Resources Available to Small and Disadvantaged Farmers

Risk Management for Small and Socially Disadvantaged Farmers

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Background

- **Agricultural Risks**
  - Uncertainties in the farm business environment that predispose farmers to economic and/or financial loss

- **Types of agricultural risks**
  - Production Risks
  - Marketing Risks
  - Financial Risks
  - Human Resource Risks
  - Legal Risks

- Risk affects all farmers - large, small, disadvantaged
Background

- Risk management
  - Farmers use variety of tools to mitigate risks
  - Small, limited resource and disadvantaged producers often underutilize available risk management resources
  - Education is key to leveling playing field
Many farm bill agricultural programs make provisions to assist small, beginning and socially disadvantaged farmers.

Subtitle A of Title XIV (Miscellaneous) of 2008 farm bill titled, “Socially Disadvantaged and Limited Resource Producers”

This Subtitle directs the Secretary of Agriculture to...

- (A) Improve access to programs of the Department; and
- (B) Improve the viability and profitability of
  - small farms and ranches
  - beginning farmers or ranchers; and
  - socially disadvantaged farmers or ranchers
Small and Disadvantaged Farmers: Who are they?

- Small Farmers
- Limited Resource Farmers
- Socially Disadvantaged Farmers
- Beginning Farmers
- Female Farmers
- Farmers of Underserved Commodities/Specialty Crops
- Farmers in Designated Underserved States
Number of Farms with Black or African American Operators: 2007

1 Dot = 10 Farms

United States Total
31,912

07-M130
U.S. Department of Agriculture, National Agricultural Statistics Service
Number of Farms with Spanish, Hispanic, or Latino Origin Operators: 2007

1 Dot = 10 Farms

United States Total
66,671
Number of Farms with American Indian or Alaska Native Operators: 2007

1 Dot = 10 Farms

United States Total
42,751

07-M126
U.S. Department of Agriculture, National Agricultural Statistics Service
Available Risk Management Resources

- Farm Service Agency (FSA) – Examples:
  - Loans (FO and OL)
  - Down Payment Loan Facility
  - Low Interest
  - Outreach and Education
Available Risk Management Resources

- Natural Resources Conservation Service – Examples:
  - EQIP (Environmental Quality Incentive Program)
  - Higher Cost Share percentages for eligible beginning farmers and socially disadvantaged farmers
  - Incentives for socially disadvantaged, beginning, and limited resource farmers to participate in conservation programs
  - Conservation loan program priority for beginning farmers
Available Risk Management Resources

- Risk Management Agency – Examples:
  - Crop Insurance
  - Insurance Waivers
    - Limited resource producers may have administrative fees for CAT and insurance buy-ups waived
    - Socially disadvantaged farmers or limited resource farmers or beginning farmers may have crop insurance purchase requirement for disaster (SURE) eligibility waived
  - Information and Training Grants
Available Risk Management Resources

- RMA Information and Training Grants
  - Commodity Partnerships For Risk Management Education
  - Crop Insurance Education In Targeted States
  - Risk Management Education And Outreach Partnerships Program
Available Risk Management Resources

- USDA Office of Advocacy and Outreach
  - Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers (OASDFR) Competitive Grant

  **Target:** Socially disadvantaged farmers, ranchers, or forest landowners
RMA Information and Training Delivery

- Universities
- Non-profit agricultural organizations
- Other capable public or private organizations
- State departments of agriculture
Land-Grant Universities - 1862, 1890, 1994

- Research, educational programs, training, tools, pubs, etc.
  - Cooperative Extension Programs
  - Regional Risk Management Education Centers
    - NE Region: University of Delaware
    - NC Region: University of Nebraska-Lincoln
    - Southern Region: University of Arkansas
    - Western Region: Washington State University
  - National Risk Management Library – University of Minnesota
Available Resources: 1890 LGU Extension

- Focus education on underserved farmers
- Goal is to bridge information and training gap
- Three-Prong Approach:
  - Educational/Training Resources
  - Train-the-Trainer/Educator Training
  - Producer Training
1890 Extension Information and Training Resources

- Collaborate with public and private partners to secure funding
- Develop appropriate, accessible, and client-sensitive educational resources
- Implement educator and producer training
Example:

1. **Agricultural Risk Management Education for Small and Socially Disadvantaged Farmers – Risk Management Curriculum and Instructional Plan**
   - **Collaborators:** Virginia State University, North Carolina A & T University, University of Maryland Eastern Shore, Delaware State University, and National Crop Insurance Services
   - **Training Resources:** Notebooks, curriculum, instructional materials, PowerPoint slides, fact sheets, etc.
Example:

2. **1890 Risk-Assessed Business Planning for Small Producers Curriculum**
   - **Collaborators:** Kentucky State University, Prairie-View A&M University, Texas A & M University, Southern Risk Management Education Center
   - **Training Resources:** Notebook, curriculum, instructional materials
Example:

3. **Financial Management and Crop Insurance Training for Small and Socially Disadvantaged Farmers**

- **Collaborators:** Virginia State University, Center for Farm Financial Management-University of Minnesota and National Crop Insurance Services
- **Training Resources:** FINPACK Software, notebooks, instructional materials, PowerPoint slides, case examples, etc.
Producer Training & Information Delivery

- Extension Educators, Small Farm Specialists, other Ag. Professionals conduct:
  - Individualized consultations
  - Farm/Home visits
  - Group meetings
  - Workshops
  - Conferences
  - Short courses
  - Demonstrations
  - Fact sheets, Publications, etc
  - Websites, social media, etc.
Example:

Developing Personal Risk Management Plans: Workshop for Limited Resource and African American Producers of Specialty Crops and Underserved Commodities in Arkansas and Mississippi

- **Collaborators:** National Crop Insurance Services, University of Arkansas-Pine Bluffs, Alcorn State University, and Delaware State University
- Educational materials developed
- Three 6-hour workshops for 25-35 producers per state
- Producer completes 3 take-home assignments requiring approx. 60 hours
- Producer develops personal risk management plan for farm
Challenges in Delivering Risk Management Resources to Disadvantaged Producers

- Insecure funding
- Declining funding levels
- Ability to attract and keep qualified educators
- Increasing costs of producer resource delivery
- Availability of risk management tools for specialty crops and livestock enterprises
Questions?