

## USDA FSA Meetings to Promote Farm Financial Management

### Educational Objectives

Specialty crops within Alabama play an important role. Alabama ranks in the top half (25th or higher) of the U.S. for production in several areas (pecans, blueberries, peaches) to name a few. Additionally, increased awareness from consumers regarding production and farming practices has put an even greater spotlight on specialty crop growers. In 1999 in Alabama, there were 17 certified farmers' markets with approximately 234 vendors. Today there are over 160 farmers markets with roughly 980 farm vendors. That is tremendous growth over nearly 20 years. Visiting farmers markets today, you would not anticipate this growth and interest to slow time any time soon. In fact, seemingly more and more markets and ways to sell to local customers have emerged.

Having said that, sustainability and success of our producers and specialty crop growers will be of continued importance as the number and impact of these producers increase. Farm budgets are an important tool for beginning, mid-level and experienced producers. Farm budgets provide a preview and a plan for what a grower wants to accomplish on their farm. Without estimating costs and revenues for their activities, a producer is at a disadvantage planning, prioritizing and executing their growing season. We want our producers to consider financial management as important as technical growing information. With that in mind, agriculture agents/specialists from around the state are tasked with providing impactful education to the state's producers. Our budgets are designed to assist producers, Extension agents, lenders, and others in estimating the potential costs and returns associated with specialty crops in Alabama. Farm budgets enable producers to plan in advance for their resource needs and activities to successfully grow and market crops that year. The critical question is "If someone had an amount of money but doesn't know how they're allocating it, how could they effectively manage it?"

It was our goal to inform Alabama producers of the benefit of farm budgeting, the different types of budgets, and have them incorporate budgeting into their farm activities to help their operation be financially sustainable / successful. There are farm financial management steps past budgeting, but it moves in the right direction on educating our new (and experienced) producers on financial plan usefulness and preparation.

### Program Activities

Our program was in conjunction with planned meetings from USDA Farm Service Agency. They requested programming from Extension and specifically farm financial management information. Something we discuss frequently is the need for budget education and adoption by producers. With the request from USDA it was decided to develop a program dedicated to various budgets that are useful for producers and how to incorporate them into their farm operation. We discussed a) whole farm budgets b) enterprise budgets c) partial budgets and d) cash flow budgets.

To take our efforts further, we decided to survey producers across Alabama on their understanding of budget information and what kind of information they would like to see on budgets. The survey can be found at:

[https://auburn.qualtrics.com/jfe/form/SV\\_9BwVMYuc4VhPmVn](https://auburn.qualtrics.com/jfe/form/SV_9BwVMYuc4VhPmVn)

Getting survey responses in conjunction with our knowledge gained through the budget workshops will help us decide what further education to provide. We will update and develop our farm budgets for producers throughout the state and apply for funding to develop supplemental tools and information. Part of the takeaway was that producers need budget information but there is also a need to educate producers on their need for budget information.

### **Teaching Methods**

Realizing that strict lecture is not always the most effective method of teaching, we wanted to incorporate hands-on and interactive activities as we used classroom and lecture style method of education. Typically, there were two presenters who went through a PowerPoint and slide program, but during the program we also incorporated worksheets and 'clicker' technology to include interactive portions. For the worksheets we distributed partial, enterprise and cash flow budget examples. The second interactive piece was using educational 'clickers' to ask participants questions and gather feedback from producers. This is technology that can be incorporated right into a PowerPoint program and can give live results on polling questions directed to participants. It's an engaging and effective way to get producer feedback but also keeps survey responses anonymous and hopefully truthful.

### **Results**

We received strong feedback from USDA Farm Service Agency that the budgeting information was greatly appreciated and needed for producers. We were asked to attend several more programs and at the last session, there were an FSA employee from the National Office in attendance recording the sessions. They indicated the program was a great example of partnerships with services like Extension and that it could be a model for future educational events and partnerships. We appreciated the opportunity to partner and felt like we reached our intended audience while gaining further alliances from partner organizations and individuals.

### **Impact Statement**

At the workshops, agents asked the question, "what is sustainable agriculture?", 83% of the respondents said "organic and all natural". Given the nature of the workshop, we anticipated that most would choose "economically feasible". When asked if they used an enterprise budget in 2017, 71% said "no" and 29% said "yes". We received similar responses in three other FSA workshops across the state pointing towards a systemic lack of understanding of what it means to financially sustainable. At the end of the workshops, participants were asked "will you use an enterprise budget going forward?" 75% said "yes" and 25% said "no" so we felt like this was a clear indication of the effect this education had on producers. 67% of respondents indicated budget information would be worth between \$250 and \$750 to their

operation. Excluding impacts made through preventing poor financial choices, a conservative estimate of \$500 per participant (200, estimated number reached through workshops), would equate to an economic impact of at least of \$100,000.

### **Evaluation**

To date we've received 68 responses to our Qualtrics online budgeting survey. We will encourage more producers to respond to the survey and then evaluate further opportunities and impacts. Our assessment from the FSA workshops was that it was a great training opportunity and a start in helping producers get familiar with budgeting effectiveness. We anticipate the impact could greatly increase with additional training opportunities and producer buy-in.