

Mr. RANDALL. Thank you, Mr. Chairman.

This statement refers to the need for questions on off-farm income, section 11 of the 1964 Census of Agriculture.

Rapid changes are occurring in the structure of American agriculture and in the income of farm people. One of the significant changes is the increasing importance of nonfarm income of the farm population. It is clear that for many farm people, off-farm income rather than farm income, determines their income status. In 1964, it is estimated that on a national basis, nonfarm income of farm people totaled \$6.9 billion and accounted for approximately one-third of the personal income of the farm population.

In preparing estimates of income from farming, we have a rather comprehensive statistical system of regular reports on production, marketing, and prices of farm production from the Statistical Reporting Service. I hasten to add, however, that these reports are highly dependent on benchmark data from the Census of Agriculture.

In making estimates of the nonfarm income of farm people, the basic data are much more limited. We start with a limited amount of benchmark data obtained through censuses and sample surveys. From these, we make annual estimates on the basis of changes in related statistical series.

This brings us to the question of why it is important to obtain information on the different components of off-farm income of farm people rather than a global total. We need the information on the components separately because these components do not necessarily all change from year to year in the same fashion.

It should be noted that information on income of farm operators from sources other than the farm operated was obtained in some detail for 1955 and 1960 through census sample surveys. The data obtained for the four components included in section 11 of the 1964 Census of Agriculture will provide an additional benchmark and materially improve the basis for annual estimates in the intercensal years.

In order to make good estimates of the total in years when sample survey or census data are not available, we need to make separate estimates for each of the components. For example, wages and salaries account for a substantial part of the total amount of off-farm income. We estimate changes in this component on the basis of changes in wages and salaries generally. Different series are used to estimate changes in the other components of off-farm income. Making separate estimates for the components and adding them together results in a better estimate than would attempts to estimate changes in the total with no information on the components.

I mentioned censuses and sample surveys as the only source of benchmarks for these kinds of data. I should qualify that by saying the census of agriculture is the only source that provides the kind of geographic detail that is needed, particularly in relation to farm poverty areas. It is only from the census of agriculture that we can obtain data on off-farm income in relation to other important farm characteristics.

There is a general consensus that aggregate farm income statistics are not enough. Decisions on policy for commercial agriculture and programs for farm and rural people require accurate and representative information on the income of people on farms classified by size of operation and efficiency.