



Cornhusker Economics

North Central Extension Risk Management Education Center Helps Producers Manage Risks

Farmers and ranchers face many risks and challenges in production agriculture every day. Changing market fundamentals, farm policy reforms, and crop insurance program developments defined the risk environment that led to the authorization of agricultural risk management education as part of the Agricultural Risk Protection Act of 2000. The educational efforts that have followed have been designed to help producers manage the full range of production, marketing, financial, legal, and human risks that are all part of agriculture.

In the more than two decades since, the risks facing producers have continued to grow. Producers managed through both the opportunities of the bioenergy and agricultural commodity boom cycle and the economic challenges of the Great Recession in the late 2000s. They have since coped with droughts, floods, and other storms as well as trade conflicts, a global pandemic, and global conflicts that have impacted production and rattled markets. Add in other market shocks and volatility, policy changes, and supply chain disruptions and producers have had to manage a wide range of risks.

The current farm economic outlook remains strong, although farm income is projected to fall from record 2022 levels nationwide with lower commodity prices and still-rising production costs. Managing those financial challenges in the midst of all of the other risks and uncertainty in agriculture will continue to be a major challenge for farmers and ranchers. Educating producers to manage risk and position their farm or ranch for future growth and success is the fundamental purpose of the Extension Risk Management Education (ERME) program.

The ERME program, funded by USDA's [National Institute of Food and Agriculture](#), provides training to help producers learn new strategies to manage complex and growing agricultural risks. ERME strives to achieve this goal by encouraging and funding innovative programs across the country and helping programs focus on tangible results. Four regional grant-making ERME Centers are located across the country at the University of Delaware (Northeast), the University of Arkansas (South), Washington State University (West) and the University of Nebraska-Lincoln (North Central) along with a Digital Center at the University of Minnesota to help administer online application, management, and reporting elements of the program.

Since 2001, the [North Central Extension Risk Management Education Center](#), hosted by the [University of Nebraska-Lincoln](#) Agricultural Economics Department, has addressed the volatility and uncertainty that producers in our 12-state region face in agriculture, the evolving farm policy environment that increasingly emphasizes risk management, and the legislative mandate to provide risk management education to agricultural producers. The region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Dur-

ing this time, the Center has awarded 489 projects and over \$16.6 million in funding to public, private and non-profit entities to carry out producer-focused, outcomes-based risk management education programs through its annual request for applications (RFA) released each September. The completed educational programs have resulted in more than 155,000 farm and ranch participants receiving risk management education and more than 480,000 measurable producer actions to better manage risk on their operations to date.

What is Risk Management?

There are five general types of risk: production risk, marketing risk, financial risk, legal risk, and human risk (Crane et al. 2013).

Production risk refers to the uncertainty of the management of crops and livestock. Weather, disease, pests and other factors affect the quantity and quality of the commodities produced.

Marketing risk is the uncertainty about prices producers receive for commodities sold and what their production costs may be.

Financial risk refers to a producer's farm credit and the obligation and ability of the farm to repay its debt. The current economic uncertainty greatly affects a producer's financial risk.

Legal risk results from changing governmental policies. Tax laws, chemical regulations, and changes in the Farm Bill all affect the legal risk a producer faces.

Human risk includes factors such as farm transition/succession, labor relations, disability, intergenerational issues, or divorce.

Funding Decisions

North Central ERME funding decisions are made by an Advisory Council composed of individuals involved in agricultural lending, insurance, marketing, extension, production, and ag organizations all from the North Central Region. When considering a proposal for funding, the Advisory Council looks to see that in addition to meeting at least one of the five areas of risk management, each project also addresses six criteria: proposed risk management outcomes; regional priorities; outcomes verification; producer demand/underserved audience; team/organizational capacity and collaboration; and creativity and applicability. Successful projects will identify targeted outcomes that will help producers manage risk and then describe how the project will measure those outcomes. In addition, applicants are encouraged to consider projects that focus on special-emphasis programming such as beginning or transitioning farmers, immigrant or minority farmers, women's education, and sustainable or value-added agriculture.

Table 1. North Central Region States and Funded Projects.

State	# of Awards 2001-2022
Illinois	30
Indiana	24
Iowa	68
Kansas	34
Michigan	25
Minnesota	57
Missouri	38
Nebraska	69
North Dakota	19
Ohio	29
South Dakota	36
Wisconsin	59
All Other States*	1
Total	489
Public Institutions	389
Private/Non-Profit Institutions	100
*Serving North Central Producers	

The Center announced the 2023 Request for Application (RFA) last fall which included two separate program areas to apply to: 1) Standard Education Grants focused on a broad range of risk management education topics and activities, this area includes the Exploratory Projects as well; and 2) Producers Underserved by Crop Insurance Grants specifically designated to deliver risk management education for producers underserved by Federal crop insurance. Twenty-six applications requesting more than \$1.5 million in funding were submitted to the North Central Center through the on-line application process. The Advisory Council recommended funding 15 education proposals, 1 exploratory project, and 5 proposals serving producers underserved by crop insurance. The 21 total funded projects represent approximately \$1.2 million in total awards.

The ERME program was also tasked to implement and deliver a Meat and Poultry Processing Grants program this year. The Center, in collaboration with other regional centers, released a RFA in November requesting applications for educational projects designed to help workers and producers in the meat and poultry processing sector across the farm, processing, and distribution levels manage risk and enhance their performance and viability. Applications were due in January and a review panel made funding recommendations in March. The Center is in the process of issuing awards with a period of performance of June 1, 2023 – May 30, 2025.

Additionally, the Center is a collaborating partner in the Agricultural Financial, Tax and Asset Protection (AgFTAP) education program to enhance farmer and rancher ability to understand and navigate farm business tax and asset protection decisions for their operations. The Center will support educational programming through subawards to states across the north central region.

Project Impacts

Projects funded through the Center help farmers and ranchers understand, develop, and implement risk management principles and practices that improve the performance and viability of their operations. While the broad portfolio of projects funded over time has a long legacy of success and impactful outcomes for producers, the Outstanding Project Award implemented by the ERME program in 2019 annually recognizes the successful efforts of one project from each region that helps producers achieve these desired outcomes.

Now in its fifth year, the North Central Center recently recognized Glennis McClure (Project Director) and Cory Walters (co-PD) from the University of Nebraska-Lincoln for their recent project “Farm Survival, Understanding the Role of Risk Exposure in Financial Decision Making” as its 2023 Outstanding Project Winner. The goal of this project was to expose farmers and ranchers to the new, free, web-based Agricultural Budget Calculator (ABC) and assist them in identifying farm risk exposure by incorporating a module that calculates and evaluates risk. A total of 314 participants attended meetings or online courses during the project period, with an additional 456 producers and others reached through presentations and direct conversations at other events. Training programs provided information on the components of an enterprise budget, for what purpose enterprise budgets should be prepared, how to use the ABC program to build crop budgets, and then how to use the risk module in the program and information that could be gleaned from it. ABC program user accounts grew from 175 to 525 active user accounts during the project period with just over 1,100 enterprise budgets created. A majority of participants attending the sessions noted the following: 1) They increased their knowledge of enterprise budgeting and using the ABC program; 2) They planned to change their behavior to figure their cost of production and adopt the ABC program as a resource to assist them; 3) They increased their knowledge of the relationship between cost of production and expected revenue; 4) They increased their knowledge of risk exposure; and 5) They utilized benchmarking resources and producer data to identify relations and address problem areas.

Center Activities

The Center met with stakeholder listening groups and Council members in the third quarter of 2022 to identify and assess educational needs and other emerging issues. Based on those discussions and recommendations, the Center builds on needs assessment results to implement and deliver the competitive grants program for the following year and related programming as appropriate.

The 2023 RFA for the ERME Competitive Grants Program was released in September with a mid-November deadline. North Central Center staff members held a webinar for potential applicants to learn about the funding opportunities and how to apply. Participants learned what makes a good risk management project and proposal, the criteria for proposal evaluation, and how to use the on-line application site. Project directors have indicated in the past that this training is very valuable for them as they look at potential project topics and put their proposal together.

A training workshop for the newly funded project directors was held on March 29, 2023, in Chicago. The training focused on project administration responsibilities as well as best practices for implementing, delivering, and reporting on successful projects. The Center continues to support other outreach efforts as well to reach educators and potential applicants and build the capacity for future risk management education such as the efforts below.

The 2023 National Extension Risk Management Education Conference (ERME) was held in Chicago over a 3-day period from March 27-29, 2023, with approximately 180 participants. This annual conference featured 3 keynote speakers, 49 concurrent session presentations on educational projects and topics, and a networking reception which included a poster session featuring 33 additional projects. This conference regularly brings together private and public sector educators, agency and organization leaders, and other agricultural professionals providing an opportunity to share ongoing and emerging successful risk management education efforts which target agricultural producers and their families. The centers will host the 2024 National ERME Conference next spring on April 9-11, 2024, in Salt Lake City, Utah.

The Center also participated at the 34th Marbleseed Organic Farming Conference in La Crosse, Wisconsin, from February 23-25th, 2023, to expand its target audience and further connect with educators for the benefit of the program. The participation enhanced the Center’s presence in the Midwest as a source to provide funding and helped establish some key face-to-face connections and network with individuals from a broad and diversified agricultural sector and producer population. Despite a historic snowstorm, the conference drew 1,800+ attendees to La Crosse.

A Train-the-Trainer workshop was organized on January 4-6 at the Magnolia Hotel, downtown Omaha for 3 full days of professional development and training. The workshop covered specific topics each day, with the Agricultural Financial, Tax, and Asset Protection (AgFTAP) program on Day 1; crop insurance economics, decisions, and education on Day 2; and carbon offset producer education on Day 3. The Center organized and sponsored the entire workshop that was well attended by about 55 participants. We are currently assessing feedback and response from participants to decide if the workshop should be held on an annual basis.

In the last quarter of 2022, the Center took part in the National Ag Marketing Summit in Pensacola, Florida, to promote the ERME National Program. The event took place from October 23 -25. Many new connections were made with Educators from various regions to bring awareness of the availability of funds for Risk Management activities. A display booth was set up for informational purposes.

2023 Funded Projects

Congratulations to the following project directors whose risk management education projects were selected for funding in 2023:

Gail Carpenter	Iowa State University
Allen Featherstone	Kansas State University
Heather Gessner	South Dakota State University
Jessica Groskopf	University of Nebraska-Lincoln
Nathan Hulinsky	University of Minnesota
Jim Jansen	University of Nebraska-Lincoln
Jan Joannides	Renewing the Countryside
Laura Lindsey	Ohio State University
Emily Marrison	Ohio State University
Ryan Milhollin	University of Missouri
Beth Nelson	Minnesota Cultivated Wild Rice Council
Katie Nixon	The Kansas City Food Hub
Londa Nwadike	Kansas State University
Nick Olson	Land Stewardship Project
Homero Salinas-Gonzalez	Lincoln University of Missouri
Exploratory Projects	
Ron Haugen	North Dakota State University
Producers Underserved by Crop Insurance Projects	
Elliott Dennis	University of Nebraska-Lincoln
Jennifer Ifft	Kansas State University
Keith Olander	MN State Colleges & Universities/Central Lakes College
Kristine Ranger	United Way of Northeast Michigan
Katie Wantoch	University of Wisconsin

References:

Crane, Laurence; Gantz, Gene; Isaacs, Steve; Jose, Doug; Sharp, Rod. 2013. *Introduction to Risk Management – Understanding Agricultural Risk: Production, Marketing, Financial, Legal, Human*. Extension Risk Management Education and Risk Management Agency, USDA. Available at: <http://extensionrme.org/pubs/IntroductionToRiskManagement.pdf>.

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