



Situation

Risk management is an essential component of a successful agricultural operation. The recent decline in grain prices in the last year and the volatility in livestock prices illustrates the need for appropriate understanding and application of available risk management tools. In addition, though producers have made their election between ARC and PLC programs in the 2014 Farm Bill, they still need to understand how these programs fit into a risk management plan that includes insurance and marketing decisions, using available tools. Other areas of risk that farmers need to manage include financial management, human resources, and transition planning. As a result, on-going education will be required, with particular emphasis on using risk-management tools and insurance in conjunction with the selected commodity program.

Public Value

When you support the Risk Management Program, participants will learn how to adopt associated risk management strategies to manage the marketing, 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 (Knowledge)

- Producer participants will learn how their Farm Bill decision (ARC/PLC) will affect their operation and bottom line in the future, as K-State updates expected payments and Marketing Year Average Prices each month.
- Participants will learn about 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.

Indicators

- 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 (Behavior)

- Producers will use risk management tools that allow them to reduce the variability in income while still 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.

Indicators

- 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 operations between generations?

Long-Term (Change in Condition)

- 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.

Indicators

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

Outputs

- Crop insurance updates (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.
- Statewide transition planning meetings and planning facilitators available for producers through KAMS.
- 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.