Situation:

Risk management continues to be an important part of a successful agricultural operation. The recent decline in grain prices and high volatility in livestock prices illustrates the need for appropriate understanding and application of available risk management tools. In additional, the recently passed Agricultural Act of 2014 provides new farm programs (ARC, PLC, and SCO) and associated decisions. Farmers will need to understand how these new programs fit into a risk management plan that includes insurance and marketing decisions, using available tools, as well as overall financial management and transition planning. As a result of this situation, on-going education will be required, with a particular emphasis on helping farmers make the one-time decision between the ARC and PLC programs and whether to maintain eligibility for the Supplemental Coverage Option (SCO).

Public Value:

When you support the Risk Management Program, participants will learn to select the appropriate farm program (ARC or PLC) and adopt associated risk management strategies to manage the financial soundness of their businesses and methods of successfully transitioning businesses to future generations. This will lead to more competitive producers who are able to sustain long-term profitability, which will benefit other community members by increasing the viability of rural communities and their access to a safer and less expensive food supply.

Outcomes:

Short-Term:

Producer participants will learn about the programs available in the new farm bill, including ARC, PLC, and SCO.

Participants will learn how to use the decision tool for choosing the appropriate program in which to participate.

Participants will learn about other tools that are available to help manage the risks associated with production agriculture (e.g., crop insurance, options, futures and other marketing alternatives).

Participants involved in multi-generation operations will learn about the different business structures and methods of passing assets from one generation to another.

Evaluation Questions:

What knowledge did producer participants gain about the new farm bill programs?
What knowledge did producer participants gain about tools for risk management in production agriculture?

What knowledge did participants gain about structures and methods for transitioning operations between generations?

Medium-Term:

Producers will decide which government program (ARC or PLC) best fits their operation and make a one-time, irrevocable decision regarding program participation.

Producers will use risk management tools that allow them to reduce the variability in income while maintaining the ability to generate returns sufficient for long-term business sustainability (e.g., crop insurance, forward contracts, minimum price contracts, use of futures/options markets).

Multi-generation operations will develop plans for how to successfully transition the business from one generation to the next.

Evaluation Questions:

What decision was made regarding farm program participation and why?

What risk management tools do producer participants use to manage risk and ensure long-term business sustainability?

Have participants involved in multi-generation operations developed plans for transitioning operation between generations?

Long-Term:

Agricultural producers will effectively manage the production, policy, and market risk involved in agriculture, which will allow their operations to sustain long-term profitability and successfully transition to future generations.

Evaluation Questions:

Have agricultural operations sustained long-term profitability and successfully transitioned to future generations?

Outputs:
**Participants:**

Participants will include farmers and ranchers, agricultural lenders, agribusiness professionals, extension agents, and extension agricultural economists in Kansas and other states.

**Output/Activities:**

- Meetings at 14 locations across the state to provide information on the new farm programs, particularly ARC, PLC, and SCO, and present the decision tool developed to help producers decide which program fits best for their operation. There will also be additional webinars and other information provided on www.AgManager.info.

- Decision-tool for farm program participation.

- Crop insurance updates, including information on the new SCO program (white papers, radio interviews, and presentations) – posted to www.AgManager.info.

- Risk-Assessed Marketing (RAM) case farm workshops (day-long meetings) integrating crop insurance and government programs with marketing tools.

- Four statewide transition planning meetings.

- Grain market situation and outlook (newsletter, radio interviews, and presentations) – posted to www.AgManager.info.

- Livestock market outlook and analysis (LMIC newsletter, radio interviews, white papers, and presentations) – posted to www.AgManager.info.

- Presentations at Risk & Profit Conference, Ag Lenders Conferences, Kansas Insurance Workshop, Ag Profitability Conferences, and multi-county Extension meetings.

- Webinars (crop insurance, new farm policy, etc.).

- One-on-one consultations/assistance by phone and email.

**Action Plan Team Members:**

Individuals associated with this action plan include Art Barnaby, Mykel Brien, Glynn Tonsor, Bryan Schurle, Robin Reid, Forrest Buhler, Gregg Hadley, Duane Hund, Gregg Ibendahl, Rich Llewelyn, Kevin Herbel and KFMA economists and other PFT members.

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