the landlord's share of production in hundredweight.

Item 4 – Vegetable, Potato, and Melon Acreage

Report acreage data for vegetables, potatoes, and melons harvested acres in the table. Use the Vegetable, Potato, and Melons Supplement if additional lines are needed. Write in the crop name, corresponding crop code from the list below the table, the total acres harvested, the acres harvested for fresh market, and the acres harvested for processing in whole and tenth acres.

Example: If 20 acres of summer squash were harvested from a field and the field was replanted in summer squash and harvested again, report only 20.0 acres of land from which vegetables were harvested in item 2, but report 40.0 acres harvested in Item 3, summer squash, code 0133. Report the 40.0 acres in the appropriate columns for fresh market and processing.

- **Contracts** - Report all vegetables and melons, including those grown under contracts. Later, the screening question in Section 19 will determine if the data are to be reported in that section also.

- Two or more pickings of the same crop - Report the acres harvested only once even when two or more pickings were made from the same field.
- Potatoes and sweet potatoes raised and sold for seed – Report the acreage of potatoes and sweet potatoes raised and sold for seed as acres harvested for fresh market.

Item 5 – Market Value of Landlord’s Share of Vegetables and Melons

For all the crops listed in Item 4, record the estimated VALUE of the landlord’s share of Vegetables, Potatoes, and Melons EXCEPT potatoes, which are recorded in Item 3. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 8 – Fruit and Nuts

Report the acreage if there were 20 or more fruit or nut trees, and/or grapevines on this operation which were maintained for current or future production. Include acreage of trees and vines whether the production was for home use or sold.

Item 2 – Acres in Bearing and Non-Bearing Fruit Orchards

Report total, irrigated, as well as harvested acres of trees and vines in whole and tenth acres. In the total acreage, include bearing age acres and nonbearing age acres and bearing age acres not harvested due to unsatisfactory prices, labor shortages, etc. Exclude abandoned acres of trees or vines that were not maintained for production and young trees and vines designated for future transplanting and replacement. Report these acres of young trees in Section 6.

Item 3 – Fruit and Nut Acres in 2007

Write in the crop name, corresponding crop code from the list below the table, total acres, bearing age acres, and nonbearing age acres. Report all acreage in whole and tenths acres. The total acres of all trees and vines is equal to the acres of bearing age trees plus the acres of nonbearing age trees. Nonbearing trees that are planted as replacements for trees that have died in bearing blocks should have an estimate of the land which they occupy reported in the nonbearing acres column.

- For Florida report the acreage of limes and avocados for the April 2007 - March 2008 harvest season.
- Report the acreage of citrus crops for the 2006 - 2007 harvest season except in Florida report the acreage of limes for the April 2007 - March 2008 harvest season.
- For California report the acreage of avocados for the 2007 crop year , November 1, 2006 - November 30, 2007. The 2007 crop year consists of the fall crop, November 1, 2006 - June 20, 2007 and the spring crop, April 20, 2007 - November 30, 2007. Report the acreage of olives for the September 2006 - March 2007 harvest season.
- For Florida report the acreage of avocados for the April 2007 - March 2008 harvest season.

Item 4 – Market Value of Landlord’s Share of Fruit and Nuts

For all the crops listed in Item 3, record the estimated VALUE of the landlord’s share of Fruit and Nuts. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 9 – Berries

Report the cultivated (tame) harvested acres of strawberries, cranberries, or other berries harvested for sale from this operation in 2007. Exclude berries grown for home consumption. Wild blueberries are the only uncultivated berries which should be reported here. Report the acres grown, acres irrigated, total acres for each crop, acres harvested, and acres not harvested in whole and tenth acres.

Item 2 – Acres which Berries were Grown

Report the acres grown and acres irrigated of berries in whole and tenth acres. Report the area only once regardless how many times the crops were harvested from the same area.

Item 3 – Individual Berry Acreage

Report for the crops preprinted. Check the “None” box for each preprinted crop that was not harvested on “THIS OPERATION” in 2007. Report all acres in whole and tenth acres. If a harvested berry crop name is not preprinted, write in the crop name and the total acres, acres harvested, and acres not harvested in the “Other berries specify” response area.

Item 4 – Market Value of Landlord's Share of Berries

For all the crops listed in Item 3, record the estimated VALUE of the landlord's share of Berries. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Sections 10 to 17 – Livestock

Section 10 – Cattle and Calves

Report inventories of all beef and dairy cattle and calves on this operation on December 31, 2007 and number of cattle and calves sold or moved from this operation during 2007. Inventories should include cattle on land used rent free or on public, private, or industrial property under a grazing permit, per head, or AUM basis. Include cattle located on or fed on this operation for others.

Item 2 – Number of Cattle and Calves On Hand

Include number of cattle and calves of all ages that were grazing or being fed for others on a custom or contract basis on December 31, 2007 on this operation. **Exclude** any cattle owned on December 31, 2007 were being custom fed in feedlots operated by others.

Item 2a – Beef cows

Report the number of beef cows on this operation on December 31, 2007, that were kept for beef production. Report beef heifers that had calved by December 31, 2007. Report milk cows in item 2b. **Exclude** steers, calves, and bulls.

Item 2b – Milk cows

Report the number of cows of any breed kept for milk production on this operation on December 31, 2007. Include dry milk cows and dairy heifers that had calved by December 31, 2007.

Item 2c – Other cattle

Report the number of heifers that had not calved by December 31, 2007, steers, calves, and bulls combined.

Item 3 – Total cattle and calves on Hand December 31, 2007

Report the total number of cattle and calves of all ages on this operation on December 31, 2007 regardless of ownership. Items 2a, 2b, and 2c should add to the number reported here.

Item 4a – Calves Sold or Moved in 2007

Report the number of calves weighing less than 500 pounds that were sold or moved from this operation during 2007.

Item 4b – Cattle Sold or Moved in 2007

Report all the cattle and calves weighing 500 pounds or more that were sold or moved from this operation during 2007. **Exclude** Milk Cows. Milk cow sales and movements will be reported in Item 4c.

Item 4c – Milk Cows Sold or Moved in 2007

Report all the milk cows, both dry and in milk, that were sold or moved from this operation during 2007.

Item 5 – Total cattle and calves sold or moved during 2007

Report the total number of cattle and calves sold or moved during 2007. Items 4a, 4b, and 4c should add to the number reported here.

Item 6 – Number that will be Shipped Directly to Slaughter Market

How many of the cattle on hand reported in Item 3, Total cattle and calves, above were on feed December 31, 2007, and were or will be shipped directly from your feedlot to slaughter market? **Exclude** veal calves that were fattened primarily on milk, dairy cows that were fed only the usual dairy ration before being sold, or cattle and calves being preconditioned, backgrounded, or fed a warm-up ration and sold or moved to another operation for further feeding.

CATTLE IN FEEDLOTS – Include animals for slaughter market fed a ration of grain or other concentrates that are expected to produce a carcass that will grade select or better. **Exclude** cattle that were pastured only.

Item 7 – Number that were Shipped Directly to Slaughter Market

How many of the cattle sold during 2007 reported in item 4b, cattle sold weighing 500 pounds or more, above were shipped directly from your feedlot to slaughter market? **Exclude** any of your cattle being custom fed in feedlots operated by others. **Exclude** cattle sold as feeders.

Item 8 – Amount of Milk Sold or Moved

Record the total amount (in hundredweights) of milk sold on the open market or removed under contract in 2007 regardless of ownership.

Item 9 – Market Value of Landlord's Share of Cattle & Calf Sales/Movements

Record the estimated VALUE of the landlord's share of Cattle and Calf Sales/Movements. Exclude milk sales/movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Item 10 – Market Value of Landlord's Share of Milk and Other Dairy Product Sales/Movements

Record the estimated VALUE of the landlord's share of Milk and other Dairy Product Sales/Movements. Exclude cattle and calf sales and movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 11 – Sheep and Lambs

Item 2a – Sheep and lambs owned

Report the inventory and total sales of sheep and lambs OWNED, even if they were not kept on this operation on December 31, 2007. This includes the inventories and sales of sheep and lambs owned that were being grazed or custom fed on another operation or feedlot. Report the pounds of wool shorn in 2007 whether sold or not.

Item 2a(i) – Ewes 1 year old or older

Report the inventory of ewes 1 year old and older OWNED on December 31, 2007, even if they were not kept on this operation on December 31, 2007. This includes the inventories of ewes owned that were being grazed or custom fed on another operation or feedlot.

Item 3 – Market Value of Landlord's Share of Sheep & Lambs Sales/Movements

Record the estimated VALUE of the landlord's share of Sheep and Lamb Sales/Movements. Include wool shorn. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 12 – Poultry

Report inventories of all poultry including breeding, layers, and all meat-type birds on this operation regardless of ownership on December 31, 2007. Poultry also includes all exotic and game birds such as emus, ostriches, ducks, pheasants, quail, etc. Include poultry raised for others on a contract basis when reporting the inventory and number sold or moved from this operation. Of the inventory reported in the first column, report how many were owned by the operation in column 2. Report the number sold or moved from this operation during 2007 in column 3.

If the number sold or moved from the operation is not known, an estimate should be given. Roosters and young male chickens kept for breeding should be reported in item 12, "All other poultry." Roasters, capons, and Cornish hens not used for breeding should be reported in item 2c with broilers, fryers, and other meat-type chickens.

Poultry should be reported by the person who actually raised the birds even though they are often not the person who owns the poultry.

Exclude poultry owned by you but raised by someone else on another operation under contract.

Item 2a(i) – Layers (Table egg types)

Report the number of layer hens in molt and other layer hens and pullets 20 weeks old and older. In the second column, report any of the layers, 20 weeks old and older, and cull hens sold or moved from this operation during 2007, including those under contract. Include layers from all domestic chicken flocks. Exclude layers from exotic and game birds.

Item 2a(ii) – Layers (Hatching Layers for Meat Types)

Report the number of layers for broilers, roasters, and other meat-types. In the second column, report any of the layers for meat types, 20 weeks old and older, and cull hens sold or moved from this operation during 2007, including those under contract.

Item 2a(iii) – Layers (Hatching layers for table eggs)

Report the number of layers for table eggs. In the second column, report any of the layers for table eggs, 20 weeks old and older, and cull hens sold or moved from this operation during 2007, including those under contract.

Item 2b – Pullets for laying flock replacement

Report the number of pullets, under 20 weeks old for laying flock replacement on this operation as of December 31, 2007, and the total number sold or moved from this operation during 2007, including those under contract.

Item 2c – Broilers, fryers, and other chickens raised for meat production, including capons and roasters

Report the number of broilers, fryers, capons, roasters, and other meat-type chickens on this operation as of December 31, 2007, including those raised under contract. Report the number sold or moved from this operation during 2007, including those raised under contract. Include only birds raised for meat production. Exclude meat-type hatching layers which are reported in item 2a(ii).

Item 3 – Chicken Eggs Sold/Moved in 2007

Record the total number (in dozens) of all chicken eggs (including hatching eggs), sold on the open market or removed under contract in 2007, regardless of ownership.

Item 4a – Turkeys for meat production

Report the number of turkeys for meat production on this operation on December 31, 2007, including those raised under contract. Report the number of turkeys for meat production sold or moved from this operation during 2007, including those raised under contract. Exclude turkey hens kept for breeding.

Item 4b – Turkey hens kept for breeding

Report the number of turkey hens kept for breeding on this operation on December 31, 2007, including those raised under contract. Report the number of turkey hens kept for breeding sold or moved from this operation during 2007, including those raised under contract.

Items 5-11 – Ducks, Emus, Geese, Ostriches, Pheasants, Pigeons or Squab, and Quail

Report the inventory for all types and ages of each specie on this operation on December 31, 2007, including those raised under contract. Report the number sold or moved from this operation during 2007, including those raised under contract.

Item 12 – All other poultry

Report the inventory of all other poultry on this operation on December 31, 2007, not accounted for in items 2 through 11. Enter the name of other poultry species in the space provided. Report the inventory and number sold or moved from this operation during 2007, including those raised under contract. Poultry that is included here should only be species not previously listed and held for either breeding or weight gain purposes. **Include** birds raised on this operation and sold for pets, such as canaries, but **exclude** from other poultry, birds that were imported, held for a short time, and then sold as pets.

Item 13 – Poultry hatched

Report all types of poultry hatched on this operation in 2007. Hatched includes all poultry that are placed or sold. Specify the kind of poultry hatched (chickens, turkeys, ducks, pheasants, emus, etc.). Do not include hatchlings from this category as sold in items 2 through 11 unless raised to slaughter or breeding age on this operation and then sold.

Item 14 – Market Value of Landlord's Share of Poultry Sales/Movements

Record the estimated VALUE of the landlord's share of Poultry Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 13 – Hogs and Pigs

Report all hogs and pigs on this operation on December 31, 2007. Include hogs grown for others on a contract basis. Include hogs owned on this operation that are owned by members of the family, i.e. 4H hogs on this operation that are owned by a son or daughter. Contractors should only report hogs on land they operate. If the target operator is a contractor or integrator and in 2007 grew no hogs other than those raised for him/her by others, do not report any hogs in inventory or any hogs sold. If the addressee was a contractor or integrator and grew hogs himself/herself and had hogs grown for him/her by others, report only the hogs which he/she raised on this operation. Exclude hogs grown for the target operator by someone else on another operation under contract.

Item 2a – Hogs and Pigs Used or to be Used for Breeding

Report the number of hogs and pigs on this operation on December 31, 2007 that were or will be used for breeding. Report the number of hogs and pigs in inventory owned by this operation on December 31, 2007 that were or will be used for breeding. **Include** bred sows, bred gilts, boars, other sows, and gilts intended for breeding and young males to be used for breeding.

Item 2b – Other Hogs and Pigs

Report all other hogs and pigs, including all hogs being raised for sale and those intended for home slaughter. Report the number owned by the operation. Include those being fed or kept for others under a production contract or an agreement.

Item 3 – Total Hogs and Pigs

Report the total number of hogs and pigs of all ages on this operation on December 31, 2007. Report the total number of hogs and pigs of all ages owned by this operation on December 31, 2007. Include those being fed or kept for others under a production contract or an agreement. Items 2a and 2b should add to the number reported here.

Item 4 – Hogs and Pigs Sold or Moved

Report the total number of hogs and pigs sold or moved off the operation, including feeder pigs, in 2007.

Item 5 – Type of operation

Mark the one type which best describes this operation.

- A Farrow to wean operation sells or moves pigs from this operation soon after they are weaned from the sow. Generally at 2 to 5 weeks of age.
- A Farrow to feeder operation sells or moves pigs from this operation after the pigs are weaned and fed to a feeder pig weight, approximately 35 to 55 pounds.
- A Farrow to finish operation farrows and sells or moves pigs from this operation after they have reached market weight and are sold or moved directly to slaughter.
- A Nursery operation buys or moves pigs to this operation after they have been weaned and will feed them for a short period of time, after which they are sold or moved from this operation to a finishing operation.
- A Finish only operation buys or moves pigs to this operation at weaning weight and feeds them until they have reached market weight and are sold or moved directly to slaughter.

- Other hog operations, this item could include operations where a majority of production focuses on raising and selling breeding stock. Specify the type of hog operation in the response area.

Item 6 – Describe the producer

Mark only one type of producer that best describes this operation.

Item 7 – Market Value of Landlord's Share of Hog Sales/Movements

Record the estimated VALUE of the landlord's share of Hog Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 14 – Aquaculture

Aquaculture is defined as the farming of fish, crustaceans, mollusks, and other aquaculture products. The aquaculture production reported in the census requires some form of intervention in the rearing process, such as seeding, stocking, feeding, protection from predators, etc. It also requires ownership of the stock being cultivated, and harvesting is conducted in a controlled environment by this operation. Fish, shellfish, and other aquaculture products which are caught or harvested by the public from non-controlled waters or beds, are considered wild caught and should not be included as aquaculture production. Aquatic plants should be reported in Section 6, Nursery, Greenhouse, Floriculture, Sod, Mushrooms, Vegetable Seeds, and Propagative Materials, of the report form.

Examples of controlled environment include:

- Ocean-raised fish in pens, cages, etc.
- Shellfish harvested from leased, owned, controlled, or managed beds
- State, Federal, reservation, and privately owned fish hatcheries

The area of the controlled environment of this operation should be included in Section 1, Item 1 or 2, as well as Item 4. The area of land and water area associated with these production areas should be included in Section 1, Item 11 and Item 12.

Review the Aquaculture types listed at the bottom of the page before completing this section. Print the name of the aquaculture type and the corresponding code from the list at the bottom of the page. Report all fish sizes and/or eggs of one fish type under that aquaculture type and code. For example, if you raised trout and sold some as food size and some as fingerlings report all food size and fingerlings under Trout, code 863, and report all the number moved OR pounds sold or moved from this operation in 2007.

Item 2 – Fish and other Aquaculture Products Grown in 2007

Report the pounds or number sold or moved from this operation whether wholesale, retail, or on a contract basis or consignment. Include the aquaculture raised by Federal and State hatcheries and sold or moved for stocking public waters. Report the pounds or numbers moved for stocking public waters and estimate the market value for the Value of Sales, if necessary. Report the value of sales for each aquaculture type and report the total sales of aquaculture in Section 20. Exclude aquaculture grown for home consumption.

Catfish or other aquaculture raised under a production contract should be reported by the person who raised the product.

All other aquaculture such as frogs, turtles, caviar, eels, alligators, etc., should be reported as code 869.

Item 3 – Market Value of Landlord's Share of Aquaculture and Egg Sales/Movements

Record the estimated VALUE of the landlord's share of Aquaculture and Egg Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 15 – Colonies of Bees

Item 2 – Colonies of Bees Owned

Report the inventory of colonies of bees owned, regardless of location on December 31, 2007. Report total number of colonies sold during 2007.

Include the number of colonies of non-honey producing bees such as leaf cutter bees or pollination colonies. Report the amount of honey collected during 2007 whether or not it was sold. Report the sales of honey, bee colonies, beeswax, pollen, and leaf cutter bees in Section 20.

Fees received from pollination services should be reported in Section 25 as other farm related income.

Item 3 – Market Value of Landlord’s Share of Bee & Honey Sales/Movements

Record the estimated VALUE of the landlord’s share of Bee & Honey Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

**Item 4 – Use of Bees for Pollination
V1 Only**

If the operation owned or rented bee colonies to pollinate this operation’s crops, check the “yes” box and continue with Item 5. If this operation’s crops were not pollinated by bee colonies regardless of ownership, check the “no” box and continue with Section 16.

**Item 5 – Crops Pollinated by Bee Colonies
V1 Only**

If any crops in this operation were pollinated by bee colonies, record the crop name, crop code (from the table or respondent booklet), acres pollinated, number of owned colonies, and number of rented colonies that performed the pollination. If bee colonies were rented, record the rental rate per colony.

Section 16 – Other Animals and Livestock Products

Report all other livestock, animal specialties, and their products not reported in previous sections. Report the inventory of all horses and ponies, mules, burros, donkeys, goats, alpacas, llamas, mules, mink, rabbits, bison, deer in captivity, elk in captivity, lab animals, etc., raised in captivity that were on this operation on December 31, 2007. Report the total number sold or moved from this operation during 2007, including those raised under contract. Exclude animals and products owned by the addressee but raised on another operation under contract.

Item 2 – Horses and ponies Owned by the Operation

Report the inventory of all owned horses and ponies on this operation on December 31, 2007. Report the number of horses and ponies sold from this operation owned by you.

Item 3 – Horses and ponies NOT Owned by the Operation

Report the inventory of all horses and ponies not owned, but boarded by this operation for others on December 31, 2007. Report the number of horses and ponies sold from this operation that were owned by others. Do not record the value of sales for these horses in Section 20.

HORSE BOARDING, TRAINING, RACING OPERATIONS

With the popularity of the equine industry in many States, you may run into an operation that has both agricultural and equine related businesses. Economic surveys like the ARMS and Census account for agricultural enterprises as defined by the North American Industrial Classification System (NAICS). Commercial equine boarding, training, and racing do not fall into the agricultural category. As a result, income and expense items for these operations shouldn't be recorded if at all possible.

If the operator has a horse boarding, training, or racing operation, determine whether or not the operator keeps income & expenses of the horse operation separate from the agricultural enterprise.

If the financial records are kept separately, do not count the horses associated with the horse operation. Also, do not record any income or expenditures of the horse operations in later sections of the ARMS questionnaire.

If the financial records are kept together, count the horses associated with the horse operation. Also, record any income or expenditures of the horse operations in later sections of the ARMS questionnaire.

Item 4 – Mules, Burros, and Donkeys

Report the inventory of all mules, burros, and donkeys on this operation on December 31, 2007. Including those not owned by you and boarded on

this operation. Report the number of mules, burros, and donkeys that were owned by the operation in the middle column. Report the number of mules, burros, and donkeys sold from this operation during 2007.

Items 5-10 – Milk, Angora, and Meat and other Goats, Alpacas, Llamas, and Bison

Report the inventory of goats, by type, on this operation on December 31, 2007, including those raised under contract. Report the number of goats, by type, that were owned by the operation. Report the total number of goats sold or moved, by type, from this operation during 2007, including those raised under contract.

Report the inventory of alpacas, llamas, and bison raised in captivity on this operation on December 31, 2007, including those raised under contract. Report the number owned by the operation. Report the total number sold or moved from this operation during 2007, including those raised under contract here.

Item 11 – Deer in Captivity

Report the inventory and number sold in 2007 of deer raised in captivity and the number that were owned by the operation. If the deer were on a game farm and a hunting fee was received for the deer, it may be necessary to split the fee between Value of Sales and Income from Farm-Related Sources. Only the market value of the deer is included in the Value of Sales section and the balance of the hunting fee received that is attributed for guide services, lodging, transportation or food would be reported in Section 25.

Deer “raised in captivity” are deer confined to the operation with fencing, require inputs such as of feed, veterinary, etc. The deer may have been purchased from other producers and transported and cared for within the confines of this operation. Exclude wild deer on the operation.

Item 12 – Elk in Captivity

Report the inventory and number sold in 2007 of elk raised in captivity, the number owned by the operation, and include their value of sales in Section 20. If the elk were on a game farm and a hunting fee was received for the elk, it may be necessary to split the fee between Value of Sales and

Income from Farm-Related Sources. Only the market value of the elk is included in the Value of Sales section and the balance of the hunting fee received that is attributed for guide services, lodging, transportation or food would be reported in section 25, Income from Farm-Related Sources.

Elk “raised in captivity”, are elk confined to the operation with fencing, require inputs such as of feed, veterinary, etc. The elk may have been purchased from other producers and transported and cared for within the confines of this operation. Exclude wild elk on the operation.

Item 13 – Rabbits, including Pelts

If rabbit pelts were sold in 2007, include them in the number sold. Retained pelts should be included in inventory and number owned. The value of pelt sales should be reported in Section 20.

Item 14 – Mink, including pelts

If mink pelts were sold in 2007, include them in the number sold. Retained pelts should be included in inventory and number owned. The value of pelt sales should be reported in Section 20.

Item 15 - Other Livestock and Animals

Report the inventory of any other livestock and animals (worms, ladybugs, lab animals, snakes, canaries, etc.) raised in captivity for sale on this operation on December 31, 2007 and not previously reported on this report form. Print the name of the livestock in the specify area, the inventory on this operation on December 31, 2007, number owned, and the total number sold or moved from this operation during 2007. Include their value of sales in Section 20.

LIVESTOCK AND ANIMAL PRODUCTS

Item 16 - Mohair (pounds clipped)

Report the pounds of mohair produced (clipped), on this operation in 2007. Report the mohair produced, whether the mohair was sold or not, or whether or not the goats are currently on this operation.

Item 17 - Other Livestock Products

Report the production of all other livestock and livestock products including semen, embryos, manure sold, beeswax, worm castings, or other livestock or animal products produced and sold from this operation during 2007. Print the type of product and indicate the unit (tonnage, pounds, etc.) used in reporting the product. Include their value of sales in Section 20.

Item 18 – Market Value of Landlord’s Share of Horses, Ponies, Mules, Burros, and Donkeys

Record the estimated VALUE of the landlord’s share of Horses, Ponies, Mules, Burros, and Donkeys Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Item 19 – Market Value of Landlord’s Share of Other Animals and Livestock Products

Record the estimated VALUE of the landlord’s share of Other Animals and Livestock Products Sales/Movements. Report a dollar value only if the land was share rented (Section 1, Item 2c).

Section 17 – Other Operations Growing Livestock for this 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 the first 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.

EXAMPLE:

Respondent has Production Contract with a Feedlot and a Marketing contract with Meatpacker

In this case the respondent is the owner of the cattle, and has a production contract with a feedlot (the respondent is the contractor). This contract should be reported in Section 17, Item 2. This includes all expenses paid or reimbursed by the respondent (contractor) to the feedlot. These expenses should only be recorded in Section 17. They should not be recorded in Section 26 (Section 26 is used to record expenses incurred on the respondent's operation).

If the feedlot sells/markets the finished cattle for the respondent (owner) then the gross receipts from the sale of these cattle should be recorded in Section 17, Item 2, Column 6 for Version 1 respondents. If the respondent (owner) is responsible for marketing the finished cattle and uses a marketing contract, then record the information in Section 18. If the respondent (owner) is responsible for marketing the finished cattle and sells the cattle on the open market then record the information in Section 20.

If the feedlot was also a respondent, the feedlot would report a production contract in Section 19 and would report the expenses that were paid by the cattle owner (contractor) in Section 26, Column 3. Any other expenses associated with the production contract and not paid by the cattle owner (contractor) would be reported in Section 26, Column 1. The feedlot worksheet (at the end of the chapter) can be used as an aid for determining which expenditures should be reported in the contractor column and operator column.

Column 1 – Commodity Contracted Out
V1 only

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 2006, and were still under contract on January 1, 2006.

Column 2 – Livestock Code
V1 only

Record the livestock code from the respondent booklet that relates to the commodity identified in Column 1. This should be done by the enumerator despite the questionnaire saying for office use only.

Column 3 – Market Value of Commodities under contract on Jan. 1, 2007
V1 only

Record the estimated market value of all this operation's commodities from 2006, and previous years that were placed on contractee operations and were still under contract as of January 1, 2007.

DO NOT include this value in Section G, Assets.

Column 4 – Estimated Market Value of Commodities Placed
V1 only

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 2007. 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 Paid to Contractees
V1 only

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

DO NOT record these expenses in Section 26 (Section 26 is used to record expenses incurred on the respondent's operation).

Column 6 – Gross Receipts from Contracts
V1 only

Record the gross income to this operation from sales of commodities produced under this contract by other operations (quantity times market

price) during 2007. **DO NOT** record these sales anywhere else in Section 10-16 or 18-20. 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, 2007
V1 only**

Record the estimated market value of commodities still under contract as of December 31, 2007.

DO NOT include this value in Section 28, Assets.

**Item 1a – Gross Receipts from Contracts
V2,V3,V5**

Record the gross income to this operation from sales of commodities produced under contract by other operations (quantity times market price) during 2007. **DO NOT** record these sales anywhere else in Section 10-16 or 18-20. This item will be zero for dairy replacement heifers that are removed back to the respondent's (contractor's) operation and not sold.

**Item 1b – Market Value of Unsold Livestock
V2,V3,V5**

Record the estimated market value of commodities still under contract as of December 31, 2007.

DO NOT include this value in Section 28, Assets.

**Item 1c – Production Expenses and Fees Paid to Contractees
V2,V3,V5**

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

DO NOT record these expenses in Section 26 (Section 26 is used to record expenses incurred on the respondent's operation).

ARMS phase III 2007 -- Cattle on Feed Worksheet

Ownership of cattle on operation:

| Screening | Yes/No | |
|---|--|--------------------------------|
| 100% of cattle are owned by the operation (retained ownership): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 1</u> |
| 100% of cattle on hand are owned by an outside operation (custom fed): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 2</u> |
| Ownership of cattle is divided between operation and outside operations (divided interest): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 3</u> |
| Sec 1: 100% "Retained ownership" | | |
| <p>No production contract is recorded in Section D, all expenses related to feeder cattle are to be recorded in Section 26 under operator & partners for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. The estimated market value needs to be recorded an asset for feeder cattle in Section 28, item 6c. (Form Complete)</p> | | |
| Sec 2: 100% "Custom fed" | | |
| <p>Record a production contract completed in Section 19 for each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 under "Contractor" for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. all related to the cattle fed on the operation for others. No assets should to be recorded in Section 28, item 6c for the cattle on feed, since they are not owned by the operator.</p> | | |
| <p>What was the value of weight gain on the animals in the feedlot? <input style="width: 80px; height: 20px;" type="text"/></p> <p>This is a sunk cost (asset) that should be recorded. (Go to Sec 3)</p> | | |
| Sec 3: "Divided interest" | | |
| | | Percent |
| <p>What percentage does the operator own? + <input style="width: 80px; height: 20px;" type="text"/></p> | | |
| <p>What percentage do outside operators own? + <input style="width: 80px; height: 20px;" type="text"/></p> <p style="text-align: center;">= 100%</p> | | |
| <p>Record a production contract completed in Section 19 for the outside owner's (contractor's) percentage of the cattle, each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 in both "Operator & Partners" and "Contractor" columns, record the appropriate <i>percentage</i> for each lineitem related to the cattle fed on the operation for others (livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc.). [For example, if the operator owns 20% of the cattle, and the other 80% are owned by an outside operation, and the total feed purchased was \$50,000, then the operation's feed expense would be \$10,000, whereas the expense for the "Contractor" would be \$40,000.] Assets need to be recorded in Section G, item 5c for the operation's percentage share of the cattle on feed. Do not forget to ask and record for an estimate of the value of weight gain on the animals in the feedlot. That is a sunk cost (asset) that should be recorded.</p> | | |
| <p>What was the value of weight gain on the animals in the feedlot? <input style="width: 80px; height: 20px;" type="text"/></p> <p>This is a sunk cost (asset) that should be recorded. (Go to Back)</p> | | |

--over

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

Computation Final Fee Received

Operators may report several expenses hidden in the fee for production contracts. Use the table below to record the various parts of the fee as reported. The intent is to avoid upsetting the respondent. This chart allows you to accurately collect the hidden expenses that can be distributed after the interview.

Of the final fee received per animal (record in Sec 19 COL 5), how much was for the following: (Alternative: Can you tell me what makes up the fee you charge contractors?)

| | Dollars | Percent | |
|------------------|---------|---------|-----------------|
| Total | | 100% | |
| Yardage/Labor | | | record in COL 5 |
| Feed | | | record in ic636 |
| Hauling | | | record in ic788 |
| Vet/Meds | | | record in ic642 |
| Bedding & litter | | | record in ic639 |
| Other _____ | | | |
| Other _____ | | | |
| Other _____ | | | |

Feed, hauling etc. are reimbursable items and should not be included in the total fee for COL 5. Production fees are expected to be between \$35-\$200.

Contract Loss - Capture expenses that can't be passed to Contractor.

Because of weather related delays, etc., what are the expenses that were absorbed by the operator because they could not be passed to the contractor because of a fixed contract fee. In turn, you should leave record these expenses in the operator column. These should be in addition to any fees recorded above.

| | Dollars | Percent | |
|------------------|---------|---------|-----------------|
| Total | | 100% | |
| Feed | | | record in ic636 |
| Vet/Meds | | | record in ic642 |
| Bedding & litter | | | record in ic639 |
| Hauling | | | record in ic788 |
| Other _____ | | | |
| Other _____ | | | |
| Other _____ | | | |

Hauling Comments - What should be recorded?

We want to distinguish the farm sector from the manufacturing sector, and record in ARMS III only those expenses incurred in the farm sector. The principle for distinguishing the two is ownership. For cattle sold on a liveweight basis at the feedlot, that principle says that the transportation expense falls in the manufacturing sector, because the packer takes possession at the feedlot.

LIVE WEIGHT - For cattle sold on a liveweight basis (60-70% of feedlot cattle), the price is usually set f.o.b. feedlot. The packer arranges and pays for transportation, and the packer takes possession at the feedlot. **HAULING SHOULD NOT BE RECORDED.**

What do we do about cattle priced on a dressed weight basis? We want the feedlot to report the transportation expense on the ARMS III. Often it is a deduction from the gross payment.

DRESSED WEIGHT - For cattle sold on a carcass weight basis, the cattle are priced at the packing plant. Usually, the packer arranges and pays for transportation, and deducts the hauling expense from the payment made to the feedlot. **HAULING SHOULD BE RECORDED.**

Section 18 to 21 - Marketing and Income

Overview of Sections 18/19 - Production & 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. 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.

If the operator has multiple operations, only account for the income that belongs to the operation identified on the label. For operators with multiple operations, keep in mind the acres and livestock reported in the previous sections for the selected operation. Income from the other operations is accounted for in Section 35.

Collecting Data on Contracts:

Contracts are formal agreements (written and non-written) that are reached prior to the harvest of a crop, or prior to the completion of a normal production cycle for livestock or poultry. Marketing contracts identify an outlet for a commodity, and set pricing and delivery specifications. Production contracts cover an entire production cycle for a commodity; they specify responsibilities for the provision of inputs and the

payment of expenses by different parties to the contract, and they also specify rules for compensation, production practices, and commodity removal from the operation.

An operation may act as the CONTRACTEE or CONTRACTOR for a specific commodity. The respondent's 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 respondent is a CONTRACTOR when he or she contracts with another operation to produce crops, livestock, or poultry for the respondent. If the respondent is a **contractor** you should record that information in Section 17. If the respondent is a **contractee**, you must record information for marketing contracts in Section 18 and production contracts in Section 19.

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 but may require specific inputs (variety of seed, etc.) to be used.

PRODUCTION CONTRACT

Contractor (Integrator):

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 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

Contractee (operator):

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

Supplies only some inputs used in production.

Usually does not own the commodity.

Makes only a few production decisions.

Often bears no price risks, and contract may limit production risks.

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

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, marketing contracts are used to market 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.

Marketing contracts may include:

- forward sales of livestock or a growing crop (or a crop to be grown). The contract identifies a window, or a specific date, for delivery, and it will set a price or specify how price will be determined. Agreements made with processors to deliver crops with certain measurable qualities, with agreements to set prices according to realization of the qualities. Examples include high oil corn, low linoleic soybeans, or organic apples
- 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.
- 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 harvested 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 made from inventory should be considered cash sales and reported in Section 20.

Marketing pools occurs in some States where a group of producers will combine or “pool” their crop or livestock commodities for sale and delivery to a buyer to save on hauling expenses and/or marketing charges. Unless the agreement to pool occurs prior to harvest or completion of the livestock production, this should be considered cash sales and reported in Section 20.

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

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 usually provides many production inputs and 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 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.

Special Topic – Feedlot Operations:

Cattle in feedlots may be owned by the feedlot operator, or they may be custom-fed by the feedlot for an owner, under a production contract between the feedlot (the contractee) and the owner (the contractor). Feedlot respondents should record production contracts in Section 19 for the “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 26. 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 18, and should record the production contract with a feedlot in Section 17 (in their capacity as a contractor). Feedlot respondents should only record marketing contract sales in Section 18 for those cattle that the feedlot owns, not for custom fed cattle owned by another entity.

One should be skeptical of a respondent that has non-owned cattle on the operation and wants to records a large value for custom work performed. This usually indicates that a production contract should be completed. Do not confront the operator but try to collect the feedlot worksheet so expenses can be correctly estimated later during editing. The Cattle on Feed worksheet (following pages) is a useful tool to help determine which sections are to be completed for the specific feedlot being interviewed.

Special Topic – Livestock on Shares:

The production of livestock, primarily cattle, “on shares” is common in Montana, North and South Dakota, Nebraska, and other states. For example, individuals who own cows place them on someone else’s land. The land operator cares for the cows and calf crop. The cattle owner and land operator share the calf crop in a 50-50, 60-40, 70-30, or other agreed to arrangement. Instructions and a detailed example will be provided at the end of Section 20.

Special Topic – Contractee is part of another business:

An operation such as an egg hatchery may be owned by the business it contracts with. 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 18 and 19,

ARMS phase III 2007 -- Cattle on Feed Worksheet

Ownership of cattle on operation:

| Screening | Yes/No | |
|---|--|--------------------------------|
| 100% of cattle are owned by the operation (retained ownership): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 1</u> |
| 100% of cattle on hand are owned by an outside operation (custom fed): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 2</u> |
| Ownership of cattle is divided between operation and outside operations (divided interest): | <input style="width: 100px; height: 20px;" type="text"/> | <u>If Yes, Go to Section 3</u> |
| Sec 1: 100% "Retained ownership" | | |
| <p>No production contract is recorded in Section D, all expenses related to feeder cattle are to be recorded in Section 26 under operator & partners for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. The estimated market value needs to be recorded an asset for feeder cattle in Section 28, item 6c. (Form Complete)</p> | | |
| Sec 2: 100% "Custom fed" | | |
| <p>Record a production contract completed in Section 19 for each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 under "Contractor" for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. all related to the cattle fed on the operation for others. No assets should be recorded in Section 28, item 6c for the cattle on feed, since they are not owned by the operator.</p> | | |
| <p>What was the value of weight gain on the animals in the feedlot? <input style="width: 80px; height: 20px;" type="text"/> This is a sunk cost (asset) that should be recorded. (Go to Sec 3)</p> | | |
| Sec 3: "Divided interest" | | |
| | | Percent |
| <p>What percentage does the operator own? + <input style="width: 80px; height: 20px;" type="text"/></p> | | |
| <p>What percentage do outside operators own? + <input style="width: 80px; height: 20px;" type="text"/></p> | | |
| | | = 100% |
| <p>Record a production contract completed in Section 19 for the outside owner's (contractor's) percentage of the cattle, each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 in both "Operator & Partners" and "Contractor" columns, record the appropriate <i>percentage</i> for each lineitem related to the cattle fed on the operation for others (livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc.). [For example, if the operator owns 20% of the cattle, and the other 80% are owned by an outside operation, and the total feed purchased was \$50,000, then the operation's feed expense would be \$10,000, whereas the expense for the "Contractor" would be \$40,000.] Assets need to be recorded in Section G, item 5c for the operation's percentage share of the cattle on feed. Do not forget to ask and record for an estimate of the value of weight gain on the animals in the feedlot. That is a sunk cost (asset) that should be recorded.</p> | | |
| <p>What was the value of weight gain on the animals in the feedlot? <input style="width: 80px; height: 20px;" type="text"/> This is a sunk cost (asset) that should be recorded. (Go to Back)</p> | | |

--over

2007 Agricultural Resource Management Survey
Phase III - Interviewer's Manual

Computation Final Fee Received

Operators may report several expenses hidden in the fee for production contracts. Use the table below to record the various parts of the fee as reported. The intent is to avoid upsetting the respondent. This chart allows you to accurately collect the hidden expenses that can be distributed after the interview.

Of the final fee received per animal (record in Sec 19 COL 5), how much was for the following: (Alternative: Can you tell me what makes up the fee you charge contractors?)

| | Dollars | Percent | |
|------------------|---------|---------|-----------------|
| Total | | 100% | |
| Yardage/Labor | | | record in COL 5 |
| Feed | | | record in ic636 |
| Hauling | | | record in ic788 |
| Vet/Meds | | | record in ic642 |
| Bedding & litter | | | record in ic639 |
| Other _____ | | | |
| Other _____ | | | |
| Other _____ | | | |

Feed, hauling etc. are reimbursable items and should not be included in the total fee for COL 5. Production fees are expected to be between \$35-\$200.

Contract Loss - Capture expenses that can't be passed to Contractor.

Because of weather related delays, etc., what are the expenses that were absorbed by the operator because they could not be passed to the contractor because of a fixed contract fee. In turn, you should leave record these expenses in the operator column. These should be in addition to any fees recorded above.

| | Dollars | Percent | |
|------------------|---------|---------|-----------------|
| Total | | 100% | |
| Feed | | | record in ic636 |
| Vet/Meds | | | record in ic642 |
| Bedding & litter | | | record in ic639 |
| Hauling | | | record in ic788 |
| Other _____ | | | |
| Other _____ | | | |
| Other _____ | | | |

Hauling Comments - What should be recorded?

We want to distinguish the farm sector from the manufacturing sector, and record in ARMS III only those expenses incurred in the farm sector. The principle for distinguishing the two is ownership. For cattle sold on a liveweight basis at the feedlot, that principle says that the transportation expense falls in the manufacturing sector, because the packer takes possession at the feedlot.

LIVE WEIGHT - For cattle sold on a liveweight basis (60-70% of feedlot cattle), the price is usually set f.o.b. feedlot. The packer arranges and pays for transportation, and the packer takes possession at the feedlot. **HAULING SHOULD NOT BE RECORDED.**

What do we do about cattle priced on a dressed weight basis? We want the feedlot to report the transportation expense on the ARMS III. Often it is a deduction from the gross payment.

DRESSED WEIGHT - For cattle sold on a carcass weight basis, the cattle are priced at the packing plant. Usually, the packer arranges and pays for transportation, and deducts the hauling expense from the payment made to the feedlot. **HAULING SHOULD BE RECORDED.**

Topic – 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 26, Column 3 under the appropriate item.

Topic – 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 20, under the appropriate commodity. The net profit or loss from hedging should be recorded in Section 25, "other sources of income closely related to the agricultural operation".

Topic – Dairy Futures Contracts:

It is easy to confuse milk production contracts with futures contract as described above. An indication of futures hedges is when more than 2 marketing contracts exist for milk production. Futures contracts are NOT marketing contracts. They should be recorded like the crop hedges mentioned above. The cash sale should be recorded in Section 20 with any profit or loss from these futures recorded in Section Section 25, "other sources of income closely related to the agricultural operation"..

Section 18 – Marketing Contracts

Item 2 – 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 2007.

Column 2 – Commodity Code

Record the commodity code that relates to the commodity identified in Column 1, if required.

Column 3 – 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 the appropriate crop or livestock section.

Column 4 – 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 5 – 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. Final price is not the last months' price received for the year (e.g. December). For commodities that receive payments monthly such as dairies, the final price will be an average price calculated from the quantity and price received for each month covered by the contract. The respondent may have to estimate this price.

Column 6 divided by Column 3 will equal Column 5 ONLY when the operation was paid in full during calendar year 2007 for the commodity marketed under the contract. Use caution if you calculate final price by dividing Columns 6 by 3. Make sure the operation received full payment during the calendar year for the contact.

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 3, Code 7 (for bales) in Column 4 and .65 in Column 5, 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 6 – Total Amount Received

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 Column 7. 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 at all until after the first of the next year. If the operation did not receive any payment under the contract in 2007, enter a dash and make a note.

If the operation did not receive all of the payments owed to them under the contract in 2007 (Column 6 is less than Column 3 times Column 5), the remaining amount owed must be accounted for as an asset in Section 21, Item 2.

Column 7 – Marketing Expenses

Record marketing charges incurred by the operation for each crop marketed using a marketing contract. The marketing charges will be those expenses charged to the operation that are required for the sale of the commodity. More detail is found in the marketing expenses in Section 21. These marketing charges will need to be recorded in Section 21.

Section 19 – Production Contracts

Item 2 – Production Contracts

Column 1 – Commodity

Complete the columns for each commodity the operation produced under a production contract. Some pre-listed commodities require livestock and crop codes from the respondent booklet. Show the respondent the list of commodity codes in the Respondent Booklet for these instances. If more than one type of a pre-listed commodity was produced (for example, different stages of hog production), utilize one commodity code for that type and record the other type in the other commodities line at the conclusion of Section 19.

Record each commodity the operation produced under a production contract in 2007.

EXAMPLE:

Respondent has a batch of nursery to finish hogs and a batch of farrow to finish hogs. Record the information for the farrow to finish hogs in the “hogs and pigs” line (with livestock code 807 from the respondent booklet). Record the information from the nursery to finish hogs in the Any other commodities section at the conclusion of Section 19 (with livestock code 808 from the respondent booklet).

Column 2 – Commodity Code (If necessary)

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

Column 3 – 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 the previous crop and livestock sections.

Column 4 – 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 5 – 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. Exclude marketing charges. The respondent may have to estimate this fee. DO NOT use Columns 6 and 3 to estimate a final fee. Column 6 divided by Column 3 will equal Column 5 ONLY when the operation was paid in full during calendar year 2007 for the commodity removed under the contract. The fee should not include reimbursed expenses like utilities, feed, etc. These reimbursed expenses should be recorded as contractor expenses in Section 26.

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 3, Code 11 (for head) in Column 4 and 4.6 in Column 5, 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 $5 \times .046 = \$0.23$)!

Any bonus received should be included in the Total Fee received column. The bonus should then be divided out per unit and included in the price per unit. For example, if a \$1,000 bonus was paid to the operator and 100,000 hogs were removed, then an extra \$1,000 should be included in the total fee received and an additional \$0.01 per unit should be added to the final fee received per unit.

Column 6 – Total Fees Received

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. Record the total amount the operation received during the calendar year for removals under the production contract excluding marketing charges. This is often less than the quantity removed under contract times the per unit fee. Sometimes the producer is not paid at all until after the first of the next year. If the operation did not receive any payment under the contract in 2007, enter a dash and make a note. If the operation did not receive all of the payments owed to them under the contract in 2007 (Column 6 is less than Column 3 times Column 5), the remaining amount owed must be accounted for as an asset in Section 21.

Column 7 – Marketing Expenses

Record marketing charges incurred by the operation for each crop produced using a production contract. The marketing charges will be those expenses charged to the operation that are required for the sale of the commodity. More detail is found in the marketing expenses in Section 21. These marketing charges will need to be recorded in Section 21.

Item 4 – Contractor Identification
V1, V2, V3
Item 3 (V5)

Print the name of the contractor in the area provided. If more than one contractor is involved, write the information in the margin of this page or on separate sheet of paper.

Section 20 – Value of Sales

Items 1 to 21 – Payment for Cash or Open Market Sales less Marketing Expenses

For Items 1 through 21, ask for those that apply to the respondent doing the interview. Record the amount received in 2007 from cash sales in the first column without marketing charges. In the second column, record the marketing charges the operation had to pay for the commodity's sale. Marketing expenses include transportation, storage, feed, sales commissions, inspections, etc.

EXCLUDE:

- Marketing Contract sales reported in Section 18
- Production Contract movements reported in Section 19
- Landlord share of production reported in the crop and livestock sections.
- Sales from non-farm related activities, such as trading and speculation or livestock dealer activities.
- Value of sales from land rented to others or worked on shares by others.

For a full explanation of Marketing Expenses, see the information in Section 21 entitled, "Marketing Expenses."

Item 1 – Grains, oilseeds, dry beans, and dry peas

Report total value of sales received in 2007 of all grains, oilseeds, lentils, popcorn, rice, and straw sold from this operation during 2007.

Item 2 – Tobacco

Report the total value of sales received in 2007 of tobacco sold or moved from this operation during 2007 regardless of the year the tobacco was grown. Include payments received in 2007 from cooperatives or marketing organizations for crops produced on this operation regardless of the year in which the crops were harvested.

Report the sales of tobacco transplants in Item 6, "Nursery, greenhouse, floriculture, and sod."

Item 3 – Cotton and Cottonseed

Report total value of sales received in 2007 of cotton and cottonseed sold or moved from this operation during 2007. Include the value of any cotton or cottonseed given to landlord(s) as rent. Include payments received in 2007 from cooperatives or marketing organizations for crops

produced on this operation regardless of the year in which the crops were harvested.

Item 4 – Vegetables, Potatoes, Sweet Potatoes, and Melons

Report total value of sales received in 2007 of vegetables, potatoes, and melons sold or moved from this operation during 2007. Include the value of sales for fresh market or processing and sales to consumers, wholesalers, canners, freezers, dehydrators or other processors or buyers. Report total value of sales of vegetables grown under glass or other protection in Item 6.

Item 5 – Fruit, Tree Nuts, and Berries

Report total value of sales received in 2007 of fruit, tree nuts, and berries raised and sold from this operation during 2007. Include all the tame berry crops, wild blueberries, grapes, tree nuts, citrus fruits, and noncitrus fruits. Wild blueberries are the only “wild” berry sales reported and native pecan trees are the only native or “wild” tree nuts sales reported

Operations that process fruit and vegetables for sale should report only the “farm” value of the product sold.

Example: A vineyard that also has sales from its own winery would report only the value of the grapes that were used to produce the wine that was sold, not the value of the wine. The same would be true for fruits or berries that were processed into cider, jams, jellies, or wine.

Item 6 – Nursery, Greenhouse, Floriculture, and Sod

Report total value of sales received in 2007 of the crops reported in Section 6 and sold from this operation during 2007. Include sales of all bedding plants, potted plants, bulbs, cut flowers, flower seeds, foliage plants, mushrooms, nursery stock, live Christmas trees (balled and burlap), shrubbery, tobacco transplants, sod, etc. The sum of the dollars reported in Section 6 should total to the amount reported here.

Exclude crops bought for resale without additional growing, such as plugs and started plants or garden center items, such as pot liners, chemicals, and fertilizers.

Report the total value of sales (at point of first sale, wholesale/retail value) for those crops grown on and sold directly from this operation. Report only the wholesale value of crops grown on this operation and sold through a retail outlet which is not part of this operation or if the retail outlet is considered a separate business establishment.

Item 7 – Cut Christmas Trees and Short Rotation Woody Crops

Report total value of sales received in 2007 of cut Christmas trees and short rotation woody crops reported in Section 5 and sold from this operation during 2007. A short rotation woody crop is a tree with a planned growth cycle of “about 10 years or less” from planting to harvest. These are trees for use by the paper or pulp industry, or as engineered wood. Exclude nursery stock or trees that will be harvested for lumber, fence posts, telephone poles, etc. Live Christmas trees and nursery shrubs are reported in Item 6, above. Report timber and pulp wood sales in Section 25.

Item 8 – Other crops and hay

Report the total value of sales received in 2007 of hay, grass silage, haylage, greenchop, grass seed, mint for oil, ginseng root, hops, maple syrup, maple sap, peanuts, sugarcane, sugarbeets, etc., in this item.

Item 9 – Subtotal for Crop Sales

Record the sum of Items 1-8 in Item 9.

Item 10 – Hog and pigs

Report the total sales received in 2007 of swine sold from this operation in 2007.

Exclude cash sales of breeding hogs. Breeding hog sales are reported in Item 11. Exclude hogs grown under production contract for this operation or on this operation.

Item 11 – Hog Breeding Stock

Report the total sales received in 2007 of breeding hogs sold or moved from this operation in 2007.

Exclude hogs grown under production contract on this operation.

Item 12 – Milk and other dairy products from cows

Report the total value of sales received in 2007 from milk, cheese, or any other dairy product produced and sold from this operation in 2007. Goat products are recorded under other livestock products Item 19.

Item 13 – Cattle and calves

Report the total sales received in 2007 of cattle (fed cattle, beef and dairy cull animals, stockers and feeders, beefalo, veal calves, etc.) sold from this operation in 2007.

Exclude cattle breeding stock. Cattle breeding stock will be reported in Item 14.

Item 14 – Cattle Breeding Stock

Report the total sales received in 2007 of breeding cattle sold from this operation in 2007.

Exclude hogs grown under production contract on this operation.

Item 15 – Sheep, goats, and their products

Report the total sales received in 2007 of all sheep and lambs owned, goats, and all products (wool, mohair, goat milk, goat cheese, etc.) produced and sold from this operation in 2007. Include any incentive payments and payments from a previous year's marketings, if payment was received in 2007.

Item 16 – Horses, ponies, mules, burros, and donkeys

Report the total sales received in 2007 of all equine sold from this operation in 2007.

Item 17 – Poultry and Eggs
V2,V3,V5

Report the total sales received in 2007 of poultry sold (broilers, chickens, turkeys, ducks, eggs, geese, hatchlings, pheasants, poultry products, etc.) from this operation in 2007. Do not report the value of poultry produced under production contracts and reported in Section 19.

Item 17a – Broilers
V1 Only

Report the total sales received in 2007 of broilers sold from this operation in 2007. Do not report the value of broilers produced under production contracts and reported in Section 19.

Item 17b – Eggs
V1 Only

Report the total sales received in 2007 of eggs sold from this operation in 2007. Do not report the value of eggs produced under production contracts and reported in Section 19.

Item 17c – Turkeys
V1 Only

Report the total sales received in 2007 of turkeys sold from this operation in 2007. Do not report the value of turkeys produced under production contracts and reported in Section 19.

Item 17d – Other Poultry
V1 Only

Report the total sales received in 2007 of other poultry sold from this operation in 2007. Do not report the value of other poultry produced under production contracts and reported in Section 19.

Item 18 – Aquaculture

Report the total sales received in 2007 of all aquaculture species (catfish, trout, ornamentals, and other fish, mollusks, crustaceans), fingerlings, fish

eggs and all other aquaculture products raised and sold or moved from this operation in 2007. The sum of the dollars reported in Section 14 should total to the amount reported here.

Item 19 – Other animals and animal products

Report the total sales received in 2007 of all other animal and animal products such as bees, honey, rabbits, fur bearing animals, semen, manure, lab animals, horse stud fees, other animal specialities, etc. from this operation in 2007. Include packaged bees sold.

Item 20 – Subtotal for Livestock Sales

Record the sum of Items 10-19 in Item 20.

Item 21 – Total Sales

Add Items 9 and 20.

Item 22 – Recognized Gain or Loss on Sales of Breeding Hogs

Record the recognized gain or loss on breeding hog sales in Item 11 above. This should be the difference in price only and not the profit or loss that includes expenses.

Item 23 – Recognized Gain or Loss on Sales of Breeding Cattle

Record the recognized gain or loss on breeding cattle sales in Item 14 above. This should be the difference in price only and not the profit or loss that includes expenses.

Item 24 – Direct Cash Sales to Consumers for Consumption

Indicate if any cash sales were sold directly to consumers for consumption. Roadside stands and direct Internet sales are examples of this type of marketing.

Item 25 – Amount of Cash Sales to Consumers for Consumption

If there were any crops, livestock, or poultry sold directly to consumers, report the amount of cash sales that were sold directly to consumers for consumption.

Item 26 – Types of Products Sold Directly to Consumers for Consumption

List the commodities that were sold directly to consumers in Item 26.

SPECIALTY OPERATION: LIVESTOCK ON SHARES INSTRUCTION AND EXAMPLE

The parties involved with livestock on shares usually do not consider these arrangements to be contracts. However, for the past few years, these situations have been coded as production contracts (for the land owner) along with additional coding specific to these type of arrangements. This coding scheme has caused a great deal of confusion for enumerators, State Survey statisticians, Headquarters statisticians, and analysts. It has also been very difficult to create edit logic to verify the coding is correct. For these reasons, procedures for recording and coding livestock on shares has been changed as indicated below. The following approach simplifies collecting, editing, coding, and validating livestock on share arrangements, while maintaining the integrity of the cost and returns data.

The following is an example of a ‘common’ livestock on shares arrangement. After the scenario are examples of how the data should be coded, from both the cattle owner and the land operator perspective.

LIVESTOCK ON SHARES EXAMPLE

A cattle owner has a deal with a land operator to raise calves on shares. The cattle owner supplies 100 head of cows. The land operator takes care of the cows and provides all necessary inputs. They agree the land operator will receive 70% of the calf crop and the owner of the cattle will receive 30%. For purposes of this example, there are 100 calves produced, therefore, the land owner’s share is 70 calves and the cattle owner’s share is 30 calves. The land operator decides to keep 5 of his calves and sells the rest for \$500 each. The cattle owner sells all of his calves and averages \$500 / head.

Coding For The Land Operator

If the land operator was sampled (the most common situation), the information would be recorded as follows:

Section 10 – Cattle and Calves

Record the 5 head of calves he kept in Item 2c, column 1 as well as column 2 (since they are owned by the operation). Record the 65 calves were sold in Item 4a. If the original cows were still on his place at the end of the year, record 100 head in item 2a, column 1 but not column 2.

Section 20 – Value of Sales

Account for the cash sale of the calves in item 13 as 32500 (65 head * \$500 / head).

Section 26 – Operating and Capital Expenditures

Account for the expenses paid by the land operator for caring for all the cows and raising all the calves.

Section 28 – Assets

Account for the value of the 5 calves the land operator kept in item 6b or 6c. Do not account for the value of the cows because he does not own them.

Coding For The Cattle Owner

If the cattle owner was sampled the information would be recorded as follows:

Section 10 – Livestock

None of the 'livestock on shares' should be included in this section because the cows are not on this operation. The cows will be accounted for on the land operators' questionnaire.

Section 20 – Commodity Marketing and Income

Account for the cash sale of the calves in item 13 as 15000 (30 head * \$500 / head).

Section 26 – Operating and Capital Expenditures

The cattle owner did not have any expenses for the cattle on shares in this example. Any expenses the operator had would be recorded if they occurred. For example, if special bulls were used for breeding, any breeding or semen expenses would be recorded.

Section 28 – Assets

Account for the asset value of the original 100 cows in item 6b.

Section 21 – Marketing Charges and Accounts Receivable/Deferred Payments

Introduction to Marketing Expenses

The following instructions should be used when completing information on marketing charges for the sales of Crops and for Livestock (Section 21, Item 1).

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 may want 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 sugarbeets, co-op shares are often rented or leased from operators who do not use their share. Share 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 a co-op share. If only land is rented, it should be recorded in Section 1. But, if co-op share rents are reported, be sure the rent payment reported in Section 1 is only for land and not for the land and share rental combined.

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 26).

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 25.

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 25.

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. Capital Retains should also be included since they are cooperative profits withheld and refunded in later years. Refunds of these charges should go in Section 25. 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 26). If they were not, go back and add them in.

Cotton:

The cost of ginning is usually paid by surrendering 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

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 1 – 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 2007.

Item 2 – Accounts Receivable/Deferred Payments (Timing of Cash Receipt of Payments)

Farm operations frequently do not receive cash payment for services provided or commodities sold in the same calendar year that the service was provided or the sale occurred. Such deferrals are often requested by operators to smooth out cash income and as an income tax management strategy. Sometimes deferrals are necessary because price is not final until the next calendar year. In order to determine the income that was actually earned in a given year (accrual income), adjustments must be made for the timing of the receipt of payments. Item 2 tracks deferred payments, those made in 2007 for sales that occurred in earlier years, and also tracks the accounts receivable – balances owed to the operation at the beginning and end of 2007.

Four pieces of account receivable information are needed to accurately compute net farm income, net cash income, the income statement and balance sheet of the farm operation: 1) the amount the operation was owed at the beginning of the year for crops or livestock produced and sold before January 1, 2007, 2) how much of that amount was received during the year, 3) the amount the operation was owed for crops or livestock

produced in 2007 but for which payment was not received in 2007 and, 4) the amount the operation was owed on December 31, 2007 for crops or livestock produced and sold in 2006 or earlier years. Part 3 can be calculated from parts 1, 2, and 4.

In all cases: **EXCLUDE:**

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

Item 2a – Payment Owed at Beginning of 2007

Record the amount owed to this operation at the beginning of 2007 for commodities sold on either cash markets or under a production/marketing contract in any year prior to 2007.

Item 2a(i) – Money Received in 2007 for Prior Production

Record the amount received during 2007, for commodities produced and either sold for cash or removed/marketed under contract in any year prior to 2007. Verify that these deferred receipts are NOT included in Marketing Contracts (Section 18) or Production Contracts (Section 19). This amount should not be greater than Item 2a.

Item 2b – Payment Owed at End of 2007

Record the amount owed to this operation at the end of 2007 for commodities sold on either cash markets or under a production/marketing contract in 2007, or any prior year. This amount should include

- Any amounts that the operation was owed for crops or livestock produced and sold in 2007 for which the operation has not received payment. This can be computed for each commodity under marketing (Section 18) and production (Section 19) contracts by going back to those items, multiplying column 3 by column 5 and then subtracting column 6. There is no way to compute this for commodities sold in cash or open market sales.

- any balances the operation is owed for crops or livestock produced in 2006 or before. This is simply the difference between 2a and 2a(i).

This Page Intentionally Left Blank

Section 22 – Organic Agriculture

Report the acreage and sales of organically produced products in 2007 that were produced according to the National Organic Standards. Also report the acres being converted to future organic production in Item 8. The response to the question in Item 1 will direct the respondent to continue to Item 2 if products were produced according to the National Organic Standards or skip to Item 8. Exclude organic production grown for home consumption such as vegetables, livestock, and poultry consumed by the members of the household.

Item 2 – Certified Organic Status

Report whether this operation's organic production was certified.

Item 3 – Organic Certifier

If this operation's organic production was certified, please print the name of the agency or organization that certified the production in the specify area.

Item 4 – Acres for Organic Production

Report the acres that were used for any organic production regardless if it was certified or not. Include organic crop acreage or organic pasture acreage used for organically produced livestock.

Items 4a – Organic Crop Acres

Report the acres from which any organic crops were harvested such as grain crops or organic hay.

Items 4b – Organic Pasture Acres

Report the acres of organic pasture.

Item 5 – Value of Sales For Organic Crops

Report the total value of sales for crops produced and sold as organic by this operation in 2007. Include hay, fruits, vegetables, greenhouse products, grains, and oilseeds. Exclude products that were purchased from other growers and immediately resold by this operation. Producers that also process the organic crops and sell the processed products should report only the “farm” value of the crop used to make the processed product.

Example: A fruit producer that also has sales of jams, jellies, or wine produced from the fruit grown on this operation would report only the value of the fruit that were used to produce the products sold, not the value of sales of the jams, jellies, or wine.

Item 6 – Value of Sales for Organic Livestock Produced

Report the total value of sales for livestock and poultry produced and sold as organic by this operation in 2007. Livestock products such as eggs and milk are reported in Item 6.

Item 7 – Value of Sales for Organic Livestock PRODUCTS Produced

Report the total value of sales for livestock and poultry PRODUCTS produced and sold as organic by this operation in 2007. Include eggs, milk, cheese, etc. Producers that also process livestock products and sell the processed products should report only the “farm” value of the product sold. Example: If dried beef or hams were produced and sold, report only the value of the beef or pork that were used to produce the products sold.

Item 8 – Acres In Conversion to Organic Production

Report how many acres were being converted in 2007 to future organic production.

Section 23 – Commodity Credit Corporation Loans (CCC)

The Commodity Credit Corporation (CCC) was created in 1933 to help stabilize and support farm prices and income. These questions account for all of the operation's CCC loan transactions during the reference year, allowing us to get a complete 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. Record how much they received in Item 2. The loans they get are based on a per unit support price (loan rate) established by law for their particular county and 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 spent required to repay the loan (minus any interest and storage charges) is recorded in Item 3. When a farmer reclaims title to the commodity, he can then either sell it or store it for future sale.

Loans not paid by the maturity date are 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 25, "Other Sources of Income Closely Related to the Agricultural Operation".

This Page Intentionally Left Blank

Sections 24 & 25 – Other Farm Income

If the operator has multiple operations, only account for the income that belongs to the operation identified on the label. For operators with multiple operations, keep in mind the acres and livestock reported in previous sections for the selected operation. Income from the other operations is accounted for in Section 35.

Section 24 – Federal and State Agricultural Program Payments

Item 1 – Federal, State and Local Farm Program Payments

If the respondent received any payments from Federal, State or Local Farm Programs in 2007, then check the yes box, and ask question 2. If he/she did not receive any of these payments in 2007, then skip to Section 25.

Item 2 – Federal Farm 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 and Counter Cyclical payments

Record the total dollar amount of direct and counter cyclical payments received in 2007.

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.

Eligible producers for counter-cyclical payments 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 2a (i) – Percentage for Direct Payments

Of the amount recorded in Item 2a, record the percentage that was specifically for direct payments.

**Item 2a (i)(1) – Direct Payments for Cotton Base
V2 Only**

Of the percentage recorded in Item 2a(i), record the percentage that was specifically for the Cotton base.

Item 2a (ii) – Percentage for Counter Cyclical Payments

Of the amount recorded in Item 2a, record the percentage that was specifically for counter cyclical payments.

**Item 2a (ii)(1) – Counter Cyclical Payments for Cotton Base
V2 Only**

Of the percentage recorded in Item 2a(ii), record the percentage that was specifically for the Cotton base.

**Item 2b – Loan Deficiency Payments (LDPs)
V1 Only**

Record the total amount received in 2007 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 2b – Amount Received for Various Payments
V2, V3, V5

This question refers to payments received for 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, and Item 2e.

Item 2b(i) – Amount Received of Various Payments for Cotton
V2 Only

Record the amount received of loan deficiency payments, marketing loan gain, and net value of commodity certificates that was for cotton.

Item 2c – Marketing Loan Gains (MLGs)
V1 Only

Record the total amount realized in 2007 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 2c – Amount Received for Various Conservation Payments
V2, V3, V5**

Record the total amount of payments received in 2007 from participation in the Conservation Reserve Program (CRP), Conservation Reserve Enhancement Program (CREP), and Wetlands Reserve Program (WRP). Include annual rental, cost share, and incentive payments. There should be acreage associated with the payments reported in Section 1, Item 17 unless the acreage was CRP planted to trees.

**Item 2d – Milk income loss contract payments
V1 Only**

Record the total amount received, including transition payments, in 2007 from the milk income loss program.

The 2002 Farm Act established the milk income loss. 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 hundredweight. 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.

In 2005, the program was re-authorized through September 30, 2007. This extension is also known as the MILCx Program.

**Item 2d – Farmable Wetlands Reserve Program (FWP) payments
V2, V3, V5**

Record the total amount of payments received in 2007 from participation in the Farmable Wetlands Program (FWP).

**Item 2e – Net value of commodity certificates
V1 Only**

Record the total amount received in 2007 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 2e – Amount Received for Various Environmental/Conservation Payments
V2, V3, V5

Record the total amount of payments received in 2007 from participation in the Environmental Quality Incentive Program (EQIP) and Conservation Security Program (CSP).

Item 2f – Conservation Reserve Program (CRP) payments
V1 Only

Record the total amount of payments received in 2007 from participation in the Conservation Reserve Program (CRP). Include annual rental, cost share, and incentive payments. There should be acreage associated with the CRP payments reported in Section 1, Item 17 unless the acreage was planted to trees.

Item 2f – Any other Federal Agricultural Program Payments
V2, V3, V5

Record the total payment amount received in 2007 from all other Federal farm programs not already mentioned.

Item 2f(i) – Disaster and Market Loss Payments for Commodity
V2, V3

Record the total payment amount received in 2007 Federal disaster and market loss payments for cotton or apples.

Item 2g – Wetlands Reserve Program (WRP) payments
V1 Only

Record the total amount of payments received in 2007 from participation in the Wetlands Reserve Program (WRP).

Item 2g – Any other State or Local Agricultural Program Payments
V2, V3, V5

Record the total payment amount received in 2007 from all other State or Local farm programs not already mentioned. **Exclude** payments received from private, non-profit, or other non-governmental entities.

Item 2g(i) – Any other State or Local Agricultural Program Payments For Commodity

V2, V3

Record the total payment amount received in 2007 State and Local disaster and market loss payments for cotton or apples.

Item 2h – Farmable Wetlands Reserve Program (FWP) payments
V1 Only

Record the total amount of payments received in 2007 from participation in the Farmable Wetlands Program (FWP).

Item 2i – Conservation Reserve Enhancement Program (CREP) payments
V1 Only

Record the total amount of payments received in 2007 from participation in the Conservation Reserve Enhancement Program (CREP). Include annual rental, cost share, and incentive payments. There should be acreage associated with the payments reported in Section 1, Item 17.

Item 2j – Agriculture disaster payments
V1 Only

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, Sugarbeets Disaster Program, Sugarcane Disaster Program, and Tobacco Payment Program (TOPP).

Exclude Federal Crop Insurance indemnity and other indemnity payments recorded in Section 25.

Item 2k – Environmental Quality Incentive Program (EQIP) payments
V1 Only

Record the total amount of payments received in 2007 from participation in the Environmental Quality Incentive Program (EQIP).

**Item 2l – Conservation Security Program (CSP) payments
V1 Only**

Record the total amount of payments received in 2007 from participation in the Conservation Security Program (CSP).

**Item 2m – Any other Federal agricultural program payments
V1 Only**

Include Federal agricultural or conservation program payments not reported above.

**Item 2n – Tobacco Buyout Payments Including Lump Sum Payments
V1 Only**

The Tobacco Transition Payment Program (also called the Tobacco Buyout Program) provides payments to tobacco quota holders and tobacco producers beginning in 2005 and ending in 2014. There are payments provided for quota holders and payments provided for producers. Both payments are recorded under this item.

Tobacco buyout programs exist in tobacco States where State Departments of Agriculture provide funds to producers to grow other agricultural commodities instead of tobacco. Record the total amount of payments received in 2007 from participation in the Tobacco Buyout Program.

**Item 2o – Any other Local or State Agricultural Program Payments
V1 Only**

Record the total payment amount received in 2007 from all other Local or State farm programs not already mentioned. Exclude payments received from private, non-profit, or other non-governmental entities.

Item 3 – Landlord Government Payments

If the operation rented land from others, indicate whether or not the landlord received government payments on the acres that were rented. If the operator doesn't know or if the landlord did not receive government payments, proceed to Section 25.

Item 4 – Landlord Government Payments

Record the total amount of government program payments all landlords 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.

Section 25 – Income From Farm Related Sources

Other farm related income sources may be an important part of the operation's total income. The items below capture that income.

Item 1 – 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 2 – Cash Rent Received for Acres Rented To Others

Do not skip this item even if the operation rented no land out in 2007. The operation may have received income in 2007 for land rented to others before 2007, or the operation may have received a pre-payment of land to be rented in 2008.

Include rent for land and/or buildings, record the total cash rent received during 2007, for all land rented to others for cash.

INCLUDE:

- (1) If rent owed to the operation for 2006, was received in 2007, it should be included here. If rent for 2008 was received in advance (in 2007), it should also be included.
- (2) Government payments received in association with these acres should also be included.
- (3) Payments received for cell phone towers, pipelines, roadways, windmills, etc., in which the operation receives a payment for their presence on the farm and the land is **NOT** farmed. The land is considered rented to others in Section 1.

Exclude any short-term livestock grazing arrangements where the livestock owner “rents” land to graze livestock for a period of 2-4 months, but the operator will harvest crops from the same land later in the year. The payments received for this short term grazing arrangement should be recorded in Section 25, Item 4.

Item 3 – 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 2007. The operation may have received its share of 2006 commodities in 2007, for land it rented to others in 2006. 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 4 – Grazing of Livestock

Include

- any income this operation had from grazing of another operation's livestock on a per head or gain basis.
- any income this operation had from grazing of another operation's livestock on a short term (2-4 month) basis where the operation will harvest crops later in the year.

Exclude any contract arrangements previously recorded.

Item 5 – Sales of Forest Products

Record the total 2007 income from sales of all forest products from the total acres operated. Include timber sales, pulpwood sales, firewood sales, etc.

Exclude short rotation woody crops, maple syrup and Christmas tree sales; they should be reported as crop sales in Section 20, Item 7.

Item 6 – Recreation and Agritourism Activities

Include income received for recreation on the operation in 2007 including things such as hunting, fishing, petting zoos, horseback riding, on-farm rodeos, hospitality services, tours, etc.

Item 7 – Cooperative Patronage Dividends and Refunds

Record the amount of patronage dividends resulting from ownership of shares in cooperatives in 2007. 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 8 – Crop and Livestock Insurance Payments
V1, V2, & V5 Only**

Report the crop and livestock insurance payments that were received by this operation in 2007. Exclude payments received from casualty insurance, vehicle liability, blanket liability policies and operator dwelling insurance.

**Item 8 – Amount Received from Direct to Consumer Sales
V3 Only**

Report how much the operation received in 2007 from pick-your-own, farm stand, farmers market, and other consumer supported agriculture (CSA). **Exclude** sales of goods produced from the apples (like jams, jellies, and other prepared items). They will be recorded in Item 10.

**Item 8a – Federal Crop Insurance
V1, V2, V5**

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 2007. If more than one payment was received, total the payments. **Include** indemnity payments for the loss of grazing on rangeland, if the program is administered by a Federal agency.

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 35, Item 9). Include hail insurance indemnity payments.

Item 8a (i) – Federal crop insurance indemnity payments for Cotton
V2 Only

Record the dollar amount of the total (Item a) payments that were for the Cotton enterprise.

Item 8b – Other Insurance Indemnity Payments
V1 Only

Report any insurance payment received in 2007 that was not already reported in Item 8a.

Item 9 – Sales of Value-Added Goods from Farm Commodities
V1, V2 Only

If the operation sold any value-added products produced from the operation's farm commodities (for example, jams, jellies, wine, and other value-added items), record them in Item 9. Include frozen embryo and semen sales if they are produced from livestock. Be sure that any expenditures are recorded in Section 21 (Marketing Charges) and Section 26.

Exclude any value-added products sold from a separate business from the farm.

Item 9a – Federal Crop Insurance
V3 Only

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 2007. If more than one payment was received, total the payments. **Include** indemnity payments for the loss of grazing on rangeland, if the program is administered by a Federal agency.

Also record the amount of insurance payments collected for losses to insured property 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 35, Item 9). Include hail insurance indemnity payments.

Item 9a (i) – Federal crop insurance indemnity payments for Apples
V3 Only

Record the dollar amount of the total (Item a) payments that were for the Apple enterprise.

Item 9 – Sales of Machinery and Vehicles
V5 Only

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 10 – Sales of Development Rights
V1 Only

Include any payments received for the sale of development rights or easements. This is a common practice in Northeast States.

Item 10 – Sales of Machinery and Vehicles
V2 Only

INCLUDE:

- (3) all direct sales of machinery used for farming, such as tractors, combines, farm machinery, and equipment.
- (4) 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 10 – Sales of Value-Added Goods from Farm Commodities
V3 Only

If the operation sold any value-added products produced from the operation's farm commodities (for example, jams, jellies, wine, and other value-added items), record them in Item 8. Include frozen embryo and semen sales if they are produced from livestock. Be sure that any expenditures are recorded in Section 21(Marketing Charges) and Section 26.

Exclude any value-added products sold from a separate business from the farm.

Item 10 – Straw and Crop Residue Sales
V5 Only

Record the sales of straw and other crop residues (except hay) in this Item. Hay sales are recorded in Section 20.

Item 11 – Proceeds from Sales of Farmland/Farm Real Estate
V1 Only

For the small number of farms with farmland sales, the proceeds from such sales can make an important contribution to the cash available to farm households for investment or consumption purposes. Report only those sales of land or other real estate that is (was) part of this operation. Report sales of other off-farm farmland and other assets in Section 35, Item 13g. Report the net proceeds from the sale of farm real estate assets that were part of this operation. For example: An operator owned 2

Sections of land, and partitioned off and sold 1 Section of unimproved (no buildings or other improvements) land for \$640,000. The entire farm had a mortgage of \$200,000 at the time of sale. At settlement, (ignoring real estate commissions and other closing costs) the entire mortgage was paid off and the operator received a check for \$440,000. The total proceeds from this sale are \$440,000. Had half the mortgage been paid, then the operator would have received a check for \$540,000, reported here as proceeds, and the remaining \$100,000 balance on the mortgage would be reported as farm debt in Section 29.

Item 11 – Straw and Crop Residue Sales
V2 Only

Record the sales of straw and other crop residues (except hay) in this Item. Hay sales are recorded in Section 20.

Item 11 – Sales of Machinery and Vehicles
V3 Only

INCLUDE:

- (5) all direct sales of machinery used for farming, such as tractors, combines, farm machinery, and equipment.
- (6) 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 11 – Other Farm Income
V5 Only

Report all other farm income not accounted for above. It may be helpful to prompt the respondent by referring to the list of “Other Farm Income” Items in the respondent booklet.

INCLUDE:

- (1) allotment or quota leases.
- (2) any Federal Excise Tax (FET) refund claimed, if the FET was included in fuels purchase cost.
- (3) hedging (futures contract) profits or losses.
- (4) refunds claimed for marketing charges which were withheld. (For example, Cotton Inc. refunds or refunds from the Dairy Refund Payment Program.)

- (5) equity or premium payments on CCC loans transferred to someone else (money received above the face value of the loan).
- (6) real estate tax rebates for land preservation.
- (7) renting or leasing of livestock.
- (8) renting or leasing of tractors, trucks, etc.
- (9) road tax refunds.
- (10) 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.
- (11) sale of soil.
- (12) government payments for the sale of development rights (a common practice in Northeast States).
- (13) Payments received for cell phone towers, underground pipelines, windmills, etc., in which the operation receives a payment for their presence on the farm and the land is farmed.
- (14) Mineral and oil royalties.

Item 11a – Gain/Loss of Farm Real Estate Sale
V1 Only

There may be tax consequences when a capital asset is sold. Certain assets can be exchanged for “like-kind” assets in tax-free transactions. Gain or loss relative to gross proceeds can vary considerably depending upon how long the property has been held. The amount of gain actually recognized is an important element in estimating an after-tax farm household income measure. There is considerable interest in such a measure since it is income after-taxes that is available for household consumption, investment and savings and since other measures that fail to consider taxes do not accurately evaluate the economic well-being of the farm household in the face of changing tax burdens.

Report any gain/loss recognized on sales of land in this farm operation in the transaction reported in Item 11. Report recognized taxable gain/loss associated with the sale of other farm or nonfarm assets in Section 35, Item 13g(i). Gains/losses on the sale of capital assets are essential in estimating an after-tax farm household income measure. Gains/losses are computed as the difference between the sale price and the seller’s basis in the property (cost + improvements less accumulated depreciation). In the example above, the operator sold a section of farmland from this operation for \$640,000. If the operator had originally paid \$300,000 for the Section,

that would be the current basis of the property, (since there are no depreciable improvements—land itself is not depreciable). As a result, at the time of sale the operator would have a recognized taxable gain of \$340,000 (\$640,000 sale price less \$300,000 basis). Report \$340,000 as the recognized gain. The operator will pay tax on this gain.

However, sellers often defer the payment of these taxes, under certain conditions, by purchasing a replacement property in a tax-free exchange. Ask the respondent if the sale of the property involved a tax-deferred like-kind exchange. Section 1031, and Starker exchanges are common forms of like-kind exchanges.

Item 12 – Sales of Machinery and Vehicles
V1 Only

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 12 – Other Farm Income
V2 Only

Report all other farm income not accounted for above. It may be helpful to prompt the respondent by referring to the list of “Other Farm Income” Items in the respondent booklet.

INCLUDE:

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

- (8) renting or leasing of tractors, trucks, etc.
- (9) road tax refunds.
- (10) 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.
- (11) sale of soil.
- (12) government payments for the sale of development rights (a common practice in Northeast States).
- (13) Payments received for cell phone towers, underground pipelines, windmills, etc., in which the operation receives a payment for their presence on the farm and the land is farmed.
- (14) Mineral and oil royalties.

Item 12 – Straw and Crop Residue Sales
V3 Only

Record the sales of straw and other crop residues (except hay) in this Item. Hay sales are recorded in Section 20.

Item 12 – Largest Portion of 2007 Gross Farm Income
V5 Only

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, in the operator's opinion, represents the largest portion of this operation's 2007 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 about 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.

Item 13 – Straw and Crop Residue Sales
V1 Only

Record the sales of straw and other crop residues (except hay) in this Item. Hay sales are recorded in Section 20.

Item 13 – Largest Portion of 2007 Gross Farm Income
V2 Only

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, in the operator's opinion, represents the largest portion of this operation's 2007 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 about 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.

Item 13 – Other Farm Income
V3 Only

Report all other farm income not accounted for above. It may be helpful to prompt the respondent by referring to the list of "Other Farm Income" Items in the respondent booklet.

INCLUDE:

- (1) allotment or quota leases.
- (2) any Federal Excise Tax (FET) refund claimed, if the FET was included in fuels purchase cost.
- (3) hedging (futures contract) profits or losses.

- (4) refunds claimed for marketing charges which were withheld. (For example, Cotton Inc. refunds or refunds from the Dairy Refund Payment Program.)
- (5) equity or premium payments on CCC loans transferred to someone else (money received above the face value of the loan).
- (6) real estate tax rebates for land preservation.
- (7) renting or leasing of livestock.
- (8) renting or leasing of tractors, trucks, etc.
- (9) road tax refunds.
- (10) 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.
- (11) sale of soil.
- (12) government payments for the sale of development rights (a common practice in Northeast States)
- (13) Payments received for cell phone towers, underground pipelines, windmills, etc., in which the operation receives a payment for their presence on the farm and the land is farmed.
- (14) Mineral and oil royalties.

Item 14 – Other Farm Income
V1 Only

Report all other farm income not accounted for above. It may be helpful to prompt the respondent by referring to the list of “Other Farm Income” Items in the respondent booklet.

INCLUDE:

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

- (10) 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.
- (11) sale of soil.
- (12) government payments for the sale of development rights (a common practice in Northeast States)
- (13) Payments received for cell phone towers, underground pipelines, windmills, etc., in which the operation receives a payment for their presence on the farm and the land is farmed.
- (14) Mineral and oil royalties.

Item 14 – Largest Portion of 2007 Gross Farm Income
V3 Only

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, in the operator's opinion, represents the largest portion of this operation's 2007 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 about 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.

Item 15 – Largest Portion of 2007 Gross Farm Income
V1 Only

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, in the operator's opinion, represents the largest portion of this operation's 2007 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 about 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.

This Page Intentionally Left Blank

Section 26 - 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. The first publication each year is the Farm Production Expenditures Summary produced in August by NASS. Closely following are number ERS reports and data products.

USDA provides periodic reports of the Status of Family Farms, etc to the Congress. These reports, developed from this survey, include income statements of the farm sector, along with balance sheets and financial ratios. These reports and income statements are electronically available in the Farm Income and Costs Briefing Room on the ERS web site at: <http://www.ers.usda.gov/Briefing/FarmIncome/>. They are also presented in ERS publications such as Amber Waves, and the annual Agricultural Income and Finance Situation and Outlook Report. Each publication is available via the Internet to anyone interested in farm sector financial performance.

USDA provides ARMS III summarized data and farm sector accounts to the Bureau of Economic Analysis (BEA), an agency within the Department of Commerce. BEA uses these data in estimates of the Nation's Gross Domestic Product (GDP) accounts and Personal Income Indexes. 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.

Since reports include all crops and livestock produced by the farm, data from this section provides the basis for tracking how costs are changing for different types of farms. Financial changes tracked over time provide USDA and Congress the best information for understanding the changes taking place in agriculture today. Under- or over-reporting of costs would limit USDA's ability to accurately report the cost of producing various crop and/or livestock commodities.

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 USDA to compare and quantify, item by item, cost per unit indicators. Examining 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 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. Purchases of breeding stock are an addition to the farm's capital, much like a truck or tractor. Operators can place breeding stock on a depreciation schedule and claim a deduction on their taxes. 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.

- Depreciation and other non-cash items like inventory adjustment, and non-cash benefits paid to workers are not a cash outlay for farm operations, but are necessary for the ERS Net Farm Income estimate. Farm operators are familiar with depreciation because it is a deduction 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 purchased buildings, equipment and breeding stock. The amount of depreciation during a production year reflects what has happened to the value of a farm's capital equipment (trucks, tractors, implements, buildings, etc.).

Usually, the entire cost of capital items is not 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 help provide measures of how individual farmers are doing, as well as the health of the entire farm economy.

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 farm income estimate.

If the operator has multiple operations, only account for the expenses that belong to the operation identified on the label. For operators with multiple operations, keep in mind the acres and livestock reported in previous sections for the selected operation. Expenses from the other operations are accounted for in Section 35.

Costs of Production (Version 2 and 3)

Most of the information necessary to compute cost-of-production (COP) for Cotton and Apples 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 and 3) 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 and 3 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 2007 should be included in this section. This includes expenses for the Operator, Partners, Landlords and Contractors. The three columns represent this division of expenses. 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.

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 or groups of expenditures 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 the appropriate columns 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 net income is reported too high and the sector appears in better financial shape than it actually is.

Expense data reported for landlords are combined with the gross rent reported in this section 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 OR CONTRACTORS to complete this section. Contact landlords and contractors only when instructed to do so by the State Office.

Under most production contracts, the contractor usually directly 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 (fee) to the

contractee for services. Settlement sheets or other contract documents usually break out reimbursed expenses. **Include** reimbursed expenses.

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 in the contractor column.

If the operator cannot provide settlement sheets (or otherwise report contractor expenses), write notes detailing 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 who rent land, will know which expenses were paid 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. Clearly determine whether landlord(s) paid taxes on rented land. This is particularly important and is one of the most overlooked expenses.

Expenditures Related to Final Commodity Transportation

The ARMS survey focuses on the financial status of the farm sector. When and where the commodity is sold affects not only who is responsible for the expenditure, but also if the expenditure should be recorded. After payment and ownership is transferred, any expenditure related to the livestock is the responsibility of the new owner and should

be recorded as such on the questionnaire only if the new owner is the target operator.

One situation that occurs in livestock operations is livestock that is priced and sold on the farm to a slaughterhouse (payment and ownership are transferred at the farm). If the slaughterhouse agrees to a price, pays for, and takes ownership of the livestock on the farm, the slaughterhouse is responsible for the transportation expenditures from the farm to the final destination. The transportation expenditures, as a result, are NOT recorded in the ARMS questionnaire since at the time of transport, the livestock are no longer part of the target operation.

For a transfer of ownership between one operation and another, the timing of payment and commodity transfer affects which operation accounts for the transportation expense to the final destination. If payment and commodity transfer occurs at the final destination, then any expenditure associated with transportation are the responsibility of the seller.

Item 1 – Seeds, Plants, Trees, etc.

This item refers to the cost of any purchases in 2007 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 later in this section.

**Item 1a – Amount of Seed Expense for Cotton & Apples
V2 & V3 Only**

Record the dollar amount of the total (Item 1) seed and plant expense that was for the Cotton or Apple 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 Cotton or Apples
V2 & V3 Only**

Record the dollar amount of the total (Item 2) fertilizer expense that was for the Cotton or Apple 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, defoliants, 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 Farm supplies later in this section).

**Item 3a – Custom Application Expense
V1 Only**

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

**Item 3(i) – Chemical Expense for Specific Commodities
V2, V3 Only**

Record the dollar amount of the total (Item 3) chemical expense that was for the Cotton or Apple enterprise.

Livestock Expenses Items 4-7

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. If there are livestock expenses, there will likely be livestock inventories in Sections 10-16.

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 2007 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 non-farm 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 for Cattle, Hogs, and Sheep

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 and/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 2007. 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 their 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 2007, and explain with a note.

Item 4d – Other Breeding Livestock and Poultry

Record purchases of breeding livestock (other than cattle, hogs, sheep, chickens, and turkeys) in Item 4d.

INCLUDE expenses for breeding

- (1) mules, goats, all horses and ponies, etc.
- (2) ducks, geese, guineas, pigeons, etc.
- (3) hatching eggs.
- (4) bees purchased.
- (5) rabbits, mink and other fur bearing animals.

- (6) catfish or other fish raised commercially or used for home consumption.
- (7) dogs used to work livestock or as guard dogs for the operation.
- (8) all other breeding livestock or products not already included.

Item 4e – Other Non-Breeding Livestock, Poultry, Fish, Bees, etc.

Record purchases of non-breeding livestock (other than cattle, hogs, chickens, and turkeys) in Item 4e.

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 5a – Leasing Bees for Pollination

Report the amount of livestock leasing expense (Item 5) was for renting bees and bee hives for pollination.

Item 6 – Bedding and Litter

Record the amount spent by the operation in 2007, 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 6 –
V5 Only** **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 – **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 – **Medical Supplies, Veterinary, and Custom Services for Livestock**
V5 Only

INCLUDE expenses for:

- (1) feed processing, grinding and mixing services (cost of feed should
be included in purchased feed). 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.

EXCLUDE expenses for manure disposal. These will be reported in Item 15.

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 purchased feed). 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.

EXCLUDE expenses for manure disposal. These will be reported in Item 16a.

**Items 8-9 – Fuels, Utilities, and Purchased Water (Farm Share Only)
V5 Only**

See the description for Items 9 and 10 for all versions except Version 5 below for the description.

Items 9-10 – 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) FARM SHARE ONLY of all fuels used (on this operation) in autos, trucks, tractors, self-propelled machinery (combines, swathers, etc.), irrigation pumps, elevators, chain saws, etc.
- (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, provided these activities are NOT a separate business (See (1) under exclude below). Income from custom work and machine hire will be reported as farm-related income in Section 25, 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 25, "Other Sources of Income Closely Related to the Agricultural Operation".)
- (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 - general

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.). Keep in mind when the payment and commodity transfer occurs (as mentioned earlier in this chapter) when accounting for fuel expenses related to transportation.

Item 9a – Diesel Fuel

Record the farm share of expenses for diesel. **Include** biodiesel.

Item 9b – Gasoline and Gasoline Blends that Include Ethanol

Record the farm share of expenses for gasoline and gasohol including ethanol.

Item 9c – Natural Gas

Record the farm share of expenses for natural gas.

Item 9d – LP Gas

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

Item 9e – Oils and Lubricants

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

Item 9f – All Other Fuels

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

Item 9g – Fuel Expense for Irrigation
V2&V3 Only

Record the farm share of total fuel expenses for irrigation.

Item 9g (i) – Fuel Expense for Water Pumped from Wells
V2&V3 Only

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

Item 9h – Fuel Expense for the Cotton or Apples
V2&V3 Only

Record the dollar amount of the total (Item 9) fuel expense that was for the Cotton or Apple enterprise.

Item 10 – Utility Expense - general

Record the farm share of the total utilities expenses including the landlord and contractor's share.

Item 10a – 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(i) – Electricity for Irrigation

V2&V3 only

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

Item 10a(i)(1) – Electricity Expense for Cotton or Apples

V2&V3 Only

Record the dollar amount of the total (Item 10a(i)) electricity for irrigation that was for the Cotton or Apple enterprise.

Item 10a(i)(1)(a) – Electricity Expense for Water Pumped from Wells

V2&V3 Only

Record the dollar amount of the Cotton or Apple enterprise's total electricity expense for irrigation (Item 10a) was for water pumped from wells.

Item 10a(ii) – Electricity for Drying

V2,V3 Only

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

Item 10a(ii)(1) – Electricity Drying Expense for Apples

V3 Only

Record the dollar amount of the total (Item 10a(i)) electricity for drying that was for the Apple enterprise.

Item 10a(iii) – Electricity for Specialized Livestock Production Facilities

V2,V3 Only

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

Item 10b – 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 10b(i) – Purchased Irrigation Water For Cotton or Apples
V2,V3 Only

Record the dollar amount of the total (Item 10b) purchased water for irrigation expense that was for the Cotton or Apple enterprise.

Item 10c – 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.

Item 10 – Repairs, Supplies, and Maintenance Costs – General
V5 Only

See the description for Item 11 for all versions except Version 5 below for the description.

Item 11 – Repairs, Supplies, and Maintenance Costs – General

Record the farm share of the Supply and maintenance costs. Include maintenance for the farm office, barns and other farm buildings.

Item 11a – 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 (if not placed on a depreciation schedule).
- (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. Record this in all other Capital Expenditures.
- (3) Repairs that are included on the operation's depreciation schedule. Expenses that are on a depreciation schedule are capital expenses. Repairs of this kind should be recorded in all other Capital Expenditures.

**Item 11 – Farm Supplies, Marketing Containers, Tools, Shop Equipment,
Bedding & Litter, etc.**

V5 Only

Record expenses for bedding/litter, 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 11a(i) – Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment For Cotton or Apples

V2,V3 Only

Record the dollar amount of the total (Item 11a) repairs, parts, accessories for motor vehicles, machinery and farm equipment expense that was for the Cotton or Apple enterprise.

Item 11b – 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 Land improvements or new buildings/structures).

Item 11b(i) – Maintenance/Repair of Farm Buildings and Land Improvements for Specialized Livestock Production Facilities

V2,V3 Only

Record the dollar amount of the total (Item 11b) maintenance/repair of farm buildings and land improvements that were for specialized livestock

production facilities. Include dairies, feedlots, poultry houses, and swine buildings.

Item 11b(ii) – Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation Equipment and Pumps

V2,V3 Only

Record the dollar amount of the total (Item 11b) maintenance/repair of farm buildings and land improvement expenses that were for irrigation equipment and pumps.

Item 11b(ii)(1) – Maintenance/Repair of Farm Buildings and Land Improvements for Irrigation and Pumps for Cotton or Apples

V2,V3 Only

Record the dollar amount of the total (Item 11b(ii)) maintenance/repair of farm buildings and land improvement expense that were for irrigation equipment and pumps that for the Cotton or Apple Enterprise.

Item 11c – Maintenance and Repair of the Operator's House

Record the total amount spent in 2007 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.

Item 12 – 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 12 – Contract Labor Expense
V5 Only

Record the total amount spent by the operation in 2007 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 2007.

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 11b. Contract labor expenses for all new construction should be reported in land improvements, new buildings/structures, or new construction/remodeling of operator's dwelling.

**Item 12a – Marketing Containers
V1 Only**

Of the amount reported in Item 12, report the amount that was specifically spent on marketing containers.

Item 13 – Contract Labor Expense

Record the total amount spent by the operation in 2007 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 2007.

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 11b. Contract labor expenses for all new construction should be reported in land improvements, new buildings/structures, or new construction/remodeling of operator's dwelling.

Item 13a – Contract Labor for Cotton or Apples
V2,V3 Only

Record the dollar amount of the total (Item 13) contract labor costs that were for the Cotton or Apple enterprise.

Item 13a(i) – Contract Labor Expense for Migrant Workers
V3 Only

Record the dollar amount of the total (Item 13a) contract labor costs for the apple enterprise that were for migrant workers.

Item 13 – Cash Wages Paid to Hired Workers
V5 Only

See the description for Item 14 for all versions except Version 5 below for the description.

Item 14 – 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 2007 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 2007.
- (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.
- (3) money taken by the operator's household on a "draw".
- (4) Employer's share of payroll taxes including Social Security, Unemployment, Workers Compensation, etc.
- (5) benefits such as health insurance, life insurance, pensions, retirement, etc.

Paid labor includes only those workers whose pay was considered a business expense of the farm/ranch operation during 2007. 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 2007 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 other items except the ginning and farm management (professional) services should be recorded as a general farm business expense.

Item 14 – Payroll Taxes and Benefits
V5 Only

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 Total Cash Wages.

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 14a – Cash Wages for Cotton or Apples
V2,V3 Only

Record the dollar amount of the total (Item 14) cash wages paid to hired farm and ranch labor that was for the Cotton or Apple enterprise.

Item 14a – Breakout of Cash Wages Paid

V1 Only

Item 14b –

V2, V3 Only

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 14a(i) + 14a(ii) + 14a(iii)+14a(iv)+14a(v) **MUST** equal the total reported in Item 14 in the Version 1 Questionnaire.

Item 14a(i) – The Operator

Record the amount paid to the operator (include a hired manager's salary - a hired manager is a salaried or hourly employee that gets a fixed wage or salary paid out from either the owner or the farm's financial accounts to manage and make day-to-day decisions for the farm. Bonuses are part of the hired manager's salary).

Exclude money taken out of the operation on a draw by the owner/operator.

Item 14a(ii) – Wages paid to Spouse

Record the amount paid to the principal operator's spouse.

Item 14a(iii) – Other Household Members

Record the amount paid to the 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 14a(iv). 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 14a(iv) – 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 as defined in 14a. Exclude operators that are household members of the principal operator. These should be included in 14a(iii).

Item 14a(v) – Everyone Else

Record the amount paid to all hired workers of the operation except those included in Items 14a(i), 14a(ii), 14a(iii), and 14a(iv). Include wages and salaries to family members who are not members of the operator's household.

Item 15 – 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 Total CashWages.

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 15 – Custom Work
V5 Only**

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 contract labor, or total cash wages if the labor was seasonal hired labor.

**Item 15a – Amount Paid for Household Insurance
V1 Only**

Record the dollar amount of the total (Item 15) payroll taxes and benefits expense that was insurance for the operator and the operator's household.

**Item 15a – Payroll Taxes and Benefits for Cotton or Apples
V2,V3 Only**

Record the dollar amount of the total (Item 15) payroll taxes and benefits expense that was for the Cotton or Apple enterprise.

Item 16 – 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 contract labor, or in total cash wages if the labor was seasonal hired labor.

Item 16a – 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 incurred. 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.

Keep in mind when the payment and commodity transfer occurs (as mentioned earlier in this chapter) when accounting for custom hauling expenses.

INCLUDE:

- (1) hauling to market.
- (2) hauling between farm/ranch parcels.
- (3) milk hauling charges. (If these were deducted from the operator's milk check, add them back to get the "net" figure we want in Sections 18-20).

- (4) hauling of feed, seed and fertilizer to the operation.
- (5) manure hauling.
- (6) all other hauling charges for the operation.

**Item 16a – Interest and Fees Paid on Debts
V5 Only**

Record the total amount spent by the operation in 2007 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 16b – 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.

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 3a) and pest scouting (record in general business expenses).
- (4) leasing of cars, trucks, tractors or other equipment.
- (5) custom livestock expense (record in Item 8).

**Item 16b – Interest and Fees Paid on Debts NOT Secured by Real Estate
V5 Only**

Record the dollar amount spent by the operation in 2007 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 16a.

Item 17 – Total Custom Work

Sum Items 16a and 16b to obtain Total Custom Work Expense (this Item).

**Item 17a – Total Custom Work for Cotton or Apples
V2,V3 Only**

Record the dollar amount of the total custom work (Item 17) expense that was for the Cotton or Apple enterprise.

**Item 17a – Real Estate Taxes
V5 Only**

Record the amount of real estate taxes paid by the operation in 2007. 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 17b).

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 2007, 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 17b).
- (2) income taxes paid to IRS.

**Item 17b – Other Property Taxes
V5 Only**

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

2007 for property taxes other than land or buildings. Exclude vehicle registration and license fees.

Item 18 – Insurance
V5 Only

Include the farm share of all types of insurance including casualty insurance, crop, grazing, 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 2007. Also exclude premiums paid for life, health, and other payroll insurance.

All expenses for this item should be for the farming operation only. Health insurance, life insurance, etc. would be included in Section 35 as part of the household expenses.

Item 18a – Interest and Fees Paid on Debts

Record the total amount spent by the operation in 2007 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 2007 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 19 – Vehicle Registration and Licensing Fees
V5 Only

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 2007 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 purchased vehicles are not included in this item. These taxes should be recorded in Item 16b.

Item 19a – Real Estate Taxes

Record the amount of real estate taxes paid by the operation in 2007. 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 2007, 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 2007 for property taxes other than land or buildings. Exclude vehicle registration and license fees; they will be collected in Item 21.

Item 20 – Insurance

Include the farm share of all types of insurance including casualty insurance, crop, grazing, 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 2007. Also exclude premiums paid for life, health, and other payroll insurance.

All expenses for this item should be for the farming operation only. Health insurance, life insurance, etc. would be included in Section 35, as part of the household expenses.

Item 20 – Depreciation for Capital Assets
V5 Only

See the description for Item 22 for all versions except Version 5 below for the description.

Item 20a – Federal Crop Insurance

Record the dollar amount of the total (Item 20) insurance expense that was for Federal crop insurance. **Include** insurance premiums for the loss of grazing on rangeland, if the program is administered by a Federal agency.

Item 20a – Depreciation for Breeding Livestock
V5 Only

Record the amount of Item 20 that was specifically for breeding livestock.

Item 20a(i) – Crop Insurance for Cotton or Apples
V2,V3

Record the dollar amount of the total (Item 20a) crop insurance expense that was for the Cotton or Apple enterprise.

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 2007 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 purchased vehicles are not included in this item. These taxes should be recorded in Item 19b.

**Item 21 – Cash Value of Commodities Provided As Payment for Farm Work
V5 Only**

Record the value of any commodities provided 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 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 multiple years, 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.

Producers 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 depreciation on his 2007 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 in this cell.

Item 22 – Market Value of Products Used or Consumed on the Operation
V5 Only

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 2007. Exclude home gardens if expenses were excluded earlier. Include products used or consumed by partners and their families (ie, corn used for household furnaces). Also exclude any commodities provided as payment to household members for farm work reported above.

Item 22a – Depreciation for Breeding Livestock

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

Item 23 – 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 23 – Fees Paid for Professional or Farm Management Services
V5 Only

Record the amount of money spent in 2007 by the operators and partners on professional farm management services related to the management of this operation. Report fees paid for accounting, record keeping, tax preparation, planning, or farm product advice.

EXCLUDE fees paid for:

- (1) custom fertilizer, lime and/or soil conditioner applications (include in Item 2).
- (2) custom applications of crop chemicals and pesticides (record in Item 3).
- (3) entomologists, service companies, etc, for pest scouting (record in general business expenses).

Item 24 – Cash Value of all Food, Goods and Services Provided as Payment to Workers who are NOT Household Members

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 these items as probes will help the respondent better consider which type and amount of these payments were made.

**Item 24 – General Business Expenses
V5 Only**

See the description for Item 27 for all versions except Version 5 below for the description.

Item 25 – 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 2007. Exclude home gardens if expenses were excluded earlier. Include products used or consumed by partners and their families (ie, corn used for household furnaces). Also exclude any commodities provided as payment to household members for farm work reported in Item 23.

**Item 25 – Cash Rent Paid for Acres Rented From Others
V5 only**

Include rent for land and/or buildings, record the total amount paid in 2007 to all landlords for cash rented acreage. Ask this question even if no land was rented in 2007. The operation may have paid rent for 2006 or 2008 in 2007. If we skip this question just because the operation did not rent any land in 2007, we miss previous year's rent paid in 2007, or 2008 rent paid in advance in 2007. If an operation had more than one cash rental arrangement, the sum of all the individual rents should be recorded.

For crops such as sugarbeets, co-op shares 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

- (1) Any government payments landlords received from these acres.

Any short-term livestock grazing arrangements where the livestock owner grazes livestock for a few months, but the owner will harvest crops later in the year. The payments for this short term grazing arrangement should be recorded in Item 27.

**Item 25a – Percentage of Market Value of Products that was Livestock
V1 only**

Of the total amount from Item 25, give a percentage of that amount that was from livestock or livestock products.

Item 26 – Fees Paid for Professional or Farm Management Services

Record the amount of money spent in 2007 by the operators and partners on professional farm management services related to the management of this operation. Report fees paid for accounting, record keeping, tax preparation, planning, or farm product advice.

EXCLUDE fees paid for:

- (1) custom fertilizer, lime and/or soil conditioner applications (include in Item 2).
- (2) custom applications of crop chemicals and pesticides (record in Item 3).
- (3) entomologists, service companies, etc, for pest scouting (record in general business expenses).

**Item 26 – Usage fees Paid for use of Public land
V5 Only**

(Mostly found in AZ, CA, CO, ID, MT, NE, NV, NM, ND, OK, OR, SD, TX, UT, WA, and WY)

The operations who use public, industrial or grazing association land will likely have rental payments 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.

In Item 26, **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 2007.

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 30).

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 Section 1, Item 1 and as acres rented to others in Section 1, Item 3.

If fees are reported for Item 26, land will likely have been recorded in Section 1, Item 6.

**Item 26a – Fees Paid for Farm Management, Planning, and Advice
V1 Only**

Record the percentage of Item 26 paid for farm management, planning, and advice.

**Item 26b – Fees Paid for Conservation Practices
V1 Only**

Record the percentage of Item 26 paid for farm management services which relate to conservation practices. Include any paid advice paid to consultants for conservation practices.

Item 27 – 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) 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.
- (2) postage and telegrams for the farm business.
- (3) expenses for title searches, abstracts, recording deeds and mortgages, court costs and other legal expenses for the land operated.
- (4) fees paid to attorneys in connection with the farm/ranch.
- (5) charges for permits and licenses obtained in 2007 for production and marketing of commodities produced on the land operated. Exclude quota and allotment purchases and rentals.
- (6) 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.
- (7) registration of purebred animals.
- (8) brand registration fees.
- (9) charges for sales promotion or advertising.
- (10) 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 2007 expenditures, even if these cover more than one year.
- (11) real estate agent commissions and other direct selling or buying expenses.
- (12) garbage collection or dumpster service for barns and farm buildings.
- (13) rental expense for farm office space not on the operation.
- (14) fees paid to entomologists, service companies, etc. for pest scouting.
- (15) fees paid for programs like Boll Weevil Eradication Program (BWEP) and Pink Bollworm Program (PBWP) if there is one assessment fee (ie, a per-acre) and no additional fees are charged for chemicals. Any additional charges for chemicals should be recorded as chemical expenses.
- (16) trapping club memberships and dues. (Trapping clubs are formed to trap predator animals such as coyotes.)
- (17) stall or space rental fees for farmer's markets.

- (18) parcel post expenses or charges for marketing agricultural products.
- (19) all purchases of farm office equipment (not placed on a depreciation schedule).
- (20) the cost of having and maintaining a webpage.

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 EARLIER IN THIS SECTION.)
- (2) gasoline and other vehicle operating expenses.
- (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 2007 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 all other expenses not previously recorded, the last item in this section).

**Item 27 – Amount Paid for Pasturing Livestock on Private Land
V5 only**

Excluding contract arrangements, record the total amount paid in 2007, for pasturing or grazing livestock on privately owned land on a fee per-head (AUM), gain, or other basis.

INCLUDE expenses for 2-4 month rental where the operator will graze livestock and the landlord will harvest crops from the same land later in the year.

EXCLUDE expenses for pasturing or grazing livestock on public land. These expenses should be recorded in Item 26.

Item 28 – Cash Rent Paid for Acres Rented From Others

Include rent for land and/or buildings, record the total amount paid in 2007 to all landlords for cash rented acreage. Ask this question even if no

land was rented in 2007. The operation may have paid rent for 2006 or 2008 in 2007. If we skip this question just because the operation did not rent any land in 2007, we miss previous year's rent paid in 2007, or 2008 rent paid in advance in 2007. If an operation had more than one cash rental arrangement, the sum of all the individual rents should be recorded.

For crops such as sugarbeets, co-op shares 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

(1) Any government payments landlords received from these acres.

Any short-term livestock grazing arrangements where the livestock owner grazes livestock for a few months, but the owner will harvest crops later in the year. The payments for this short term grazing arrangement should be recorded in Item 30.

Item 28 – Renting and Leasing Vehicles, Tractors, Equipment and Storage Structures
V5 Only

Record the total 2007 expense for renting or leasing all vehicles, tractors, farm machinery, equipment and structures.

Item 29 – Usage fees Paid for use of Public land

(Mostly found in AZ, CA, CO, ID, MT, NE, NV, NM, ND, OK, OR, SD, TX, UT, WA, and WY)

The operations who use public, industrial or grazing association land will likely have rental payments 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.

In Item 29, **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 2007.

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 30).

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 Section 1, Item 1 and as acres rented to others in Section 1, Item 3.

If fees are reported for Item 29, land will likely have been recorded in Section 1, Item 6.

**Item 29 – All Capital Expenditures
V5 Only**

See the description for Items 31-35 for all versions except Version 5 below for the description what is included for this Item.

Item 30 – Amount Paid for Pasturing Livestock on Private Land

Excluding contract arrangements, record the total amount paid in 2007, for pasturing or grazing livestock on privately owned land on a fee per-head (AUM), gain, or other basis.

INCLUDE expenses for 2-4 month rental where the operator will graze livestock and the landlord will harvest crops from the same land later in the year.

EXCLUDE expenses for pasturing or grazing livestock on public land. These expenses should be recorded in Item 29.

**Item 30 – Other Expenses
V5 Only**

This item is used to account for any expenses the operation had in 2007 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.
- money paid back to the government for government farm program

overpayments in previous years. For example, a farmer signs up for a program surrounding a certain field crop. The farmer gets paid \$X in 2006 for either a direct payment or counter-cyclical payment. Market price then goes up and farmer is asked to pay back some or all of the money that they had received in 2007. If the operation's payment back to the government was in the same year as when the operation is received the money, this should be reflected in the income questions in Section 24 as net income (money received – money paid back).

- expenses used to acquire additional commodity to fulfill marketing contracts if the operator had a bad year.

Item 31 – Renting and Leasing Vehicles, Tractors, Equipment and Storage Structures

Record the total 2007 expense for renting or leasing all vehicles, tractors, farm machinery, equipment and structures.

Item 32 – 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 33 – New Construction and Remodeling of Farm Buildings, Structures, and Dwellings (excluding the operator’s dwelling)

Record expenditures which were paid in 2007 for the construction of or remodeling of buildings, structures, or other dwellings. Record these 2007 expenditures regardless of whether the construction or remodeling was completed or not. If expenses were paid in 2007 for work completed in 2006, include them in this Item.

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 34 – 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 35 – Miscellaneous Capital Expenditures

Item 35a – 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 2007. 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 unless these fees were separate and itemized on the bill. Itemized financing charges should have been recorded in Item 18. Itemized registration and license fees should have been recorded in Item 21.

Item 35a(i) – 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. If there was no financial arrangement for the farm's share, it can be estimated. Farm share can be estimated by determining 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 35a are strictly for farm use, record 100 in Item 35a(i).

Item 35b – 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 2007. 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 unless these fees were separate and itemized on the bill. Itemized financing charges should have been recorded in Item 18. Itemized registration and license fees should have been recorded in Item 21.

Item 35b(i) – 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. If there was no financial arrangement for the farm's share, it can be estimated. Farm share can be estimated by determining 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 35b are strictly for farm use, record 100 in Item 35b(i).

Item 35c – 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 2007 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 35d – 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 2007 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 35e – 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 2007 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 35f – 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 27.

Item 35g – Purchase of Farmland and Other Farm Real Estate

For the small number of farms that bought farm real estate during the year, the cost of that acquisition can have a significant impact on the cash available to farm households for consumption or other investment purposes. Include only real estate that was added to this farming operation during the year. Do not include buildings that were purchased separately and moved onto the farm. These should be reported in Item 33.

Report the total cost of the land and buildings acquired. For example, the operation added an adjoining section of land to this operation during the year, at a cost of \$640,000. The land was worth about \$600,000 and the service buildings on it were valued at \$40,000. The operator paid \$140,000 down and the balance of the purchase was financed by a bank loan of \$500,000. Enter \$640,000 here. The value of the real estate would also be included in Section 28: the buildings (\$40,000) would be included in Item 1d, and the land (\$600,000) would be included in Item 1f. The loan would be entered in Section 29 (farm debt) with a column coded to indicate that a bank loan was obtained in 2007 to purchase land.

Item 35h – Other Capital Expenditures

Record the total cost of all other capital items (items placed on a depreciation schedule) purchased by the operation in 2007. Include major

repairs which are placed on a depreciation schedule. Make good notes as to exactly what items are included.

Exclude breeding livestock purchases. Breeding livestock purchases are reported in Item 4a and 4d.

Item 36 – Other Expenses

This item is used to account for any expenses the operation had in 2007 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.
- money paid back to the government for government farm program overpayments in previous years. For example, a farmer signs up for a program surrounding a certain field crop. The farmer gets paid \$X in 2006 for either a direct payment or counter-cyclical payment. Market price then goes up and farmer is asked to pay back some or all of the money that they had received in 2007. If the operation's payment back to the government was in the same year as when the operation is received the money, this should be reflected in the income questions in Section 24 as net income (money received – money paid back).
- expenses used to acquire additional commodity to fulfill marketing contracts if the operator had a bad year.

Section 27 – Farm Labor

One of the most significant expenses in agriculture is labor. Hired labor expense is reported in Section 26. Unpaid labor used in farming comes from this section. The data obtained from Questions 3 and 4 is the only information about the unpaid labor input that is used in farm production on an annual basis. Together, paid labor from Section 26 and the value of unpaid labor from this section give an estimate of the total labor input used in farming each year.

Item 1a – Number of Hired Workers Working Less than 150 Days

Report the number of hired farm or ranch workers, including paid family members and office workers, who worked on this operation less than 150 days in 2007. Exclude contract labor.

Item 1b – Number of Hired Workers Working More than 149 Days

Report the number of hired farm or ranch workers, including paid family members and office workers, who worked on this operation 150 days or more in 2007. Exclude contract labor.

Item 2 – Presence of Migrant Workers in 2007

Check “Yes” if any of the hired or contract workers who worked on this operation in 2007 were migrant workers. The definition of a migrant worker is a farm worker whose employment requires travel that prevents the worker from returning to his or her permanent place of residence the same day.

**Item 2a – Number of Migrant Workers in 2007
V1 Only**

If there were migrant workers on the operation in 2007, record the number of migrant workers on the operation during 2007 in Item 2a. Check the box if the respondent doesn't know the number.

Items 3-4 – FARM LABOR/USE of TIME

V1 Only (Instructions for Versions 2-5 are farther down)

Item 3-4 – Hours Worked by the Operator, Spouse, Other Operators, and Unpaid Workers

These items provide the information (1) to estimate the labor required to produce agricultural products, (2) to study the effects of agricultural policy changes, and (3) to measure the well-being of farm households.

Labor used in agriculture. Labor is an important input into agricultural production, and the majority of labor is provided by farm operators and their families. Most of the time farm families do not pay themselves a wage or salary. Nevertheless, it is important to estimate the use of their time and to estimate the cost of using it in the production of agricultural products. There are a variety of indicators that USDA and other policy makers use when they track how the farm sector and farm families are doing. Some of those indicators require information on the total hours used in agriculture, whether it is paid a wage or not. Other indicators just focus on the cash flow of the farm business, so it is necessary to know which hours are paid and which hours are not.

Policy analysis. Information on how labor is allocated is also used to study the effects of different policies. Always of interest is how new policies affect how much agricultural output is produced, since the supply of product affects the prices farmers receive for their product. This is of interest domestically and internationally, for trade purposes. One way in which policies affect agricultural output is through their effects on how farm families spend their time, so studying how different policies affect time allocations is of interest to policy makers.

Farm household well-being. Farm families can allocate their time to a variety of activities, some of which earn them income and some of which do not. Since most of the income of most of the farm families comes from working off the farm, knowing both where families spend their time and where they earn their income provides policy makers with an understanding of the returns to farming compared to other activities of the household.

Item 3a&b – Operator and Spouse Use of Time
V1 Only

Ask the respondent to report average hours per week for four different 3-month periods. Because it can be difficult to recall how time was spent it helps the respondent if they are asked to recall the time for different periods of the year when farm tasks may vary with the season. The operator should be able to approximate the average number of hours per week in each quarter because each quarter roughly corresponds to the seasons. Respondents are also used to considering work hours on a weekly basis. Respondents may be more likely to accurately recall their work history when asked to do so for a weekly-average basis.

It may help the respondent to account for how all of the time is spent in a typical week for those different seasonal periods. In Item 3a only, since there are 24 hours in a day and 7 days in a week, the respondent should account for 168 hours per week, for a typical week in each of the 4 quarters. Item 3a(i) through 3a(v) should add up to 168 hours per week for each of the 4 quarters of time. If the operator is married, record hours for the spouse in Item 3b in a similar fashion. For their spouses, Item 3b(i) through 3b(v) should add up to 168 hours per week for each of the 4 quarters of time.

Item 3a(i-ii) – Operator Farm/Ranch Work Hours

These items should be recorded for all operators, whether they are hired managers or not. Record all of the hours of farm work, even for operators 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 26, Item 14 instructions give examples of agricultural work.** If the hours of work are not paid a wage or salary, then report the hours in Item 3a(i). If the hours of work are paid a wage or salary, then report the hours in Item 3a(ii). If there are hours reported for a wage or salary, there should be cash wages to the operator reported in Section 26 (and vice versa).

Item 3a(iii) – Non-Farm Work off this Farm/Ranch Hours

Record the time the operator spent working in non-farm work. Working for pay includes hours worked for wages, salary, or returns from a business that required that time be spent in order to earn the compensation. If an operator runs a home-based business from the farm, separate from this operation, report those hours here. Do not include commuting time in non-farm work hours since those hours are not paid a wage or salary.

Item 3a(iv) – Work on Another Farm/Ranch Hours

Record the time the operator spent working on another farm or ranch, whether for direct compensation or not, e.g., barter. Include custom work hours whether or not the business is kept on separate books or not.

Item 3a(v) – Operator Other Hours

Record the time the operator spent on all other activities, excluding farm and off-farm work. Examples of this would include leisure time, time spent in volunteer activities, child or elder care, or in household chores, such as cooking and cleaning. Exclude time spent in farm business planning. Hours spent on farm business planning should have been recorded in either Item 3a(i) or 3a(ii), depending on if those hours were paid a wage or salary.

Item 3b – Operator's Spouse's Use of Time

If the operator (other than a hired manager) is married, record hours for the spouse in Item 3b in a similar fashion to the recording of hours for the operator. For spouses, Item 3b should add up to 168 hours per week for each of the 4 quarters of time.

Item 3b(i-ii) – Operator's Spouse's Farm/Ranch Work Hours

Record all of the spouse's hours of farm work, even for spouses 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 26, Item 14 instructions give examples of agricultural work.** If the hours of work are not paid a wage or salary, then report the hours in Item 3b(i). If the hours of work are paid a wage or salary, then report the hours in Item 3b(ii). If there are hours reported for a wage or salary, there should be cash wages to the operator reported in Section 26 (and vice versa).

Item 3b(iii) – Operator’s Spouse’s Non-Farm Work off This Farm/Ranch Hours

Record the time the operator’s spouse spent doing non-farm work for pay. Working for pay includes hours worked for wages, salary, or returns from a business that required that time be spent in order to earn the compensation. If an operator’s spouse runs a home-based business from the farm, separate from this operation, report those hours here. Do not include commuting time in non-farm work hours since those hours are not paid a wage or salary.

Item 3b(iv) – Operator’s Spouse’s Work on Another Farm/Ranch Hours

Record the time the operator’s spouse spent working on another farm or ranch, whether for direct compensation or not, e.g., barter. Include custom work hours whether or not the business is kept on separate books or not.

Item 3b(v) – Operator’s Spouse Other Hours

Record the time the operator’s spouse spent on all other activities, excluding farm and off-farm work. Examples of this would include leisure time, time spent in volunteer activities, child or elder care, or in household chores, such as cooking and cleaning. Exclude time spent in farm business planning. Hours spent on farm business planning should have been recorded in either Item 3b(i) or 3b(ii), depending on if those hours were paid a wage or salary

Item 4 – Other Operators’ and Unpaid Labor Hours

Ask of all other operators. Record hours of farm work for other operators and other unpaid workers not recorded above in Items 3a and 3b for the main operator and spouse. Hours of farm work should be recorded only

once in Items 3-4. 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.

Item 4a(i) – Other Operators’ Unpaid Labor Hours

Record the hours other operators worked on the farm without receiving a wage or salary. Other operators include those persons responsible for the day-to-day management decisions for this operation, and may include hired managers. Do not include the hours reported in Item 3a(i) for the operator. Do not include the hours reported in Item 3b(i) above for the spouse, even if the spouse is considered another operator.

Item 4a(ii) – Other Operators’ Paid Labor Hours

Record the hours other operators worked on the farm and received a wage or salary for this work. Other operators include those persons responsible for the day-to-day management decisions for this operation, and may include hired managers. Do not include the hours reported in Item 3a(ii) above for the operator. Do not include the hours reported in Item 3b(ii) above for the spouse, even if the spouse is considered another operator.

Item 4b – Other Unpaid Labor Hours

Record the hours other unpaid workers worked on the farm. Unpaid workers could include non-operator partners or family members who are not operators. Do not include the hours reported elsewhere (for example, in Items 3a(i) or 3b(i) for the operator or spouse, respectively, or the hours reported in Item 4a(i) for other operators.)

Item 4c – Other Paid Labor Hours

Record the hours other paid workers worked on the farm. Paid workers could include non-operator partners or family members who are not operators. Do not include the hours reported elsewhere (for example, in Items 3a(ii) or 3b(ii) for the operator or spouse, respectively, or the hours reported in Item 4b(ii) for other operators.)

Item 5 – Number of Workers Performed Unpaid Labor

Record the number of workers who performed unpaid labor on the farm. Exclude the principal operator and the principal operator's spouse. This information will help determine how many full-time equivalent workers worked on the farm, another measure of farm size.

ITEM 3 – FARM LABOR (V2,V3)

Item 3 – 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 26, Item 14 instructions give examples of agricultural work.**

Item 3a – 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.

Item 3b – Principal OPERATOR'S Hours of Off-Farm Work

For each quarter, record the average number of hours of work the principal operator did per week off this farm or ranch for compensation. This could include work that was performed for wages, salaries, or returns from a business, other than this operation.

Item 3c – Principal Operator's 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 whether the spouse is an operator or a farm worker.

Item 3d – Principal Operator's SPOUSE Hours of Off-Farm Work

For each quarter, record the average number of hours of work the principal operator's SPOUSE did per week off this farm or ranch for compensation. This could include work that was performed for wages, salaries, or returns from a business, other than this operation.

Item 3e – Other Operators' Hours of Farm Work

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 3f – Unpaid Workers' Hours of Farm Work

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.

ITEM 3 - FARM LABOR (V5)

Item 3 - 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 26, Item 14 instructions give examples of agricultural work.**

Item 3a - 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.

Item 3b – Principal Operator’s 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 whether the spouse is an operator or a farm worker.

Item 3c – Other Operators’ Hours of Farm Work

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 3d – Unpaid Workers’ Hours of Farm Work

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 28 & 29 - Farm Assets and Debts

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

Farmers assemble capital assets from a variety of sources. Key sources may include initial and subsequent investments made by farm owner(s), retained earnings from previous production and/or service activities, borrowed funds, or leased inputs such as land, machinery or equipment. Section 28 provides information about the assets owned by the operation. Term debt or notes used to purchase or acquire access to assets used by the farm is recorded in Section 29.

Together, data collected in these two sections are used to develop the farm's balance sheet. The balance sheet lists the farm's assets, liabilities or debt, and owner's equity for a specific point in time. For purposes of USDA's farm financial management accounting procedures, December 31 is the reference date for the farm's balance sheet. Using December 31 as the reference date relates the balance sheet to farm's income statement which covers the calendar year from January 1 through December 31. The balance sheet is developed using an accounting formula that makes total assets equal to owned assets of the business plus debt or borrowed capital used by the operation. The owner's equity is equal to total assets of the operation minus any debt that is owed.

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 year or less), 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 are economic resources that are used up in the farm production process. Assets expected to be used up or converted to cash within one year of the date of the balance sheet are called “current assets.” Examples of current assets are cash, financial assets, crop and livestock inventories, purchased inputs, cash invested in growing crops, as well as accounts receivable. All other assets (machinery and equipment, buildings, farmland, breeding livestock, etc.) are classified as long-term assets.

The farm’s assets are financed or paid for using either debt or the business owner(s)’ own funds (equity). Some farms use no debt while others use a mixture of debt and equity to buy farm assets. Farm operations that report no use of debt tend to be smaller farms as measured by sales value. Nearly 4 out of 5 commercial size farms have reported use of debt in past ARMS surveys.

Current liabilities are debts that must be repaid within one year of the date of the balance sheet. Examples include accounts payable, notes payable, short-term loans, accrued wages payable, accrued interest payable, and accrued taxes payable. Current liabilities also include that portion of long-term debt due within one year. All other liabilities are those debts requiring payment or fulfillment beyond one year.

Owner’s equity is equal to the farm’s total assets less its total debt or liabilities. Owner’s equity is oftentimes referred to as “net worth” or “net assets.” 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 indicators of farm financial health and performance are reported to the Secretary of Agriculture, other policy officials within USDA, and to the Congress. Balance sheet data from the ARMS are also made available to the public through the ARMS data tool located on the Economic Research Service web page. 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.

A key use of the debt data reported in Section 29 is to develop an indication of how much money will be needed to meet annual loan repayments and interest charges. This estimate of debt service charges is compared with cash available from the farm business (derived from data reported in Sections 18, 19, 20, 21, 23, 24, 25, and 26), off-farm income (reported in Section 35), or other sources to develop a perspective about which type farms in different regions may be encountering loan repayment problems due to insufficient income, large debt loads, and/or high interest rates. Reliance on variable (floating, adjustable) interest rate loans means that changes in interest rates are now reflected in changing farm sector interest costs. Information about how often interest rates on farm loans may change provides a basis for assessing how interest charges may change, thus a key reason for asking how often loans are repriced in Section 29.

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 (when it is owned by the farm and included in the books of the farm) and hired labor and tenant houses.

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 2007. 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 items are used to estimate the farm sector's debt payments that must be met 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 use farm assets as security for loans for a variety of purposes. For each of the four largest loans reported by the operator, we ask what percent of the loan was for operating expenses, capital expenditures, or other expenses of the farm operation. Responses to the primary purpose of the loans provide information about how farm assets are being used as collateral for loans for family and on-farm business uses.

Section 28 - 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 belong 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 belong to the corporation.

We also obtain information on land and buildings 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, 2007, rather than all of 2007.

If the operator has multiple operations, only account for the assets that belong to the operation identified on the label. Assets belonging to the other operations will be accounted for in Section 35. For example, there may be operators that may use heavy machinery (tractors, planters, combines, etc.) for all their operations. For each piece of heavy machinery, determine which operation it belongs to by determining which operation uses the item most. If the piece of heavy machinery belongs to the operation on the label, account for it in Section 28. If the piece of heavy machinery does not belong to the operation on the label, account for it in Section 35.

In this section we ask for the operator's estimate of the MARKET VALUE of several types of assets at the end of 2007. Obtain 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 “fair market value” for which the land and/or buildings could be sold under the market conditions existing at the time of the reference date and assuming that willing and financially able buyers and sellers exist and that there are no unusual circumstances such as forced liquidation, shortages, and emergencies. This value should be for the most likely purpose the land would be sold for its highest and best use, including non-agricultural uses.

Item 1 – Market Value of Land and Buildings OWNED

This information may not be available in records, but most operators should be aware of the current value of their land and buildings or comparable land and buildings. If loan funds have been obtained for use in the operation, the operator has likely prepared financial statements for use with his/her lender. The business financial statements would be a source for asset value information.

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. When this occurs, be sure to include a note in the margin for state stat to review.

Item 1a – Market Value of Operator’s Dwelling, if OWNED

Record the market value of the operator's dwelling as of December 31, 2007, if it is owned by the operation. Owned by the operation means the house is recorded as an asset in farm record books, or used as security for a farm loan, or deeded as part of the farm. This definition is the same used to report expenses, which makes the income statement and the balance sheet consistent.

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.

**Item 1a(i) – Dwelling Located in Town, City, or Suburb
V1 Only**

Indicate whether the operator's dwelling reported in Item 1a was located in a town, city, or suburban lot. An estimate of the house's rental value is developed only when it is located on the farm.

Item 1b – Market Value of Hired Labor Dwellings Owned by the Operation

Record the market value on December 31, 2007 of hired labor dwellings (except the operator's) owned by this operation. The dwellings must be owned by the operation, not by the partner, relative, or laborer, separately from the land in the operation.

**Item 1b(i) – Number of Hired Labor Dwellings Owned by the Operation
V1 Only**

Record the number of hired labor dwellings reported in 1b. The number of dwellings will be used to develop an estimate of the average value of hired labor dwellings. This average will be combined with rent to value ratios from the Department of Commerce to estimate a rental value for the houses.

Item 1c – Market Value of All Other Dwellings Owned

Record the market value on December 31, 2007 of tenant and all other dwellings (except those reported in 1a and 1b) 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(i) – Number of All Other Dwellings Owned by the Operation
V1 Only**

Record the number of all other dwellings reported in 1c. The number of other dwellings will be used to develop an estimate of the average value of other dwellings. This average will be combined with rent to value ratios from the Department of Commerce to estimate a rental value for the houses.

Item 1d – All Other Farm Buildings and Structures Owned

Record the market value on December 31, 2007 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 1e – Orchard Trees, Vines and Trees for Wood

Record the market value on December 31, 2007 of trees in orchards, vines in vineyards, other perennials in the field, Christmas trees, and short-term rotation wood crops. Exclude uncultivated acreage in timber – this should be recorded with the value of the land in Item 1f.

**Item 1e(i) – Value of Apple Trees
V3 Only**

Record the value of apple trees on December 31, 2007. This value should be part of Item 1e above.

Item 1f – Land Owned

Record the operator's best estimate of the total market value of land OWNED by the operation on December 31, 2007. This should correspond to the acres owned reported in Section 1, Item 1, unless land was purchased at the end of the year, and, thus, were not part of the operation during 2007. Include the value of water rights, mineral rights, permanently installed irrigation equipment, frost protection systems, grazing permits, and uncultivated timber 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 + 1f should reflect the total value of land and buildings OWNED by this operation on December 31, 2007. 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 2007. (This should correspond to acres reported as rented in Section 1, Item 2 – Does not include grazing land rented on a fee-per-head or AUM basis) 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 1, 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 – Trucks and Cars Owned

Record the end-of-year (on Dec. 31, 2007) estimate of the market value of the farm share of trucks and cars owned by the operation.

Item 5 – Tractors, Machinery, Tools and Equipment Owned

Record the end-of-year (on Dec. 31, 2007) estimate of the market value of the farm share of tractors, machinery, tools, equipment and implements owned by the operation. Prices of machinery, equipment and implements change over time. Reflect these changes in prices that would have to be paid for a similar item in the estimate of market value.

Item 6 – Market Value of all Leased Machinery and Equipment

Record the end-of-year (on Dec. 31, 2007) estimate of the market value of any machinery or equipment on the operation and used for farm activities in 2006 or 2007. Include leased cars, trucks, tractors, tools, combines, plows, disks, harrows, dryers, pumps, motors, irrigation equipment, dairy equipment, tanks, feeders, grinding and mixing equipment, computers, etc.

Item 7 – Value of Beginning/Ending Year Inventories of Commodities, Production Inputs, and Farm Cooperatives

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 between January 1, 2007 and December 31, 2007. For that reason, we ask beginning and ending inventory values for crops, livestock, and production inputs.

Obtaining estimates of the value of assets such as stored crops, livestock, and inputs on January 1, 2007 and December 31, 2007 is critical to development of accurate estimates of profitability for farms. This occurs because net farm income is derived using a formula that adds or subtracts changes in inventory and depreciation to the difference in cash incomes reported primarily in Sections 18, 19, 20, 23, 24, and 25 and production expenses reported in Section 26.

There are three main criteria you should guide the respondent toward considering in providing answers to beginning or ending year inventory values:

- the types of commodities or production inputs,
- the quantity of each type on hand, for each date at the beginning and end of the year, and
- their market price on the date in question.

The most accurate figures would be obtained if we collected all these pieces. This may not be possible thus 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. Still, ask the respondent to think about differences in the quantity of crops, livestock or inputs on hand in January and December (for example if more crops were stored, or crops were sold, or inputs were purchased or used up in production) and prices that could have been received for the commodities in January versus December and the prices that would have been paid for inputs on hand.

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. If the respondent says values were the same even after probing for additional information, make good notes of the reason why they were the same so the survey statistician understands the situation and will be in position to write a good comment to explain the situation.

The value of commodities held in inventory relate to the figures reported earlier in the questionnaire for crop production, the amount (of crops) used on farm, or the quantity (of livestock) sold, and to the sales data reported in Sections 18, 19, and 20. If the commodity was produced in 2007 (or like livestock was bought in 2007 – see reporting of livestock purchases in Section 26) but not sold or 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 2007 and you ask about the value at the beginning of 2007, do not say, “Was it (about) the same?” or “It was the about the same, was it not?” Instead, probe for changes in quantities on hand, for prices for which commodities could have been sold, or for prices that would have been paid for inputs bought for farm use.

Item 7a – 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 all types of crops including those for which there are Government programs as well as non-program crops.

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 2006 and earlier years in whole form.
- (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, 2007.
- (8) crops sold in 2007, but payment and delivery will take place in 2008.
- (9) crops in storage which had been redeemed from CCC loan by the reference date above.
- (10) nursery and greenhouse products in saleable condition.

Exclude the value of:

- (1) crops still under CCC loans. However, include the value of the crop if a loan deficiency payment or a marketing loan gain was obtained and the crop is still on hand. Exclude the crop only if it was placed under loan and was still under loan on either of the reference dates of January 1, 2007 or December 31, 2007.
- (2) feed items such as cracked corn, rolled oats, etc (record under production inputs Item 7d).
- (3) growing crops.

**Item 7a(i) – Value of Apples Owned and Stored
V3 Only**

Record the value of apples owned and stored on December 31, 2007. This value should be part of Item 7a above.

Items 7 b&c – 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, 2007, to get the market value of the beginning year inventory. Then you need to consider all these things on December 31, 2007, to get the market value of the end of year inventory. It is highly unlikely that all of these things are the same at the end of the year as they were at the beginning of the year. The number of head and the number owned on December 31, 2007 were reported in Sections 10-

16, Use the responses to items in these sections to obtain end of year values.

Beginning of year values should be in comparison to the end of year values. For example, number of head may be different, or prices may be different, or weights of the animals may be different on the two reference dates. Changes in any one of these items between January 1, 2007 and December 31, 2007 could result in inventory values being different in December than they were in January.

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.

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 is collected in Section 17.

Item 7b – 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 or off, the operation. Exclude breeding livestock being produced on another operation under contract.

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 as well as owned on Dec. 31, 2007, was reported in Sections 10-16. This should be the inventory for which the operator gives you his/her estimate of the end of year value. From the end of year value ask the respondent about January 1, 2007 values, keeping in mind changes in number, weights, and prices.

Item 7c – 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 or off, the operation. Exclude breeding livestock being produced on another operation under contract.

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 as well as owned on Dec. 31, 2007 was reported in Sections 10-16. This should be the inventory for which the operator gives you the end of year value. From the end of year value ask the respondent about January 1, 2007 values, keeping in mind changes in number, weights, and prices.

Item 7d – 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. **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 6a (hay, crops to be used for seed, etc.) Do not include fertilizers and chemicals already applied (record in Item 7e).

Prices of many inputs such as fuel and fertilizer could have changed during 2007. An estimate of the quantity on hand on January 1, 2007 and price paid at that time and the quantity and price at year end will likely

result in the value of inventory being different for these two time periods. The change in the value in input inventory on hand will be very important in helping put production costs into perspective and in helping explain estimates of net farm income for farm businesses.

Item 7e – 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. These kinds of changes by themselves can affect how current assets of the farm are viewed relative to debts owed by the operation. 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, 2007 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, 2007. This is important because the cost of the fertilizers and/or pesticides applied prior to December 31, 2007 would be considered an expense of the farm and would reduce net income from a cash perspective. Recording the value of the inputs applied as an asset would be reflected in the balance sheet and in the change in asset values that is included in the estimate of overall net income and profitability of the farm.

FEEDLOTS:

Feedlots will likely have sunk costs to report. Sunk costs for feedlot operations can be reported by recording either:

- the value of feed, vet care, labor, fuel, and other expenses utilized for fed cattle not yet moved from the feedlot, or

- Recording the value of net weight gain (portion of feed, fees, etc. not yet recovered from the contractor) for fed cattle not yet moved from the feedlot.

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, 2007
- (6) applied to benefit a crop to be planted after December 31, 2007.

Exclude the value of inputs to:

- (1) crops already harvested and on hand (these crop values should be recorded in Item 7a).
- (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 standing crops not harvested by December 31, 2007 due to weather or market conditions. An estimated value for these crops should be recorded in Item 7a if they were originally intended for harvest as of December 31, 2007.

Item 7f – Stock in Cooperatives and Farm Credit System

Record the value on December 31, 2007, 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 is reported here.

Item 8 – Machinery and Equipment Inventory

For the items listed in this section, report the total number usually kept on this operation on December 31, 2007 in the first column and of these, report the number that were manufactured in the last 5 years from 2003

through 2007 in the second column. Mark the “none” box when appropriate.

Item 8a – Truck Inventory

Report the number of trucks, including pickups used in 2006 or 2007 and usually kept on this operation on December 31, 2007.

Item 8b – Tractors less than 40 PTO Inventory

Report the number of tractors with less than 40 horsepower (PTO) used in 2006 or 2007 and usually kept on this operation on December 31, 2007. Exclude garden tractors.

Item 8c – Tractors with 40 to 99 horsepower (PTO)

Report the number of tractors with 40 to 99 horsepower (PTO) used in 2006 or 2007 and usually kept on this operation on December 31, 2007.

Item 8d – Tractors with 100 horsepower (PTO) or more

Report the number of tractors with 100 horsepower (PTO) or more used in 2006 or 2007 and usually kept on this operation on December 31, 2007.

Item 8e – Grain and bean combines, self-propelled

Report the number of self-propelled grain and bean combines (used for harvesting and threshing operations) used in 2006 or 2007 and usually kept on this operation on December 31, 2007. Include all grain combines equipped with picking head attachments for corn for grain harvest. Report self-propelled silage and forage harvesters in item 1g below. Exclude all pull-type grain and bean combines.

Item 8f – Cotton pickers and strippers, self-propelled

Report the number self-propelled cotton pickers and strippers used in 2006 or 2007 and usually kept on this operation on December 31, 2007.

Item 8g – Forage harvesters, self-propelled

Report the number of self-propelled forage harvesters used in 2006 or 2007 and usually kept on this operation on December 31, 2007.

Item 8h – Hay Balers

Report the number of hay balers used in 2006 or 2007 and usually kept on this operation on December 31, 2007. Include pull type and self propelled hay balers.

Item 9 – 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. These can be known as “Liquid Assets”. 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 Section 21, Item 2b).
- (3) quotas and allotments owned by the operation, if these values are not reflected in the land values reported in Item 1.
- (4) livestock products stored on the operation, but not yet sold (for example, milk before hauling and eggs still on the operation).

Exclude the value of:

- (1) assets for which values were obtained earlier in the questionnaire.
- (2) personal assets (record in Section 35).

Section 29 – Farm Debt

Farmers use debt to help obtain assets used by the operation to produce crops or livestock or to provide a range of business services such as custom work, recreational activities, or livestock grazing. Estimates of debt are used to measure how solvent the business is (debt/assets) at a point in time (December 31, 2007). Estimates of debt are also used to develop estimates of interest and principal that have to be paid that can be compared with income earned by the farm (reported in earlier Sections of the questionnaire). Debt service needs relative to income earned is used to prepare measures of financial position reported by USDA for U.S. farms.

Section 29 is organized to reflect farmers' use of debt in their businesses. In Version 1 Questionnaires, if farmers do not use debt as a source of funding for their operations they skip to Item 4 to report on why they did not need to incorporate debt into their financing plans then continue with Section 30. This change in organization is intended to provide the large share of respondents who do not report use of term debt or notes from creditors a more streamlined interview.

For operators who do report use of debt in their businesses, Section 29 of Version 1 has been developed to begin with questions about use of an established line of credit. This aligns questions written for the ARMS with steps typically taken to both acquire annual operating inputs and longer-term assets used by the farm. Operating inputs most likely would be financed with either some form of standard loan or a "line of credit". Lines of credit might differ in how they are established for a farm (operator), but they will feature some established loan amount that has been agreed to by a lender based on a projected amount of borrowing needed by the farm (and its ability to repay or creditworthiness). Farmers can then borrow from the "line of credit" either on an "as needed basis" up to some maximum amount or on some schedule for either amount or timing. Debt used to obtain intermediate and longer-term assets such as machinery or real estate would typically be reported in the remainder of Section 29.

If the operator has multiple operations, only account for the debt that belongs to the operation identified on the label (there should be assets for these items in Section 28 or expenditures for inputs and/or capital

purchases in Section 26). Debt belonging to the other operations will be accounted for in Section 35. For example, there may be operators that may use heavy machinery (tractors, planters, combines, etc.) for all their operations. For each piece of heavy machinery, determine which operation it belongs to by determining which operation uses the item most. If the piece of heavy machinery belongs to the operation on the label, account for its debt in Section 29 (Using the same guideline, asset values will have been included in Section 28). If the piece of heavy machinery does not belong to the operation on the label, account for its debt in Section 35.

Version 1 Questionnaire

Item 1 – Debt Use in 2007 V1 Only

This is a screening question to determine if debt was used at anytime during 2007.

Include any debt that was obtained from earlier years and was not paid off by January 1, 2007 and the use of any lines of credit.

If debt was used at any time during 2007, check “Yes” for Item 1 and continue with question 2. If debt was not used at all during 2007, check “No” for Item 1 then skip to Item 4.

Item 2 – Established Line of Credit during 2007 V1 Only

Ask whether the operation had an established line of credit with a lending institution or other source at any time during 2007 even if it was never used. If no line of credit existed for the farm in 2007, check the “No” box for Item 2 and proceed to Item 5.

Item 3 – Use of Line of Credit V1 Only

Record how much the operation borrowed against the line of credit at any time in 2007. Use the maximum amount borrowed against the line of credit during 2007 as a reference.

Item 4 – Reason for Not Using Debt
V1 Only

If debt was not used at all in 2007, indicate which reason(s) were applicable regarding why.

Check the box if the respondent answers “Yes” to any of these 4 alternatives.

Item 5 – Loans Taken Out in 2007 and Repaid in 2007
V1 Only

This item includes only loans taken out in 2007 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 5 as the maximum loan amount taken out and repaid during 2007. Record the \$20,000 debt balance in the Item 7 table.

Loans acquired through access to “lines of credit” would be reported in Item 5. Any outstanding balance on December 31, 2007 would be reported in Item 7 following the same instruction as provided above for the example.

Responses to this question helps us gauge the share of farms that use debt during the year but that do not have a debt outstanding at year end and provides help in evaluating the amount of interest paid by the operation.

Item 6 – Screening for Debt
V1 Only

In a majority of situations, the operation may not report debt. But, most farms with over \$100,000 in sales will have some form of operating or longer-term loan. Debt can usually be tied to specific assets. As noted earlier, it is unusual for a commercial-size farm to not have any debt, so if the answer to this item is NO, make a good note before skipping to Item 12. **Check interest paid as reported in Item 18, Section 26 to help determine the typed and status of loans. If interest is paid, some form of debt was held during the 2007 calendar year.** PROBE to determine if the operation had any loans at the end of 2007 against any livestock, machinery, or farm real estate. If the operator has multiple operations, include debt for only this operation.

Item 7 – Debt By Lender
V1 only

If the operation had debt at the end of 2007, the table in this item must be completed. Include debt on the operator's house if it was owned by the operation. Refer to Section 28, Item 1a to determine if the operator's house was owned by the operator and included in assets.

Start completing the table by asking about the largest loan. Work down the rows in the table for each loan, **starting with the largest loan owed** and working across to the smallest loan owed, for up to four loans. Be sure the respondent excludes debt for non-farm purposes even if the loan was secured by the operation's assets. The amount of off-farm debt secured by farm assets is to be reported in Section 36, Item 20. Include all other debt owed by the farm that is secured by farm assets.

Item 7a – Lender
V1 only

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 obtained loans to finance their operations. Typically, lenders will be grouped to provide reports by lending institutions, trade creditors, individuals, etc.

Enter the Code for the lender type from to whom the operation obtained a loan. 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 borrowed against the cash value of life insurance policies from Code 7. Record these type loans 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 may provide financing for the construction of facilities and for the purchase of feed and other inputs. Similarly, fruit and vegetable processors may 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** any outstanding credit card balances not related to the operation of the farm business.

Include as other debts (Code 17) the farm share of all unpaid bills. Unpaid bills are a current liability of the farm operation.

Item 7b – Balance Owed
V1 only

Record the 2007 end-of-year balance remaining to be paid. Include both principal and unpaid interest which was delinquent. Obtaining an accurate estimate of the balance that farmers owe on any loans taken to acquire assets is critically important. The amount of debt owed by farmers helps drive the development financial indicators and perspectives about the financial health of farm businesses. Reported debt, for example, forms the numerator of the debt-to-asset ratio developed for farms. Reported debt is also used to assess the capital structure of farms, indicating what portion of assets is owned by the farm family and what share is owned by creditors.

Include any interest which was unpaid and/or delinquent. **Exclude** any “future” interest that will be owed and accrued interest that was not delinquent.

Item 7c – Interest Rate
V1 only

Enter the interest rate associated with the loan balance recorded in Item 7c. Rates should be entered to the nearest basis point (hundredth of a percent), such as 10.25, 9.50, 8.00 or 6.75 percent. You can have debt recorded 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.

Item 7d – Loan Type
V1 only

Select one of the 3 choices in the “Loan Types” list in the respondent booklet 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.

Item 7e – When Loan Will be Completely Repaid
V1 only

Enter the month (e.g. 01 for January) and the last two digits of the year (e.g. 08 for 2008) when the loan balance will be completely repaid (or when the loan is scheduled to be repaid).

Item 7f – Year Loan was Obtained
V1 only

Enter the 4-digit year the loan was obtained.

Item 7g – Original Term of Loan
V1 only

Record the original term of the loan in number of years and months.

Item 7h – Percent for FARM Expenditures
V1 only

If the loan was obtained entirely for farm expenditures, 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 used for operating expenses, capital expenditures or other expenses of the farm operation.

Item 7i – Purpose of Loan
V1 only

Check the respondent booklet for the list. Respondents have seven choices for the purpose of the loan. Record the purpose that reflects the respondent's use of loan funds.

(1) Purchase real estate (land and its attachments)

INCLUDE

- Farm and home improvements
- Building construction
- Construction of livestock and poultry facilities
- Grove development and rehabilitation

(2) Purchase feeder livestock

- (3) Purchase other livestock
- (4) Other current operating expenditures such as
 - Current crop production
 - Care and feeding of livestock including poultry
 - Labor, seed, feed, fertilizer, grove caretaking, repair, and maintenance
- (5) Farm machinery and equipment
- (6) Debt consolidation
- (7) Other

**Item 7j – Fixed or Variable/Adjustable/Floating Rate Loan?
V1 only**

Record whether the loan was a fixed rate (Code 1) or a variable/floating rate loan (Code 2) in Item 7j. Response to this item will provide a basis for measuring the share of farm debt that may be affected by changes in lending rates.

**Item 7k – Loan Pricing
V1 only**

Farm loans may be either a fixed rate loan or carry a variable or adjustable (floating) interest rate.

In row k, record how frequently loans with a floating or adjustable interest rate are repriced. Select a code 1 if the loan is repriced monthly; 2 if quarterly; 3 if semi-annual; and 4 if repricing is annual. Responses to this question will help determine how sensitive existing farm loans are to changes in interest rates.

Item 7l – Payment Schedule

Ask the operator to compare how much they paid their lenders compared to the scheduled payment plan that accounts for interest and principal. Use codes 1 to 3 to record how payments compared with scheduled interest and principal.

**Item 8 –
V1 Only** **Screening for Additional Debt**

Ask if the operation has loans other than the four loans listed. If there are no additional loans, check “No” and skip to Item 11.

**Item 9 –
V1 Only** **Number of Additional Loans**

Space is provided to record details for up to four loans in the Item 7 table. If the operation had more than four loans with balances outstanding at the end of 2007, enter the number of loans in addition to the four identified in the table.

**Item 10 –
V1 Only** **Amount of Additional Debt**

If the operation had more than four loans with balances outstanding at the end of 2007, enter the total amount of outstanding debt not recorded in the table. Include both principal and unpaid interest which was accrued by December 31.

Item 11 – **Debt owed for Operator’s Dwelling**

This should be the portion of debt from all of the loans listed in Item 7 and 9 that is specifically for the operator’s dwelling. If the operator’s dwelling is owned by the operation, debt should have been included above.

**Item 12 –
V1 Only** **Applying for Credit or Loans from 2003 through 2007**

The purpose of this question is to compare access to credit between farm families and non-farm families. Data from non-farm families comes from the Survey of Consumer Finance (SCF).

Check the “Yes” box if the respondent answers “Yes” to any of these 3 alternatives.

Version 2-5 Questionnaire

Item 1 – Loans Taken Out in 2007 and Repaid in 2007 V2, V3, V5

This item includes only loans taken out in 2007 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 5 as the maximum loan amount taken out and repaid during 2007. Record the \$20,000 debt balance in the Item 7 table.

Loans acquired through access to “lines of credit” would be reported in Item 5. Any outstanding balance on December 31, 2007 would be reported in Item 7 following the same instruction as provided above for the example.

Responses to this question helps us gauge the share of farms that use debt during the year but that do not have a debt outstanding at year end and provides help in evaluating the amount of interest paid by the operation.

Item 2 – Screening for Debt V2, V3, V5

In a majority of situations, the operation may not report debt. But, most farms with over \$100,000 in sales will have some form of operating or longer-term loan. Debt can usually be tied to specific assets. As noted earlier, it is unusual for a commercial-size farm to not have any debt, so if the answer to this item is NO, make a good note before skipping to Section 30. **Check interest paid as reported in Section 26 to determine the typed and status of loans. If interest is paid, some form of debt was held during the 2007 calendar year.** PROBE to determine if the operation had any loans at the end of 2007 against any livestock, machinery, or farm real estate. If the operator has multiple operations, include debt for only this operation.

Item 3a,3b,3c – Money Borrowed V2, V3, V5

For these versions, report the total debt owed on 3a) production loans, 3b) nonreal estate loans of more than 1 year, and 3c) real estate loans of more than 1 year. These rows correspond to individual loans that would have been Coded 1, 2, and 3, respectively, in Item 7d 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 an Item of the CRR(Version 1) questionnaire as follows:

| COP Questionnaire | CRR Questionnaire |
|-------------------|-------------------|
| Column 1 | Item 7b |
| Column 2 | Item 7c |
| Column 3 | Item 7h |

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 – Debt owed for Operator’s Dwelling
V2, V3, V5

This should be the portion of debt from all of the loans listed in Item 3c that is specifically for the operator’s dwelling. If the operator’s dwelling is owned by the operation, debt should have been included above.

This Page Intentionally Left Blank

Section 30 – Fertilizer and Chemicals Applied

Report the number acres that were treated with fertilizers, manure, herbicides, insecticides, fungicides, nematicides, other pesticides, growth regulators, or other chemicals used on this operation during 2007 (rock phosphate, lime and gypsum are included as fertilizers). Also report acres treated with chemicals to control growth, thin fruit, ripen, or defoliate. For all acres treated with chemicals it will be necessary to report all acres treated regardless of who provided the materials, i.e., farm or ranch operator, landlord, custom sprayers, cooperatives, or contractors. If more than one application of fertilizer or chemicals were applied, report the acreage only once. Report in whole acres. Exclude the acreage reported in section 1, item 11, "All other land," which fertilizer and chemicals were applied. Examples include farmsteads, livestock facilities, ditches, fence rows, road banks, etc., that fertilizer or chemicals were applied.

Item 2 – Acres Which Fertilizer and Soil Conditioners were Applied

Item 2a – Acres of Cropland which Commercial Fertilizer or Soil Conditions were Applied in 2007

Report the acres of all cropland on this operation fertilized with commercial fertilizer in 2007. Include skip row acres if fertilizer was applied to the skip rows. Cropland used solely for pasture should be excluded.

Item 2b – Acres of Pastureland which Commercial Fertilizer or Soil Conditions were Applied in 2007

Report the total number of acres on this operation of pastureland and rangeland, including cropland pastured and woodland pasture, which commercial fertilizer or soil conditions were applied in 2007.

Item 3 – Acres of cropland and pastureland on which animal manure was applied in 2007

Report the acres which animal manure was applied in 2007. Animal manure will include beef, dairy, swine, horse, poultry, and exotic animals raised in captivity. Poultry manure will include all egg and meat birds,

turkey and other fowl raised in captivity. Manure will include solid or liquid form. Exclude municipal sludge.

Item 4 – Acres which Chemicals were Applied on this Operation

Report the acres treated with chemical sprays, dusts, granules, and other materials. Include acres applied by the operator, custom applicator, or as part of a pest control program like Boll Weevil Eradication Program (BWEP) or Pink Bollworm Program (PBWP). The same acres can be reported in more than one item listed. If two or more applications of the same chemical were applied to the same acres, report the acres only once. If chemicals are applied to more than one crop raised on the same land, count the acres only once. Report all land treated, even if the crop was later abandoned.

Item 4a – Land Treated to Control Insects

Report the acres treated with chemicals to control insects on crops including hay and pastureland. Exclude acres treated only with parasitic insects or acres on which mechanical methods only were used to control insects.

Item 4b – Land Treated to Control Weeds, Grass, or Brush

Report the acres treated with chemicals to control weeds, grasses or brush. Include acres treated with both pre-emergence and post-emergence applications. Exclude area in ditches, fence rows, road banks, etc., that were treated.

Item 4c – Land Treated to Control Nematodes

Report the acres treated to control nematodes.

Item 4d – Land Treated to Control Disease

Report acres treated to control diseases (blight, smut, rusts, etc.) in crops and orchards.

Item 5 – Acres Treated to Control Growth, Thin Fruit, Ripen, or Defoliate

Report the acres of crops and orchards treated to control growth, thin fruit, ripen or defoliate.

This Page Intentionally Left Blank

Section 31 – Agricultural Activity Within the Borders of American Indian Reservations, Pueblos, and Service Areas

Item 1 – Did this operation use any land for cropland or livestock within the borders of an American Indian Reservation, Pueblo, or Service Area at any time during 2007?

Include agriculture on owned or deeded acres, leased acres, other trust acres and grazing land.

Item 2 – Type of Land Used within Reservation, Pueblo, or Service Area

Select the one or more types of land this operation used for cropland or livestock within the borders of an American Indian reservation, Pueblo, or Service Area.

Item 3 – Name of Reservation, Pueblo, or Service Area

Print the name of the American Indian Reservation, Pueblo, or Service Area and state where the agricultural activity was located.

Item 4 – Acres Used Within Reservation, Pueblo, or Service Area

Report how many total acres this operation used for cropland or livestock within this Reservation, Pueblo, or Service Area in 2007. Include deeded acres owned or leased from others. Exclude land used on a per-head or Animal Unit per Month (AUM) basis. If all land used on the reservation is AUM grazing land, then a dash for the number of acres is the proper entry.

Item 4a – Acres Within Reservation, Pueblo, or Service Area that are Harvested Cropland

Report how many of the acres reported in Item 4 were harvested cropland.

Item 5 – Screening for Livestock within Reservation, Pueblo, or Service Area

Mark the appropriate “YES” or “NO” box whether this operation had any livestock on the American Indian Reservation, Pueblo, or Service Area in 2007. Include livestock on land used on a per-head or animal unit month (AUM) basis. If the response is “NO,” go to Section 32.

Item 6 – Percentage of Livestock within Reservation, Pueblo, or Service Area

If the response to item 5 was “YES,” then mark the box of the percent range that best represents the percentage of this operation’s livestock that were on the Reservation, Pueblo, or Service Area on December 31, 2007. Mark only one box; None, 1-25 percent, 26-50 percent, 51-75 percent, 76-99 percent or 100 percent.

Section 32 – Practices

Item 1 – Practices for the Operation

Mark the appropriate “YES” or “NO” response for the practices in item 1 during 2007.

Item 1a – Internet Access

Respond “Yes” even if Internet access was not located on this operation. For example, respond “Yes” if the operator(s) for this operation access the Internet at their local library instead of on their operation.

Item 1b – High-Speed Internet Access

Regardless of the provider, dial-up Internet access is not considered “high speed” Internet access.

Item 1c – Water Usage

A “YES” response does not require that the 5,000 gallons of water were used for production of commodities. Water used for any purpose includes household and farm or ranch use.

Item 1d – Source of Irrigation Water

Check “YES” if the operator received irrigation water supplied by a Bureau of Reclamation project or facility. Include reclamation water supplied by a local district.

Item 1e – Alternative Sources of Energy

Include electricity produced by wind turbines or solar technology. Include methane production. Include energy produced whether sold or used on the operation. Exclude solar hot water heaters, solar grain dryers, or passive solar used to heat the home or farm buildings.

Include the value of the energy sold from this operation in section 25, "Other sources of income closely related to the agricultural operation".

Item 1f – Use of Conservation Methods

Check "YES" if any of the listed conservation methods were used.

Item 1g – Rotational or Management Intensive Grazing

Check "YES" if rotational or management intensive grazing was used.

Item 1h – AUM Grazing

Check "YES" if the operation paid for grazing on ANY land using an AUM or per head basis.

Item 1i – Value Added Products

Check "YES" if the operation produced value added products.

Item 1j – Use of Community Supported Agriculture (CSA)

Check "YES" if the operation used Community Supported Agriculture (CSA) to market commodities.

Item 1k – Raise Veal Calves

Check "YES" if the operation raised or sold veal calves.

Item 1l – Raise Hair Sheep or Wool-Hair Crosses

Check "YES" if the operation raised or sold hair sheep or wool-hair crosses.

Item 1m – Barns Built Before 1960

Check "YES" if the operation has a barn built before 1960.

Item 1n – Market Products to an Energy Producer
V1 Only

Check “YES” if the operation marketed any agricultural products directly to an energy producer for the purposes of energy generation.

Item 1o – Use Ethanol Co-products for Livestock Feed
V1 Only

Check “YES” if the operation used ethanol co-products (like distillers dried or wet grains) for livestock or poultry feed.

Item 2 – Sources of Non-Paid Advice
V1 Only

If the operator received non-paid technical advice from NRCS or an NRCS technical service provider, record it in Item 2a. If there was another advisory group the operator received non-paid advice regarding managing the farm, indicate so in Item 2b.

Item 3 – Distance to Providers
V1 Only

Record the driving distance (in miles) from where the operator lives to the where the operator purchased most of his/her farm machinery, farm credit, and other farm related purchases. If the operator traveled less than 0.5 miles to any of the sources, then the answer should be a dash (or a 0).

Responses to the questions about distance will be used to help show the business interactions that farms have with their local areas.

This Page Intentionally Left Blank

Sections 33-35 – Farm Management and the Farm Household

Sections 33-35 provide the data needed to help classify farm operations by legal status and characteristics of the operator. The section provides data to identify the farm's management input, including whether decisions are made by one person or a team. Farm production resources are typically viewed as including land, labor, capital and management. Questions regarding the amount, source (owned or leased), and use of land were included in Sections 1-9. Capital used in agriculture takes a lot of forms and includes such items as the fertilizer, seed, chemicals, and machinery and equipment used in crops to the feed, feeding systems and housing used in livestock production. Capital also includes other inputs such as the computer and communications systems used by farmers in managing their business enterprises. Questions about capital items used in production form the basis for Section 26, operating and capital expenditures, Sections 28 & 29, farm assets and debt, and questions from Section 35 that focus on use of household resources to fund farm activities. Hired labor is from Section 26. Unpaid labor used in farming comes from Section 27. The data obtained from Questions 3 and 4 in Section 27 is the only information about the unpaid labor input that is used in farm production on an annual basis. Together, paid labor from Section 26 and the value of unpaid labor from Section 27 give an estimate of the total labor input used in farming each year. The last of the major categories of farm resources, management, is treated only in Section 34. The information collected from this Section is the only source of information about the managerial input into production agriculture that is obtained on an annual basis from farmers. In addition to helping identify who and how many persons are engaged in the management of U.S. farms, Sections 34 & 35 obtained a select, small amount of information each year on key topics.

Farm Businesses draw on and contribute resources to the farm operator's household. That many operators and household members work off farm is well known. One of the key economic indicators developed and made available for farmers each year is the level and source of income from all sources, farm and non-farm. Beyond just making an estimate of household income publicly available, the estimate is used to help determine the debt repayment capability of farmers considering both the amount of debt owed all lenders and income from all sources. Farmers decide whether to use

there financial resources to fund farming operations or for other purposes. Likewise, they can draw on income and financial assets available in their households to buy inputs or to fund investments for the farm business. Section 35 obtains data to examine financial decisions such as these for farmers. Two key issues addressed by Section 35 include access to health insurance by farm households and characteristics of off farm jobs held by the operator and/or spouse. Data collected about off-farm income and household assets and debt in Section 35 are combined with information about the net income and balance sheet for the farm, derived from data collected in Sections 1 to 29, are used to assess the economic well-being of farm households.

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 33 – 35—including legal status of the farm business organization--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, ethnicity, 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 a 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. 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 income generated from farms operated as individual proprietorships may go to 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's household receive. Answers to these two questions are critical to the development of 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 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.

A primary emphasis in 2007 is to understand the ownership structure of the farm business and how much of the business is owned by the farm operator's household. This information will be used to improve our abilities to distinguish between family farms and non-family farms.

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, and labor.

This Page Intentionally Left Blank

Section 33 – Operator Characteristics

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. Exclude hired workers unless they are a hired manager considered to be an operator.

Item 1a – Women involved in the day-to-day decisions

Of the number of individuals involved in the day-to-day decisions, record the number that were women.

Item 1b – Is the Spouse an Operator

Ask if the spouse was reported as an operator in Item 1. If so, the age of the spouse was already collected.

Item 2 – Operator and Partner Characteristics

The operators are those persons responsible for the day-to-day management decisions for this operation, including hired managers (that number was reported in Item 1). In the event there is more than one person involved in the day-to-day decisions, 3 columns have been provided to record their characteristics. The principal operator will be listed first and if there is a spouse who is also an operator, the spouse will be listed in column 2. Often the principal operator is the senior person that lives on the operation or the designated spokesperson for this operation.

Item 2b – Gender of Operator

Indicate if the operator, listed at the top of each column is male or female.

Item 2c – 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 2007.

Work other than farming/ranching means at an off-farm job or business for compensation. Record what the respondents consider themselves to be. If the principal operator has a spouse, ask for both the operator and the spouse.

Item 2d – Retirement from Farming

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 2e – Off-farm work

Report how many days the operator(s) worked at least 4 hours per day off this operation for pay in 2007. Include time spent working on someone else's farm. Mark the appropriate box.

Item 2f – Operator Living on the Operation

Mark whether the operator listed at the top of the column lived on this operation at any time during 2007.

Item 2g – When Operator Began Operating THIS Operation

Report the first year the operator listed at the top of the column began to operate any part of this operation on a continuous basis. If the operator returned to a place previously operated, report the year operations were resumed.

Item 2h – Year Operator began to Operate ANY Operation

List the four-digit year that the operator(s) first became involved in the day-to-day operational decisions on any farm.

Item 2i – Age of Operator on December 31

Enter the age of the operator(s) on December 31, 2007.

Items 2j&k – Race or Origin

In Item 2k, refer the respondent to the list of Race Codes in the Respondent Booklet. Place a “1” in the column across from each race/origin that applies. If more than one race/origin applies then multiple items may be checked.

Item 2l – Highest Level of Formal Education

Check the box 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. A college graduate is considered as a B.S. or B.A. degree and should be coded “4”. An associate degree should be coded as a “3”.

Item 2m – 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, 2007. 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 2n – Hired Manager

If the operator is a hired manager (essentially an employee that receives a wage or salary for making the day to day management decisions) of the operation, check ‘Yes’ for Item 2n.

This Page Intentionally Left Blank

Section 34 – Type of Organization

Item 1 – Ownership Interest by Blood/Marital Relatives

Report whether or not the sum of the total ownership interests held by the (1) the operator, (2) other members of the operator's household, or (3) other persons living outside the operator's household but who are related by blood or marriage to the operator is greater than 50 percent. Check 'Yes' for Item 1 if this is the case. **DO NOT** include landlords, contractors, or lenders as those with ownership interest. The purpose of this question is to accurately classify farm operations as family farms, because sometimes family members who share the ownership of the farm do not all live in the same household.

Item 2 – Number of Owners of the Operation

Report the number of owners for the operations in Item 2. Do not count landlords, contractors, or lending institutions that may have a lien on the operation.

Item 2a – How many Owners Part of Operator's Household

Report the number of owners that live in the operator's household in 2a. The purpose of this item is to have a measure the links between the farm business and the farm operator household.

Item 2b – Percent Ownership Interest in Operator's Household V1 Only

Report the ownership interest, in percentage terms, that the operator and those living in the operator's household have in the farm operation. The purpose of this question is to be able to develop an estimate of the net worth of the farm household (in combination with their nonfarm net worth from Section 35) in contrast to the net worth of the farm business.

Item 3 – Limited Liability Organization

Check 'Yes' for Item 3 if the operation is organized as a Limited Liability Company under State law.

A Limited Liability Company (LLC) is a business organization which in some States may be treated as a partnership for Federal tax purposes but treated with limited liability for owners at the state level. Some States may recognize Limited Liability Partnerships (LLPs) in which the individual partners are protected from liabilities of the partnership.

LLCs are generally considered partnerships for both Federal and State tax purposes. When an LLC has only one member, the fact that it is an LLC is ignored or “disregarded” for the purpose of filing a federal tax return. Remember, this is only a mechanism for tax purposes. It doesn’t change the fact that the business is legally a Limited Liability Company.

Item 4 – Legal Status

In this item we want to record the operation’s legal status as a business organization. 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 for a variety of purposes including classifying farms in the U.S. Department of Commerce’s National Income Accounts and estimating after tax income.

Individual (Sole or family proprietorship)

A farm operation that has no partners and no shareholders. The proprietor is personally liable for all the firm’s obligations. The proprietor, who is regarded as self-employed, bears all the costs and keeps all the after-tax profits, filing IRS Form Schedule F. This includes a single member limited liability company taxed as a sole proprietor. Consider an operation that is operated as a husband-wife team to be a sole proprietorship, unless they are legally organized as a partnership or some other legal form.

Legal Partnership

Farm business operations owned by two or more persons who agree to abide by a partnership agreement. Partners must be owners but do not need to be involved as operators. The partnership agreement sets out how management decisions are to be made and the proportion of the profits

that each partner is entitled to. Partnerships include general partnerships where all partners bear unlimited liability for the operations debts as well as Limited Liability Companies (LLCs) and Limited Liability Partnerships (LLPs). The partners pay personal income tax on their share of these taxes. Formal, legal partnerships file IRS Form 1065. [Note that a not all LLCs are treated as partnerships; LLCs can consist of only one member, where that member can be either an individual or corporation.] Exclude joint operations which involve livestock only (with no land operated in partnership) and landlord-tenant arrangements. Legal partnerships have two follow-up questions:

Registered Under State Law

For partnerships, answer the “YES”/“NO” question as to whether the partnership is registered under State law.

Number of Partners

If the operation is a legal partnership, record the number of partners in the operation in this Item.

Incorporated Under State Law

Mark this box if the operation is incorporated under State law. A corporation may be defined as a legal entity or artificial person created under the law of a state to carry on a business. It includes family corporations, but not cooperatives. Cooperatives should be marked as “other.” Operations incorporated under State law have a few follow-up questions:

Family Held Corporation

Indicate whether or not the organization is a family held corporation.

Number of Stockholders

Indicate whether or not the corporation has more than 10 stockholders.

S – Corporation (Small Business Corporation)

Indicate whether or not the corporation is an S–Corporation. The “S corporation” (for Small Business Corporation) is a form of corporation that meets certain requirements (see IRS Form 2553). This gives an S corporation the benefit of incorporation while being taxed on the same basis as a partnership or sole proprietorship. This means that any profits earned by the corporation are usually not taxed at the corporate level, but rather at the level of the shareholders. However, an S corporation may still owe tax on certain income. Two follow-up questions exist for S-Corporations.

Number of Members in Corporate Board (V1 Only)

If the operation is an S–corporation, record the number of members in the Corporate Board in this Item.

Operators in Corporate Board (V1 Only)

If there is a Corporate Board, record the number of board members who are operators involved with the day-to-day decision making.

C - Corporation

Indicate whether or not the corporation is an C–Corporation. Generally, a corporation is a business entity chartered under a State or Federal statute, or under a statute of a federally recognized Indian tribe, if the statute describes or refers to the entity as incorporated or as a corporation, body corporate, or body politic. It is also regarded as a corporation if the business entity is organized under a State statute and described by the statute as a joint-stock company or joint-stock association. For the purpose of Federal taxation, corporations are defined specifically under instructions for IRS Form 8832 (Entity Classification Election).

A corporation is legally separate and distinct from its owners (called share- or stockholders). The corporation is formed by filing articles of incorporation with the authority, who returns it with a certificate of incorporation; the two documents together become the corporate charter. The corporation is regarded by the courts as an artificial person and thus may own property, incur debts or make loans, sue or be sued, own assets and pay taxes.

The corporation's chief distinguishing features are:

1. limited liability—owners (shareholders) can lose only what they invest;
2. easy transfer of ownership through sale of shares of stock;
3. continuity of existence: i.e.; the operation does not cease to exist when one or more of its owners die.

The most important aspect of a corporation is limited liability. That is shareholders are not held personally liable for the corporation's debts.

Shareholders elect a board of directors who appoint and oversee the management of the corporation. Although a corporation does not necessarily have to be for profit, the vast majority of corporations are setup with the goal of providing a return for its shareholders.

Corporations pay federal income taxes. Corporations must file income taxes separately from its owners. C-corporations file IRS Form 1120 or 1120-A. Owners pay individual income tax only on money they draw from the corporation in the form of salaries, bonuses, or dividends.

Corporations are sometimes referred to as “C corporations.”

Two follow-up questions exist for C-Corporations.

Number of Members in Corporate Board (V1 Only)

If the operation is an C–corporation, record the number of members in the Corporate Board in this Item.

Operators in Corporate Board (V1 Only)

If there is a Corporate Board, record the number of board members who are operators involved with the day-to-day decision making.

Other

If this operation is any other kind of organization not readily classified in the above-mentioned categories, check the “other” box. 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** – Non-taxable business organization formed to eliminate “the middleman” and which exists for the production and/or marketing of goods owned collectively by the members who share in the benefits.
- d. **Grazing Associations** – A corporation or cooperative mutually operated for the purpose of aiding in the conservation, restoration, improvement, development and utilization of natural forage resources where a grazing area has been acquired for joint use by its members.

**Item 5 –
V1 Only**

Operation part of Larger Corporate Farm

If the operation is part of a larger firm or corporation, check “YES” for Item 5. An operation that has a production or marketing contract with an agribusiness firm is NOT part of the larger firm.

Section 35 – Household Information

Item 1 – Total Household Income of Principal Operator

Record the appropriate value code that indicates the range of the total household income of the principal operator in 2007. Include net income from farming, wage or salary income from all sources, social security, and investment income.

Item 2 – Principal Operator's Household Income from Farm Operation

Report what percent of the principal operator's total household income came from this operation.

**Item 3 – Distance to Nearest City with 10,000 or More People
V1 Only**

Record the driving distance (in miles) from where the operator lives to the closest city with a population of 10,000 or more. If the operator currently lives in a city with 10,000 or more people, then the answer should be a dash (or a 0).

**Item 4 – Does Operator Live On or Adjacent to Any Part of Their
Farm/Ranch
V1 Only Land?**

For operators whose farm is located in more than one place, we want to know if the farm household is located on or near any part of the farm or ranch. If the home of the principal operator is not located on or near any part of the farm or ranch, check the 'no' box.

ENUMERATOR INSTRUCTION: Screen for Household Questions

We only want to collect household-related questions from operators if they and their relatives have a majority ownership interest in the operation. If they or their relatives do not own a majority interest in the operation, it is likely the operator only receives a wage or salary or in-kind payment for operating the farm. As a result, they would not be considered to be a traditional family farm and skip to the next Section (Record Use for Versions 1 and 5; Irrigation for Versions 2 and 3). The household-related information for this group of operators is not relevant in an

economic analysis of family farms because the income and net worth of their household is not available to the farm operation. Some family farms may very well pay a family member to be a hired manager for a variety of reasons, including tax and legal reasons. We want to be able to include these farms as family farms, even if they do pay a family member to be a hired manager.

Version 1 Questionnaire

If the spouse is an operator as reported in Section 33, Item 1b, skip to Item 11 as the information was collected in Section 33.

Item 5 – Age of Principal Operator’s Spouse on December 31

Enter the age of the principal operator’s spouse on December 31, 2007.

Item 6 – Spousal Involvement in Day-to-Day Decisions

This question determines if the principal 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.

Check ‘Yes’ in Item 6 if the operator’s spouse is involved in the day-to-day decisions of the operation. If the spouse is not involved in the day-to-day decisions, check ‘No’.

Item 7 – Principal Operator’s Spouse 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 2007. Work other than farming/ranching means at an off-farm job or business for compensation. Record what the respondents consider their spouses to be.

Item 8 – Principal Operator’s Spouse Highest Level of Formal Education

Check the box representing the highest level of school completed by the principal operator’s spouse. Vocational school, secretarial school, etc. should not be counted as formal education unless the credits can be transferred to a college or university. A college graduate is considered as a B.S. or B.A. degree and should be coded “4”. An associate degree should be coded as a “3”.

Items 9&10 – Principal Operator’s Spouse Race or Origin

In Item 10, refer the respondent to the list of Race Codes in the Respondent Booklet. Check the box in the column across from each race/origin that applies. If more than one race/origin applies then multiple items may be checked.

Item 11 – Mileage Traveled to Off-Farm Job

If principal operator and/or principal operator’s spouse worked off the farm and reported hours of non-farm work in Section 27, ask Item 11.

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 12a – Minors and Seniors in Operator’s Household

Of the number of people living in the principal operator’s household reported for in Section 33, record the number for each age group. Including the operator and spouse, record the number of household members that were 65 years and older. Keep in mind that the number of persons listed plus the number of persons age 18-64 should equal the total number people living in the household reported in Section 33. For each age group, a farm household can make different decisions depending on the needs of the dependents.

Item 12b-c – Number of People in the Household Covered with Health Insurance

Record how many people for each age group (under 65 and 65 and over) in the household are covered by health insurance and record the number of people whose health insurance was provided from the listed sources in items 12b and 12c respectively. Health insurance provided by this operation means that the premium expense was paid by the farm business and should be reported in Section 26.

Private health insurance means the individual or household was responsible for the full premium. If the respondent paid a partial premium and the rest was paid by an employer that should have been included in 12c(i) or 12c(ii).

Item 13 – Other Households Share of Farm Income

Record the number of other households that share the net income from the farm business. If no other households shared in the net farm income, check the 'None' box and go to Item 13b.

If other households did not share in the net income of the business, Item 13a can be skipped because we know the percent is 100%.

Item 13a – Income received by Household from Farm Business, except if the farm is a C-Corporation

Record the percent of the farm operation's net income the operator's household is entitled to receive if the operation is not a C-Corporation. Refer back to Section 34 to determine the legal status.

Item 13b – Income received from C-Corporation

Dividends received by operator's household from Farm Operation if it is a C-Corporation

Note that this item asks for a dollar amount (e.g.; \$10,000) received by operator's household if the operation is a C-corporation. Refer back to Section 34 to determine the legal status.

Item 14 – Off-Farm Income (Cash Income from Sources Other Than This Farm Operation)

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 total household income, operator, and spouse, for Items 14a through 14c 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. Ask for income received by source, including wages or salaries from off farm work, income from operating any other business, cash or share rent, interest, dividends, capital gains/losses, retirement, social programs, and other sources. Obtaining income in this manner recognizes that there are a multitude of possible sources from which a household may receive income, depending upon its individual situation and previous investments. 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 categories of off-farm income, record the VALUE CODE that represents off-farm income for the household, operator and the operator's spouse in 2007 or the total for the household for Items 14d through 14j.

Include:

- (1) the operator identified in screening.
- (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 14a – Off-Farm Wages or Salaries for the Household, Principal Operator, Spouse

Report the off-farm wages, salaries, and tips before withholding separately for the household, operator, and the operator's spouse.

**Item 14a(i) – Source of Off-Farm Wages
V1 Only**

If there was income reported for off-farm wages (Item 14a), record the type of business the operator and spouse worked at.

Item 14b-14j – Other Sources of Income for Household, Principal Operator, Spouse

Report the other sources of income separately for the household, the operator, and the operator's spouse for items 14b and 14c. For items 14d-14j report total household income.

**Item 14c(i) – Source of Off-Farm Income
V1 Only**

If there was income (positive or negative) reported for net cash income from operating another business (Item 14c), record the type of business the operator and spouse worked at.

**Item 14c(ii) – Number of Employees in Off-Farm Business
V1 Only**

If there was income (positive or negative) reported for net cash income from operating another business (Item 14c), record the number of employees that worked for the off-farm business. Include the operator and/or spouse.

Item 14g – Proceeds From the Sale of Non-Farm Capital Assets

Report the net proceeds from the sale of capital assets. For example: The operator sold a rental house in town for \$100,000. The house had a mortgage of \$50,000 at the time of sale. At settlement, (ignoring real estate commissions and other closing costs) the mortgage was paid and the operator received a check for \$50,000. The total proceeds from this sale are \$50,000.

Item 14g (i) – Recognized Gain/Loss on the Sale of Non-Farm Capital Assets

There may be tax consequences when a capital assets is sold. Certain assets can be exchanged for “like-kind” assets in tax-free transactions. Report recognized taxable gain/loss associated with the sale of other farm or non-farm assets here. Report any gain/loss recognized on sales of land in this farm operation in Section 25. Gains/losses on the sale of capital assets are essential in estimating an after-tax farm household income measure. Gains/losses are computed as the difference between the sale price and the seller’s tax basis in the property (cost plus improvements less accumulated depreciation). In the example above, the operator sold the rental house for \$100,000; it had a \$50,000 mortgage. If the operator had originally paid \$40,000 for the house, spent \$10,000 on an addition, and had taken \$15,000 in depreciation, the basis in the house would be \$35,000 ($\$40,000 + \$10,000 - \$15,000$). As a result, at the time of sale the operator would have a recognized taxable gain of \$65,000 ($\$100,000$ sale price less \$35,000 basis).

However, sellers often defer the payment of these taxes, under certain conditions, by purchasing a replacement property in a tax-free exchange. Ask the respondent if the sale of the property involved a tax-deferred like-kind exchange. Section 1031 and Starker exchanges are common forms of like-kind exchanges.

Item 14h – Income From Private Pensions & Disability Payments

Record the value code representing the amount of private pensions and disability payments.

Item 14i – Income from Public Sources

Record the value code representing the income from public sources. Examples of public sources include Social Security, Public Retirement, Veterans Benefits, Unemployment, and other income from public sources.

Item 14j – Other Off-Farm Income

Record the value code representing the off-farm income from sources other than the ones mentioned above.

Item 15 – Total Value of Farm Sales in Previous Year (2006)

Use the value codes on the right of the page to obtain the respondent's best estimate of the total value of farm sales in 2006.

Item 16 – Net Operating Income in Previous Year (2006)

Use the value codes on the right of the page to obtain the respondent's best estimate of net operating income for the farm in 2006. In cases where the respondent reports a negative value for net farm income in 2006, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999.

Item 17 – Total Off-Farm Income in Previous Year (2006)

Use the value codes on the right of the page to obtain the respondent's best estimate of total off-farm income in 2006 for the operator and the operator's household members. In cases where the respondent reports a negative value for total off-farm income in 2006, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999. Total off-farm income should include all of the income sources listed in the current year off-farm sources, except for the sales of capital assets and the capital gains from the sales of those capital assets.

Item 18 – Non-Farm Assets Owned by Operator and Household

This question applies to the operator's household only, not to the operator's farm business for which data has previously been reported. Do not include assets of the operation reported earlier in the questionnaire.

Assets of the operation were reported in Section 28. Include the value of the operator's dwelling here if it is owned separately from the operation and excluded from farm business assets.

Record the VALUE CODE which included the value of assets owned by the operator and members of the operator's household SEPARATELY from the operation on December 31, 2007.

Item 18a – Financial Assets in Non-retirement Accounts

Record the VALUE CODE which included the value of household financial assets held in non-retirement accounts. Income generated by these assets will generally be taxable in the current year. Such accounts include CDs, mutual funds, stocks, bonds, taxable brokerage accounts, and money market accounts. Include the cash value of life insurance policies.

Item 18b – Financial Assets in Retirement Accounts

Record the VALUE CODE which included the value of household financial assets held in retirement accounts. Income generated by these assets will generally NOT be taxable in the current year. Such accounts include Regular and Roth IRAs, 401(k)s, 403(b)s, Keogh accounts and other tax-deferred accounts. Investments in these accounts generally include financial assets that can also be held in taxable accounts.

Item 18c – Operator's Dwelling

Record the VALUE CODE which includes the value of the operator's dwelling if it is not owned by the operation. **Exclude** other personal use homes, such as vacation or second homes.

Item 18d – Real Estate

Record the VALUE CODE which includes the value of the any other farms, residential rental, commercial, industrial, or other real estate owned by members of the operator's household. Include other personal use homes, such as vacation or second homes.

Item 18e – Other Businesses

Record the VALUE CODE which includes the value of the any other businesses that are not part of this farm.

Item 18f – All Vehicles

Record the VALUE CODE of the non-farm share of all vehicles. Include such items as RVs as well as non-farm share of cars and trucks.

**Item 18g – Other Assets
V1 Only**

Record the VALUE CODE which includes the value of the any other assets not reported elsewhere. Furnishings are an example of what would be reported here.

Item 19 – 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 29.

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, 2007.

Item 19a – Mortgages on operator's dwelling.

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. Include home equity loans, and other lines of credit secured by the operator's dwelling.

Item 19b – Mortgages on other real estate including other personal homes.

Record the VALUE CODE which represents the amount of household debt for other real estate properties, such as other personal homes,

residential/commercial properties, and other farms. Include any lines of credit secured by other real estate.

Item 19c – Other Businesses Loans.

Record the VALUE CODE which represents the amount of debt associated with non-farm business loans. These businesses are independent of the farming operation.

Item 19d – 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 19e – Other Off-Farm Debt.

Record the VALUE CODE which represents the amount of household debt other than what has been mentioned above.

Item 20 – Non-Farm Debt secured by Farm Assets

The purpose of this question is to examine the affect that non-farm debt has on the financial ratios of the farm business, specifically on debt/asset and debt/equity ratios.

Record the VALUE CODE which represents any debt owed by the operator's household for non-farm business purposes (as the respondent noted in previous question) which used any farm assets (such as farmland or any other assets reported in Section 29) as collateral or security.

Item 21 – Spending in 2007

Household expenditures are obtained 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.

V1 Only

Expenses are reported for each of eight general categories.

V2,V3,V5

Expenses are aggregated and reported as a total.

Item 22 – Amount Withdrawn to Pay for Household Expenses

If money was withdrawn from the farm business to pay for family household expenses, indicate the VALUE CODE representing how much was withdrawn. This has traditionally been considered “family living withdrawals”. These items are not “wages” to the operator or other family members. Withdrawals typically appear on the statement of owner equity but not on the income statement. **Exclude** wages, salaries, and benefits paid that are recorded in Section 26.

Item 23 – Using Non-Farm Assets to Fund Farm Operations
V1 Only

If the operation used non-farm assets to fund operations or purchase capital items, indicate so in Item 23. Examples of off-farm assets include mortgages on the operator’s dwelling (if not owned by the operation) or assets from other real estate or non-farm business.

Version 2-5 Questionnaire

Item 3 – Other Households Share of Farm Income

Record the number of other households that share the net income from the farm business. If no other households shared in the net farm income, check the ‘None’ box and go to Item 3b.

If other households did not share in the net income of the business, Item 3a can be skipped because we know the percent is 100%.

Item 3a – Income received by Household from Farm Business, except if the farm is a C-Corporation

Record the percent of the farm operation's net income the operator's household is entitled to receive if the operation is not a C-Corporation. Refer back to Section 34 to determine the legal status.

Item 3b – Income received from C-Corporation

Dividends received by operator's household from Farm Operation if it is a C-Corporation

Note that this item asks for a dollar amount (e.g.; \$10,000) received by operator's household if the operation is a C-corporation. Refer back to Section 34 to determine the legal status.

Item 4 – Off-Farm Income (Cash Income from Sources Other Than This Farm Operation)

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 total household income, operator, and spouse, for Items 4a, 4b, and 4c, 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. Ask for income received by source, including wages or salaries from off farm work, income from operating any other business, cash or share rent, interest, dividends, capital gains/losses, retirement, social programs, and other sources. Obtaining income in this manner recognizes that there are a multitude of possible sources from which a household may receive income, depending upon its individual situation and previous investments. 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 categories of off-farm income, record the VALUE CODE that represents off-farm income for the household, operator and the operator's spouse in 2007 or the total for the household for Items 4d through 4j.

Include:

- (1) the operator identified in screening.
- (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 4a – Off-Farm Wages or Salaries for the Household, Principal Operator, Spouse

Report the off-farm wages, salaries, and tips before withholding separately for the household, operator, and the operator's spouse.

Item 4b-4j – Other Sources of Income for Household, Principal Operator, Spouse

Report the other sources of income separately for the household, the operator, and the operator's spouse for items 4b and 4c and total household income for items 4d through 4j.

Item 4g – Proceeds From the Sale of Farm and Non-Farm Capital Assets

Report the net proceeds from the sale of capital assets. For example: The operator sold a rental house in town for \$100,000. The house had a mortgage of \$50,000 at the time of sale. At settlement, (ignoring real estate commissions and other closing costs) the mortgage was paid and the

operator received a check for \$50,000. The total proceeds from this sale are \$50,000.

Item 4g (i) – Recognized Gain/Loss on the Sale of Farm and Non-Farm Capital Assets

There may be tax consequences when a capital asset is sold. Certain assets can be exchanged for “like-kind” assets in tax-free transactions. Report recognized taxable gain/loss associated with the sale of both farm and non-farm assets here. Gains/losses on the sale of capital assets are essential in estimating an after-tax farm household income measure. Gains/losses are computed as the difference between the sale price and the seller’s tax basis in the property (cost plus improvements less accumulated depreciation). In the example above, the operator sold the rental house for \$100,000; it had a \$50,000 mortgage. If the operator had originally paid \$40,000 for the house, spent \$10,000 on an addition, and had taken \$15,000 in depreciation, the basis in the house would be \$35,000 (\$40,000 + \$10,000 - \$15,000). As a result, at the time of sale the operator would have a recognized taxable gain of \$65,000 (\$100,000 sale price less \$35,000 basis).

However, sellers often defer the payment of these taxes, under certain conditions, by purchasing a replacement property in a tax-free exchange. Ask the respondent if the sale of the property involved a tax-deferred like-kind exchange. Section 1031 and Starker exchanges are common forms of like-kind exchanges.

Item 4h – Income From Private Pensions & Disability Payments

Record the value code representing the amount of private pensions and disability payments.

Item 4i – Income from Public Sources

Record the value code representing the income from public sources. Examples of public sources include Social Security, Public Retirement, Veterans Benefits, Unemployment, and other income from public sources.

Item 4j – Other Off-Farm Income

Record the value code representing the off-farm income from sources other the ones mentioned above.

Item 5 – Off-Farm Assets Owned by Operator and Household

This question applies to the operator's household only, not to the operator's farm business for which data has previously been reported. Do not include assets of the operation reported earlier in the questionnaire. Assets of the operation were reported in Section 28. Include the value of the operator's dwelling here if it is owned separately from the operation and excluded from farm business assets.

Record the VALUE CODE which included the value of assets owned by the operator and members of the operator's household SEPARATELY from the operation on December 31, 2007.

See Items 18a-18g of the Version 1 questionnaire for what to include in this item.

Item 6 – Off-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 29.

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, 2007.

See Items 19a-19e of the Version 1 questionnaire for what to include in this item.

Item 7 – Spending in 2007

Household expenditures are obtained 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.

Expenses are aggregated and reported as a total. See Items 21a-21h of the Version 1 questionnaire for what to include in this item.

This Page Intentionally Left Blank

Section 36 - Irrigation

V2, V3 Only

This section is only asked in Version 2 and 3 (Cotton and Apples).

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 2007?

Check “Yes” for operations that irrigated any cropland, orchard land, alfalfa, other hay or pastureland in 2007. If the operation irrigated in 2007, complete the remainder of Section 36. 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 2007. Exclude irrigation of home gardens.

If no cropland, orchard land, alfalfa, other hay or pastureland was irrigated in 2007, go to Section 37.

Item 2 – Enumerator Instruction - Crops Irrigated

This item records specific crops irrigated on the operation during 2007. Refer back to Sections 2-9. For each crop harvested during 2007, 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. 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 2007 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, 5, and 6. If you have to report more than 1 crop in the “Crop 5” box, then record the crop code as 9999 in cell #1773. The 9999 is the crop code that represents all other crops in this situation. When all other crops are reported in the “Crop 5” box, record the total irrigated acres of all other crops in column 3 (cell #1774), then skip columns 4-9 for this row.

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 2007.
- (2) Irrigated acres intended for harvest in 2007 even if harvest was delayed until 2008 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 2006 crops not harvested until 2007 due to weather conditions, etc.

Make sure the respondent is not reporting planted acres by crop when you are asking only for harvested acres.

Columns 4 and 5 – Yield and Unit Code

In column 4, record the average yield per acre for each commodity to the nearest tenth. 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 2007, 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 2007 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 or in the respondent booklet.

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 With Surface Water From Off-farm 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 percent reported in column 9 will be equal to or less than 100, and equal to or less than the percent reported in 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 (i.e., to the supplier) may have come from groundwater wells.

Item 3 – Number of All Irrigation Wells Used in 2007

Record the number of irrigation wells used in 2007 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 4a(i) – Apple Acres Irrigated From Wells With Backflow Prevention Devices
V3 Only**

Record the number of harvested apple acres irrigated using water from the acres identified in Item 4a.

Item 5 – Number of Wells Used With Water Meter or 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 Flow 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 6e(i) – Apple Acres Irrigated for Crop Cooling or Freeze Protection

Record the number of harvested apple acres identified in item 6e which were irrigated for cooling or freeze protection.

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

(management practice code=6), record the number of acres irrigated using the technique in 2007 (in column 3). 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 in 2007.

Item 8, 8a – Improvements to existing irrigation systems

Check 'Yes' for operations that made improvements in 2007 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

Check 'Yes' for operations where someone made an offer to purchase water or water rights (from this operation) in the past five years (since January 2002). 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 – Years water rights claims reduced or discontinued crop irrigation

Enter the number of years (in the last 10, since January 1997) 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.

This Page Intentionally Left Blank

Section 37 – Cotton Ginning and Apple Marketing V2, V3 Only

In the Phase II interview costs of commodity production were collected up until the point that the crop was hauled from the field at harvest. This excludes the additional costs for drying and hauling that are required to store as well as market the crop, including cotton ginning. In this section, information is collected that is used to estimate these costs for the 2007 commodities (either cotton or apples), so that along with the Phase II cost data, total economic costs of commodity production can be computed.

This section collects data necessary to estimate cotton ginning as well as apple marketing costs and returns. The section differs for each version (either cotton or apples) to reflect the differences in marketing methods and practices used for each commodity.

When completing this section, please note that all questions refer to the 2007 crop produced (either cotton or apples), not the crop marketed in 2007, that was from the previous years crop. The 2007 crop was the one harvested in 2007.

Cotton Ginning – V2 Only

Item 1, 1a-b – Cost of cotton ginning

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 cash expenses for ginning.

Indicate whether the cost of ginning the 2007 cotton crop was paid by cash (code 1), cottonseed (code 2), or both cash and cottonseed (code 3). If a cash payment was made for ginning the cotton (code 1 or 3), enter the

cost in cents per pound of cotton paid for ginning the 2007 cotton crop in Item 1a (for example, \$0.06 per unit would be recorded as 6.00 cents per unit). 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 cents per pound of cotton for the cottonseed exchanged for ginning the cotton crop in Item 1b (for example, \$0.06 per unit would be recorded as 6.00 cents per unit). Include any costs for module building and hauling that were provided by the gin.

Item 2 – Compress, bag, and tie charges for cotton

Enter the amount paid in dollars and cents per bale for compress, bag, and tie charges for the 2007 cotton crop. This information should appear on the operation's statement from the ginning company. You will have to probe for this information.

Item 3 – Average weight of cotton bales

Report the average weight in pounds of cotton bales from the 2007 crop that were sold and/or are in storage.

Apple Marketing – V3 Only

Item 1 – Acres of Apples Harvested During 2007

Enter the total number of apple acres harvested on this operation for the 2007 crop year. Exclude Acres operated by someone else. For instance, exclude acres operated by someone else who rents cropland from this operator.

Acres should be recorded in tenths (1/10) of acres. For example, 50 acres should be entered as 50.0.

Item 1a – Acres of Certified Organic Apples Harvested During 2007

Organic refers to the way agricultural products—food and fiber—are grown and processed. Organic food production is based on a system of farming that maintains and replenishes soil fertility without the use of

toxic and persistent pesticides and fertilizers. Organic foods are minimally processed without artificial ingredients, preservatives, or irradiation to maintain the integrity of the food. "Certified Organic" means the item has been grown according to USDA's strict uniform standards that are verified by USDA-accredited State or private organizations. Certification includes inspections of farm fields and processing facilities, detailed record keeping, and periodic testing of soil and water to ensure that growers and handlers are meeting the standards which have been set.

Organic farming standards differ fundamentally from conventional ones in their primary focus on management practices that promote and enhance ecological harmony. For a crop to be certified as organic, genetically modified seed cannot be used, nor can any synthetic fertilizer or pesticide. Enter the total number of acres in the selected operation that were harvested as Certified Organic in 2007.

Item 2 – Amount of Apples Harvested

Record the total production of apples during 2007 to the nearest tenth of a unit in the Quantity Column and the unit code in Unit Column.

Item 2a – Amount of Apples Harvested for Fresh Market

Record the total production of apples for the fresh market during 2007 to the nearest tenth of a unit in the Quantity Column and the unit code in Unit Column.

Item 2b – Amount of Apples Harvested for Processing Market

Record the total production of apples for the processing market during 2007 to the nearest tenth of a unit in the Quantity Column and the unit code in Unit Column.

Item 3 – Month Majority of the Crop was Harvested

Report the month, numbered 01 (January) through 12 (December), in which the majority of the 2007 apple crop was harvested.

Item 4 – Utilization of the Apple Crop

Record the utilization of the 2007 apple crop. If the crop has not been harvested, include what the operator expects the utilization to be.

Item 5a-g – Sales of the Crop

Item 6 records the sales of the 2007 crop as of the day of interview. Separate conventional production and organic production. All of the 2007 crop must be accounted for in items 6a-g. Record the sales in percentage of the total crop. To be counted as sold, either payment must be made or delivery must have occurred. If neither payment has been made or delivery has occurred, the crop is not considered sold for this question and should be recorded as stored at the packing house.

Item 5a – Crop Sold at Harvest to Fresh Market

Record the percentage of the 2007 crop sold at harvest to the fresh market in item 6a. Include apples sold prior to harvest through a marketing contract.

Item 5b – Crop Sold at Harvest to Processing Market

Record the percentage of the 2007 crop sold at harvest to the processing market in item 6b. Include apples sold prior to harvest through a marketing contract.

Item 5c – Crop Sold after Harvest to the Fresh Market, but Before December 31, 2007

Record the percentage of the 2007 crop sold after harvest to the fresh market but before 2008 in item 6c.

Item 5d – Crop Sold after Harvest to the Processing Market, but Before December 31, 2007

Record the percentage of the 2007 crop sold after harvest to the processing market but before 2008 in item 6d.

Item 5e – Crop Sold to the Fresh Market after December 31, 2007

Record the percentage of the 2007 crop sold to the fresh market in 2008 in item 6e.

Item 5f – Crop Sold to the Processing Market after December 31, 2007

Record the percentage of the 2007 crop sold to the processing market in 2008 in item 6f.

Item 5g – Crop at the Packing House with Undetermined Status

Record the percentage of the 2007 crop stored at the packing house where the status is undetermined.

Item 6 – Marketing of 2007 Crop

If any of the 2007 crop was sold, enter a 1 for Item 6 and proceed to Item 7. If not, then continue to Item 9. If there is a response for item 5a-f, then the crop was marketed.

Item 7, 7a – Commercial Crop Hauling

If any of the 2007 crop had been sold at the time of the interview, report the amount of the crop that was hauled from the farm to market by commercial truckers. If any of the crop was hauled to market by commercial truckers, report in item 7a the hauling cost in cents per unit for the crop hauled (for example, \$0.06 per unit would be recorded as 6.00 cents per unit).

Item 8 – Distance Crop Hauled

If any of the 2007 crop had been sold at the time of the interview, report the average one-way distance in miles that the crop was hauled from storage to market. Phase II obtains the distance from farm to storage. Report the distance regardless of whether this operation hauled the crop or whether commercial truckers hauled the crop.

Item 9, 9a –Crop Stored Off-Farm

Report the total number of units of the 2007 crop that were stored off-farm. This includes any of crop stored on or off the 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 unit, for the crop stored off-farm in Item 9a (for example, \$0.06 per unit would be recorded as 6.00 cents per unit).

Item 10 – Marketing through an Intermediary

Indicate whether the operation marketed their apples through a processor broker, packer shipper, retailer, or any marketing channel other than direct to consumers. If the operation marketed *all* their apples directly to consumers, check no and continue with Item 12.

Item 11 – Average Price Received by Variety by Market

This table collects sales and price information by apple variety for the 2007 apple crop. When completing this table, please note that this table refers to the 2007 crop produced, not the crop marketed in 2007 that was from the previous year's crop.

Start by listing the top varieties grown on the selected operation. Show list of the most common Apple varieties in the Respondent Booklet. Record the 3-digit code that corresponds to the apple variety listed in Column 1.

Column 2 – Acres Harvested by Variety

Record the total number of harvested acres for the specified variety in Column 2.

Column 3 – Certified Organic Apple Indicator

If the apple variety was harvested as Certified Organic, record a “Yes”.

Column 4 – Number of Fresh Market Units Sold of Variety

Column 5

If any apples in the variety were sold to the fresh market, record the quantity sold in column 4 and the unit in column 5.

Column 6 – Price Per Unit of Fresh Market Units Sold of Variety

Record the price (in dollars and cents) per unit the operator received for fresh market apples sold for the variety. The price should be reported in the same units as column 5.

Column 7 – Number of Peeler Units Sold of Variety

Column 8

If any apples in the variety were sold to the peeler grade market, record the quantity sold in column 7 and the unit in column 8.

Column 9 – Price Per Unit of Peeler Grade Units Sold of Variety

Record the price (in dollars and cents) per unit the operator received for peeler grade apples sold for the variety. The price should be reported in the same units as column 8.

Column 10 – Number of Juice Market Units Sold of Variety

Column 11

If any apples in the variety were sold to the fresh market, record the quantity sold in column 4 and the unit in column 5.

Column 12 – Price Per Unit of Juice Market Units Sold of Variety

Record the price (in dollars and cents) per unit the operator received for juice apples sold for the variety. The price should be reported in the same units as column 12.

Column 13 – Contract Marketing of Apples

Indicate whether the apples were sold under a marketing contract, removed under a production contract, or no contract was utilized.

Item 12 – Average Price Received For Apples Sold Directly to Consumers

This table collects sales and price information for the 2007 apple crop sold directly to consumers. When completing this table, please note that this table refers to the 2007 crop produced, not the crop marketed in 2007 that was from the previous year's crop.

There are 4 types of direct marketing to consumers listed (Roadside Market, U-Pick, Farmer's Market, and Consumer Supported Agriculture). Complete the columns for any direct market type that the operation utilized.

Column 2 – Certified Organic Apple Indicator

If the apple variety was harvested as Certified Organic, record a "Yes".

Column 3 – Number of Fresh Market Units Sold

Column 4

If any apples in the direct market type were sold to the fresh market, record the quantity sold in column 3 and the unit in column 4.

Column 5 – Price Per Unit of Fresh Market Units Sold

Record the price (in dollars and cents) per unit the operator received for apples sold in the direct market type. The price should be reported in the same units as column 4.

Column 6 – Number of Processing Market Units Sold

Column 7

If any apples in the direct market type were sold to the processing market, record the quantity sold in column 6 and the unit in column 7.

Column 8 – Price Per Unit of Processing Market Units Sold

Record the price (in dollars and cents) per unit the operator received for processing market apples sold for the direct market type. The price should be reported in the same units as column 7.

Item 13 – Producing Certified Organic Apples

Organic farming systems rely on ecologically based practices, such as biological pest management; virtually exclude the use of synthetic chemicals in crop production (including livestock feed production). Ask if the apple operation was classified as “certified” organic. To be a certified organic operation it must have been certified by a USDA accredited state or private agency. USDA regulations require that all organic growers be certified by a State or private agency accredited under the uniform standards developed by USDA, unless they sell less than \$5,000 a year in organic products. All organic certifiers are required to be accredited under USDA’s national organic standards.

The following State certifiers are accredited by USDA: California-Marin County Agriculture; California-Monterey County Certified Organic; Colorado Department of Agriculture; Idaho State Department of Agriculture; Iowa Department of Agriculture; Maryland Department of Agriculture; Mississippi Department of Agriculture and Commerce; Missouri Department of Agriculture; Montana Department of Agriculture; Nevada State Department of Agriculture; New Hampshire Department of Agriculture, Markets, & Food; New Mexico Organic Commodity Commission; Oklahoma Department of Agriculture; Rhode Island Department of Environmental Management; South Carolina-Fertilizer and Seed Certification Services; Texas Department of Agriculture; Utah Department of Agriculture; Virginia Department of Agriculture; Washington State Department of Agriculture

The following private certifiers are accredited by USDA: California Crop Improvement Association; California Organic Farmers Association; Certified Organic, Inc.; Georgia Crop Improvement Association, Inc.; Global Culture; Global Organic Alliance; Guaranteed Organic; Hawaii Organic Farmers Association; Indiana Certified Organic; International Certification Services; Integrity Certified International; Maharishi Vedic Organic Agriculture Institute; Massachusetts-Baystate Organic Certifiers; Midwest Organic Services Association; Minnesota Crop Improvement Association; MOFGA Certification Services; Natural Food Certifiers; NOFA-New Jersey; NOFA-New York; North Carolina Crop Improvement Association; Nutriclean (Formerly Scientific Certification Systems); OneCert; Organic Crop Improvement Association; Organic Forum International; Organic

Growers of Michigan; Organic Certifiers; Organic National and International Certifiers; Quality Assurance International; Quality Certification Services (Formerly FOG); Ohio Ecological Food and Farm Administration; Oregon Tilth; Pennsylvania Certified Organic; Stellar Certification Services; Vermont Organic Farmers

If the operation was certified organic, ask items 13-21.

Item 14 – Obtain Organic Certification as a Producer

Indicate whether the operator obtained organic certification as a producer in Item 13.

Item 15 – Obtain Organic Certification as a Handler

Indicate whether the operator obtained organic certification as a handler in Item 14.

Item 16 – Amount Paid for Third Party Certification

Record the dollar amount paid in 2007 for a third party organic certification either as a producer or a handler. Include user fees charged by organic certifiers.

Item 17 – Years Producing and Selling Organic Apples

Record the total number of years that the operation has been both producing and selling certified organic apples. Include years producing under federal certification and years producing under any other third party certification program.

Item 18 – Length of Time to Become Certified

Record the number of months or years that it took for this operation to become certified to produce organic apples. Row crop operations must go through a transition period in order to become certified. The intention of this question is to identify the length of the transition period.

Item 19 – Percentage Certified Organic Apples Sold in Conventional Markets

Report the percentage of Certified Organic Apples that were sold in Conventional (non-organic) markets.

Item 20 – Value Added Organic Apple Products

Indicate if the operation sold any value-added organic apple products in 2007. Some examples of value added products are cider, apple butter, jam, jelly, etc).

Item 21 – Especially Difficult Aspect of Producing Apples

Indicate which items on the list describes what the respondent feels are especially difficult aspects of producing certified organic apples. Indicate all that apply.

Item 22 – Marketing Channel for Apples

Record the percentage of apple sales that was sold to or through the listed channels. All sales must be accounted for in this question.

This Page Intentionally Left Blank

Section 38 – Record Use

Item 1 – 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.

Item 2 – 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.).

This Page Intentionally Left Blank

Section 39 – Conclusion

Section 36 – Version 5

Section 37 – Version 1

Item 1 – 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 August of 2008.

Item 2 – Possible duplication

It is important that we avoid duplication on our list of farms and ranches for the Census. Indicate if it is possible that the information on this form for this operation would be reported by another operation or under another name or address. If yes, print the name, address, city, state, and zip code in Item 3.

Items 4-6 – Other Operations

It is important that we avoid duplication on our list of farms and ranches for the Census. Indicate if the operator operates another farm or ranch in Item 4. If the operator operates another farm or ranch, indicate whether the other farm or ranch received a Census form in Item 5. If the other farm or ranch did not receive a Census form, print the name, address, city, state, and zip code in Item 6.

Item 7 – Data For Other Operations

Indicate whether all the data for the additional farm or ranch was included in this report form. Do not make changes to the data in this report, regardless of your answer.

Item 8 – Thank You For Your Cooperation

Please print the respondent's and enter the phone number (including the area code) and date the form was completed in the response area. A wide variety of agricultural statistics are available from the National Agricultural Statistics Service (NASS) on the Internet at <http://www.nass.usda.gov>.

Review the entire questionnaire before forwarding it to your Supervisor. Make sure all items are complete, including 'Yes' and 'No' boxes checked, and dashes are entered in cells when the response is 'None' or 'No' as appropriate. Make sure notes are present and complete for unusual situations.
