

Data on Contracting

For this study, ERS relied on data from the 2003 Agricultural Resource and Management Survey (ARMS). Conducted annually, ARMS provides information on a stratified random sample of U.S. farms and is USDA's primary source of information on the financial condition, production practices, resource use, and economic well-being of U.S. farm households. Some farms complete a core version of the survey, distributed and returned by mail, while others complete longer versions through personal interviews with trained enumerators. Each version asks farmers about the use of production or marketing contracts, and the volume of production, receipts, and unit prices or fees received for each commodity under contract.³ The longer version includes more detailed questions on contractors, contract terms, and alternatives available to farmers. The detailed questions, and the short versions of those questions used in some of the tables in this report, are provided in the appendix. The annual nature of ARMS enables ERS to compare survey data across years, as well as against data provided in the predecessor to ARMS, the Farm Costs and Returns Survey (FCRS), which provides contracting information from 1991 to 1995. For a longer term view, ERS drew upon information gathered in the 1970 Census of Agriculture. Further information on ARMS, including downloadable questionnaires, can be found at www.ers.usda.gov/Briefing/ARMS/.

Other USDA sources for data on agricultural contracts

USDA's Grain Inspection, Packers and Stockyards Administration provides annual data on packer procurement methods for fed cattle, hogs, and lambs through its annual *Statistical Reports* and through industry studies (www.usda.gov/gipsa/). USDA's Agricultural Marketing Service provides data on the characteristics of livestock transactions between producers and packers, organized by transaction type and on daily, weekly, monthly, and annual bases. The data are derived from the agency's Price Reporting program (<http://www.ams.usda.gov/LSMNpubs/index.htm> and <http://mpr.datamart.ams.usda.gov/menu.do>). Finally, USDA's National Agricultural Statistics Service (NASS), which administers the ARMS program in partnership with ERS, also reports data on production contract use, by commodity, in the quinquennial Census of Agriculture (<http://www.nass.usda.gov/census/>).

³The decision to specify only two types of contracts is influenced by pragmatic considerations of survey design—how to ask questions that a broad cross-section of producers will understand, and that conform to other USDA surveys, in a limited space. However, we believe that the production-marketing distinction is a powerful one, and so far have not found another two-way classification, or any third general category, to be a compelling alternative.