



## **Assessing the Producer Risk Management Education Need**

**May 2019**

The North Central Extension Risk Management Education Center located at the University of Nebraska is one of four centers across the country competitively funded by the United States Department of Agriculture to carry out a comprehensive program of risk management education targeted to agricultural producers. In turn, the four regional centers (supported by a fifth center for online administration) implement a competitive grants program to fund educational institutions, farm and commodity organizations, lenders, consultants, and other risk management education providers to deliver programs directly to and benefitting farmers and ranchers.

As part of the risk management education process, the Center conducts a substantial risk management education needs assessment effort. Talking to producers, stakeholder groups, and special emphasis audiences provides grass roots input on risk management education needs for the Center and its Advisory Council, which represents a similar cross-section of risk management educators and producers. This information also assists potential grant applicants as they look at possible audiences for their programs. Over the past several years, the Center has worked to identify risk management needs among both commercial agriculture audiences and special emphasis audiences. While needs for special emphasis, or underserved, audiences are addressed in another publication, the following brief summary highlights general agricultural risk management issues raised in discussions with producers and stakeholders.

### **Managing Through the Current Economic and Financial Climate**

Producers continue to face the challenge of making sound risk management decisions in a changing economic and financial situation. As in past years, the cost of production and input costs continues to be the biggest challenge for producers. Current international trade policy changes have made producers rethink their marketing strategies and commodity prices continue to create challenges. Producers will need to utilize several tools and strategies to manage successfully, including an initial focus on assessing and managing their operation's financial position and performance. Managing production decisions, inputs, and costs and making sound risk management decisions regarding marketing, insurance, and other strategies will be important to guide the operation through the current situation, especially since costs associated with marketing their product are unknown. Even as the focus is on current decisions and strategies, there is also a need to recognize the role of both short-run and long-run decision-making, particularly where short-run decisions and outcomes can facilitate or hinder the long-run goals and directions for the operation. That could include emphasis not just on the farm operation, but on the farm family and community, recognizing the impact of the farm outlook on family living and off-farm opportunities.

### **Looking at the Current Conditions Influencing Agriculture**

In 2019, several issues are currently influencing producers, with an important one being international trade. The demise of NAFTA and the resulting United States-Mexico-Canada Agreement has created changes for farmers, ranchers and agribusinesses as well as the addition and implementation of the 2018 Farm Bill. Imposed trade tariffs have caused farmers

and ranchers great concern and uncertainty when marketing their crops and livestock. Coupled with low commodity prices many producers find themselves with limited cash flow. Natural disasters across the United States in key agricultural areas have caused great stress as well as the need for more mental health resources for producers. The availability of credit is important but there is concern about possible increases in interest, possible liquidity of assets, and land prices. Many rural banks are tightening their loan requirements for producers as a result of increased financing and shrinking deposits. Changing immigration policies and the lack of responsible workers have caused increased concern for producers.

### **Policy/Legal Risk**

A new farm bill was passed at the end of 2018 and implementation began in 2019. Producers are just learning about this new farm bill, what it includes, and how it will affect their operations. This will certainly affect their future risk management decisions. The availability of good and reliable labor continues to be a major concern for larger producers and one that has substantially increased with changing federal immigration policies.

### **Managing Risks and Educating Producers**

Managing these varied risks, from production to marketing, financial, legal, and human, will be a major challenge. Reviewing their current operation, accessing available resources, participating in educational programs, and consulting with ag professionals will all be important steps producers should take to manage the risks they face.

One of the resources available to address risk management and the needed education is the North Central Extension Risk Management Education Center at the University of Nebraska. The Center provides competitive grants for projects that deliver risk management education to producers across the North Central Region of the United States. The grants program is available to all entities that can deliver on these needs and reach producers through their programming. This annual request for applications for competitive funding is released on or about September 15 of each year. More information on the center, the competitive grants program, previously-funded projects, or risk management issues in general is available on the web at <http://ncerme.org>.

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