

SCIENCE & EDUCATION Impact

Benefits from USDA/Land-Grant Partnership

Money Matters

Improving cash flow on the farm.

When it comes to farm management, information is key to making the best decisions. Land-Grant universities and the U. S. Department of Agriculture (USDA) help farmers boost financial management skills to, in turn, boost farm income.

Payoff

- **One-on-one help.** Low commodity prices, droughts and higher debt dropped gross farm income by \$335 million in 13 northeastern Louisiana parishes from 1997 to 1999. **Louisiana** Extension responded with a program called Financial Analysis and Resource Management (FARM) and worked with farmers to analyze farm records, develop budgets and cash flows, and study overall farm plans. Fifty producers, 30 percent of whom were minorities, participated in the program in 1999, resulting in major decisions: one elected to exit farming; two filed Chapter 12 bankruptcy. Some participants reduced acreages and others planted more profitable crops. Farmers also used the program's financial worksheets when seeking loans. A similar **Oklahoma** Extension program, called Intensive Financial Management and Planning Support, helps farmers prepare financial statements, farm budgets and marketing plans. From 1992 to 1999, more than 1,500 farm families participated. Extension also helped farmers apply for special low-interest loans offered by the state, saving them 2.85 percent on interest, an average savings of \$6,099.
- **Sharpening their keyboards.** Extension faculty in **Maryland** are helping farm managers improve their record-keeping and financial management skills. The goal is to enhance profitability, liquidity and solvency of farm businesses and help farm managers improve their computer skills. Since 1994, a workshop taught 600 farmers the "Six Easy Steps for Farm Financial Management." Participants report making management changes, restructuring or obtaining new loans, changing enterprise sizes, adopting alternative enterprises, abandoning unprofitable enterprises and expanding the size of the business to capture economies of scale. Most participants indicate that as a result of attending the workshops, they have upgraded from hand-held to computerized record-keeping systems.

RESEARCH,
EXTENSION AND
EDUCATION
AT WORK

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- **Stemming the loss of minority farmers.** In 1920, 926,000 black farmers owned about 15 million acres of farmland in the United States. By 1987 the number of black farmers had dropped to just 19,000, who owned just 1.4 million acres. To address this decline, the **University of Arkansas-Pine Bluff** and other 1890 universities and community-based organizations provided intense one-on-one and group training to farmers in record keeping, crop production and marketing, and in completing Farm Service Agency loan applications. As a result, fewer black farmers are leaving agriculture. Between 1978 and 1987, the number of black-owned farms in Arkansas decreased from 1,559 to 784 or by 50 percent. Between 1987 (the initiation of the project) and 1997, the rate of decline dropped to 13 percent.
- **Smarter decisions with software.** Growers are learning the best time to replace orchards through Crop Profitability Analysis, a computer program that helps tree fruit and nut growers make economic decisions. **Oregon State** and **Washington State** Extension trained farmers and offered demonstrations, reaching 900 users. When surveyed, 63 percent of respondents said the program helped them decide when to replace fruit stands and how to space trees. Cost savings were estimated at \$723,996. Soybean Systems, software developed in **Tennessee**, helps farmers make better-informed financial decisions. It combines budgeting, marketing and a newly formulated machinery cost estimation procedure. Farmers are customizing projected cost and return information for their farms and examining marketing alternatives.
- **Computers on wheels.** To help farmers computerize their business operations, **Virginia** Extension took to the streets. The Computer Classroom on Wheels program teaches farm managers computerized record keeping, so that they can have high-quality records at their fingertips. More than 1,700 farm managers have attended the two- and three-day workshops since 1994. About two-thirds of workshop participants now use computers often or almost always to keep farm business records and for business management. **Tennessee** Extension reached more than 1,300 people through two-day workshops taught with a portable computer lab. Farm families developed financial forms, including

cash flow statements, income/expense summaries, enterprise analyses and tax information. Participants who responded to a survey said using the financial records for management decisions saved them an average of \$795.

- **Risky business.** Changes in farm and trade policy mean farmers must be more ready than ever for risk. **Wyoming** Extension responded with programs, a Web site and one-on-one consultations on marketing and managing price risk. More than 300 farmers were reached through the programs, with a majority reporting they would use the information on their farms. **Kansas State** economists established a Web site (<http://www.agecon.ksu.edu>) to give farmers a closer and ever-evolving look at the factors that affect bottom-line profits. One case study on corn, for example, offers six options for marketing the crop showing the pluses and minuses of each strategy.
- **Reaching small farmers.** The average cash flow for small farmers participating in the Small Farmer Outreach Training and Technical Assistance Project in Texas increased by \$2,136. Offered by **Prairie View A&M**, the program is designed to enhance the viability of small farm operators and ranchers who receive loans through the USDA's Farm Service Agency. Participants receive training in farm financial management, production agriculture, loan preparation packets, farm and home plans, sustainable/whole farm system and risk management. From 1995 to 1999, 5,545 farmers participated in the program.



**Cooperative State Research, Education,
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Cooperative State Research, Education, and Extension Service in cooperation with the Extension Committee on Organization and Policy, the Experiment Station Committee on Organization and Policy, the Academic Programs Committee on Organization and Policy, the International Programs Committee on Organization and Policy, and the Louisiana State University Agricultural Center.

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