SOUTHERN RISK MANAGEMENT EDUCATION CENTER

2013-Funded Project Final Report*

DIVISION OF AGRICULTURE
RESEARCH & EXTENSION
University of Arkansas System

OKLAHOMA

2014 Farm Bill Risk Management Decision Tool

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Project Introduction

Expended Amount: $49,733

This project focused on the 2014 Farm Bill and the legal/institutional risk related to government commodity programs and production risk management associated with insurance products. The 2014 Farm Bill included new commodity and crop insurance programs for producers/landowners. Once the commodity program decisions are made, producers/landowners are locked into the decision for the life of the farm bill. Commodity and crop insurance programs are extremely important to farm operations and producers need assistance to understand the changes in the 2014 Farm Bill. The programs are quite complex and difficult to understand so a large educational effort was necessary to assist with the new decisions. Oklahoma State University (OSU) and Kansas State University (KSU) developed a decision tool to help producers, landowners, county extension educators, agribusinesses, bankers and crop insurance agents evaluate potential payments under different commodity and crop insurance programs. County extension educators, agribusinesses, bankers and crop insurance agents can show producers how to use the decision tool to make decisions to effectively manage risk in their operations. They will have improved understanding of new commodity and crop insurance programs in the 2014 Farm Bill to help producers make informed decisions about enrollment in these programs. Producers/landowners will use the decision tool to understand the new program choices and decide on the best choice for their individual operations.

Project Participants

The project participants include county extension educators, farm service agency personnel, bankers, producers, landowners, university faculty, crop insurance agents and agribusinesses. In total, 36,871 persons used the tools and participated in activities provided by the project.

Project Area

The OSU/KSU farm bill decision tool is a national tool including all states and crops eligible for farm bill commodity programs. The original focus of this decision tool was limited to the southern region, mainly Oklahoma, and Kansas. However, due to increased demand, the tool was expanded to include all U.S. states.

Project Outcomes

Due to the delay in farm bill passage and implementation of farm bill commodity programs (including data release), the development of the farm bill decision tool took longer than anticipated. This project had several components, including (1) development/testing of the decision tool, (2) decision tool training for area agricultural economists and county extension educators, (3) producer meetings to explain new farm bill commodity/crop insurance programs and using the decision tool to assist with commodity decisions, (4) webinars/videos/fact sheets to assist with farm commodity decisions and using the decision tool and (5) mobile computer labs to assist producers in using the decision tool – assistance from state, area and county extension educators. From October-December 2014, 45 producer meetings were held across the state of Oklahoma with around 4,000 producers attending. These informational meetings were hosted by OSU extension and also included presentations from the state FSA office, RMA, NRCS and Dr. Campiche. These meetings provided information about new commodity and crop insurance programs and the farm bill decision tools. The partnership worked extremely well and resulted in high producer participation.

SRME322FR

Assessment of the OSU-KSU 2014 Farm Bill Decision Tool

The OSU-KSU 2014 Farm Bill Decision Tool was developed with partial funding from the Southern Risk Management Education Center, Oklahoma Cooperative Extension Service and Kansas State University. The tool is MS Excel based, enabling the vast majority of agricultural producers, Extension educators, crop insurance agents, bankers and other vested parties to utilize it without access to the internet. The development team included Jody Campiche (formerly at Oklahoma State University Department of Agricultural Economics), Eric DeVuyst (OSU Agricultural Economics), and Art Barnaby, Mykel Tayler and Robin Reid (Kansas State University Department of Agricultural Economics).

Users could download the tool for free from OSU and KSU websites. In total, there were 31,871 downloads. The tool was marketed through various outlets, including television segments, producer newsletters, web posts, producer meetings, webinars and presentations at professional meetings.

Assessment activities included two web-based surveys. First, users of the tool were asked to assess the tool and its usefulness. A link to the assessment instrument was provided on the decision tool. Users that downloaded the tool through KSU were asked to provide an email address when downloading the tool. Each of these users was sent an email asking them to complete the survey and a link was provided. Second, Oklahoma Cooperative Extension Service county educators and area agricultural economists were asked to complete a different survey to determine how many producers they served with the tool and its usefulness. Results for both surveys are below.

In Tables 1-4, results from the online survey of decision tool users are reported. Table 1 reports the amount of revenue protected using the decision tool. On average, respondents reported $376,280 in revenue was protected per user. In Table 2, we report the results of how helpful the tool was to users for various risk management activities. Over 81% strongly agreed/agreed that the tool was helpful to understand farm bill alternatives with just over 9% strongly disagreeing/disagreeing. Over 75% of respondents strongly agreed/agreed that the tool was useful for choosing the farm bill programs that best fit their operation. Fewer than 10% strongly disagreed/disagreed. About 66% of the respondents strongly agreed/agreed that the tool helped manage revenue and price risk for their operation with about 10% strongly disagreeing/disagreeing. It should be noted that many of those disagreeing with the usefulness of the tool were not able to get the program to run on their computers. Mac computers, MS Office 1997 (and older) and non-compatible spreadsheet programs could not run the tool. This understandably frustrated those would-be users. Also, the tool used macros written in VBA, so some users on company networks were unable to utilize the tool due to security protocols. In Table 3, survey results of a question asking about the desire by producers for similar decision tools in the future are reported. Over 86% of respondents strongly agreed/agreed that similar tools are needed in the future and about 5.5% strongly disagreed/disagreed. Finally, in Table 4, we report selected responses to how the tool helped users. A total 182 comments were received with most being positive.

Table 1. Revenue protected using the OSU-KSU 2014 Farm Bill Decision Tool

Revenue Protect Using Tool	Percent Responding (n=345)
$0-$49999	25.25%
$50,000-$99,999	12.97%
$100,000-$249,999	23.89%
$250,000-$499,999	15.02%
$500,000-$999,999	15.02%
≥1,000,000	7.85%
Average revenue protected per user	**$376,280**

Table 2. Percent of survey respondents indicated tool was helpful

Helpful to:	Strongly Agree	Agree	Neither Agree/ Disagree	Dis- agree	Strongly Disagree
Understand farm bill alternatives	28.62%	52.30%	9.87%	3.95%	5.26%
Choose programs that best fit my operation	29.80%	46.03%	14.24%	5.96%	3.97%
Manage revenue and price risk for my operation	19.93%	46.18%	23.26%	5.65%	4.98%

Table 3. Percent of survey respondents indicating "I would like to have similar decision tool available for future Farm Bill educational programs"

Choice	% Responding
Strongly agree	60.86%
Agree	25.66%
Neither agree/disagree	7.89%
Disagree	4.61%
Strongly disagree	0.99%

Table 4. Selected survey responses to "Please provide comments on how this decision tool has been useful to you" (total of 182 comments)

"After I figured it out, it worked great to help me understand the new farm management concept."

"1/deciding how to use generic bases, 2/help decide on ARC vs PLC."

"Saved my many hours not having to come up with my own Excel sheets to make decisions."

"Help (sic) make sense of the chaos."

"Helped to understand Farm Bill and possibilities for betterment."

"Thank you for providing this tool. The spreadsheet was robust enough to give good info, yet simple enough to understand and work with."

"Helped to determine which program to choose on each crop."

"This tool has helped me present different scenarios for different outcomes."

"It really helped me run different scenarios changing price assumptions to see which option was the right choice for my operation."

"It helped me understand how price and yields could affect payments on the different farm bill options."

"It was useful to help determine the best probable elections for the new farm bill."

"Allowed looking at alternative situations. Improved understanding the new farm program. Database of county data and price projections was very helpful."

"I like the "all angle[s]" analysis you provide. Keep up the great work!"

We also surveyed Oklahoma Cooperative Extension educators and specialists. First, we assessed how many producers were directly aided using the decision tool. In Table 5, the breakdown of responses is reported. In total, we estimate at least 2,500 producers were directly aided using the tool. Note, this is an underestimation of the number of producers. Of the 77 OCES county educators and 4 area economists, a total of 40 responded to our request to complete the survey.

Table 5. Survey results of Oklahoma Extension personnel to "Please estimate the number of farmers you assisted using the OSU-KSU 2014 Farm Bill decision tool"

Range	# Responding
1-10	10
11-30	11
31-50	3
51-80	2
81-120	3
121-200	3
≥201	4
Total farmers	**2,500**

To calculate the total revenue protected using the tool, we add the number of downloads (31,871) to the number of OCES personnel assisted farmers (2,500). This total of 34,371 users is then multiplied by the average revenue protected using the tool ($376,280), yielding an estimate of $12.933 billion. This is a very conservative estimate. We have no estimates of the number of farmers assisted by crop insurance agents, Extension personnel from other states and FSA staff from around the country. Based on email and phone calls, thousands more farmers were aided by these other groups. The use of the tool in Kansas was at least as extensive as Oklahoma. Kansas Cooperative Extension Service pushed the use of the tool almost exclusively. So, it is reasonable to include as many farmers assisted by KCES as by OCES. Adding another 2,500 for Kansas brings the total number of users to 36,871 and the total revenue protected with the tool to $13.874 billion, which is again a conservative estimate.

USDA SRMEC invested $50,000 in the development of the tool. The return on investment is 277,476.3%. The SRMEC cost per producer assisted is $1.36.

In Table 6, we report the survey results of OCES educators for "How useful is the OSU-KSU Farm Bill decision tool in assisting producers?" Over 79% responded extremely useful/very useful. Another 17.7% responded moderately useful with fewer than 3% responding slightly useful and 0% as not at all useful.

Table 6. Survey results of Oklahoma Extension personnel to "How useful is the OSU-KSU 2014 Farm Bill decision tool in assisting producers?"

Choice	% Responding
Extremely useful	29.41%
Very useful	50.00%
Moderately useful	17.65%
Slightly useful	2.94%
Not at all useful	0.00%

Table 7 reports OCES educator responses to "I would like to have a similar decision tool available for future Farm Bill educational programs." Over 94% responded strongly agree/agree with the remainder responding neither agree/disagree. Finally, Table 8 provides a few of the comments regarding how the tool was useful for OCES educators. The comments are very positive. Worth noting, one of the respondents indicated that he/she needs a tool that is NOT running on the internet. Many of the educators presented at locations where internet service is not available and/or worked in producer homes without internet access.

Table 7. Survey results of Oklahoma Extension personnel to "I would like to have a similar decision tool available for future Farm Bill educational programs"

Choice	% Responding
Strongly agree	41.18%
Agree	52.94%
Neither agree/disagree	5.88%
Disagree	0.00%
Strongly disagree	0.00%

Table 8. Selected Oklahoma Extension personnel survey responses to "Please provide comments on how this decision tool has been useful to you" (total of 12 comments)

"There are very few times that our row crop producers rely on OSU Extension information and this bridged a gap for them in our county and was very useful in helping to establish a better relationship with this clientele."

"It provided some new contacts and all participants were very appreciative of the help in their decision making process."

"I liked the simplicity of an Excel based program that allowed me to use price/yield scenarios with producers. They understood this approach better than the other tools that used simulations and distributions. **It was also important to have a program that was not web based as presentations were given at locations without internet access.**" *(Emphasis added.)*

"Producer frien[d]ly, they could utilize the tool at home by themselves."

"The tool allowed me to break out the different issues in the farm bill decision process and educate producers as to the risk categories that producers needed to evaluate."

"It helped me to understand better the FSA programs and to visit more with producers about their programs."

"Very straight forward and easy to use."

Quotes

Scott, Oklahoma producer: "Thanks so much for your work in developing a tool for us to look at."

Tom, Washington State University Extension: "Thanks for the Farm Bill decision tool. Just what we needed."

Chuck, KSU Extension Agent: "I've run several farmers' farms through the spreadsheet and have found it very useful as have the producers. Interestingly, I've got a lot of farmers (younger more progressive) that are already using the tool themselves, and most of them are planning to go ARC-CO that I've talked to. Very few people feel that price loss is going to be an issue."

Rachel, KSU Extension Agent: "To date I have used the OSU-KSU decision tool with 18 farm numbers. All producers have been appreciative of the information they have received to assist them in deciding on a program and deciding whether or not to reallocate base acres or update yields. Several other producers have downloaded the program to their home computer and are working thru the spreadsheets. It's been a very useful tool to assist producers."

Kelly, City Bank Texas - Windmark Crop Division: "Everyone is very appreciative of your hard work with the 2014 Farm Bill alternatives."

Jerry, Oklahoma Crop Insurance Agent: "This was my third webinar and I feel this one is better suited for my clients!"

OSU Link:
http://okla.st/DecisionTool

KSU Link:
http://www.agmanager.info/fb.htm