My name is Ron Rainey and I am humbled to provide input into this important, deliberative process that means so much to all of our farmers, ranchers, and rural communities. I have almost three decades of experience working primarily as an Extension Agricultural Economist with the University of Arkansas, our state's flagship, Land-Grant University. I currently serve as Assistant Vice President of the Division of Agriculture and Center Director for the Southern Risk Management Education Center.

Current Economic Update on Southern Agriculture

Farmers across the South continue to adapt to the challenging agriculture environment made worse by the pandemic, current macroeconomic trends, climate variability, and disrupted supply chains. However over the last 2 years, according to USDA estimates farm incomes have increased with a forecast for growth in 2022 in terms of gross farm income levels. But the growing challenges of inflationary pressure and supply chain issues will push net farm incomes lower as a result of sharply higher costs of inputs, particularly fertilizer and fuel. Increasingly adverse weather events are creating additional hurdles for farm viability.

The current silver lining is the solid market prices and outlook for the near-term price changes which should sustain throughout the marketing year and into next year. These prices are evident across traditional row-crop commodities and for most of the specialty crop items. It should be noted that average gross farm and net farm income estimates obscure the difficulties occurring on the extreme ends of our farm distributions. Across our small and mid-sized farms and even some of our large scale commercial operations, farm profitability remains a challenge.

Many specialty crop producers have limited crop insurance options and the added costs sometimes results in minimal risk reducing strategies being implemented. The number of insurance products available for producers has expanded in recent years: whole farm revenue, dairy margin, forage, to name a few. Still, gaps in coverage remain. For example, the poultry sector – which is the largest single agricultural industry in many southern states – is dominated by contract production. Contract growers have virtually no access to insurance products.

Even where newer insurance product offerings are available, a lack of understanding on the functionality of a number of these more specialized products is a persistent problem. Additional training is needed to improve farmer and rancher understanding and use of these products. There also appear to be training needs for insurance companies and agents on the array of available products. Some producers complain about the lack of a company/agent offerings in terms of a desired insurance product(s) as well as a lack of engagement with certain producer groups. Some of the limited engagement seems to occur from a specialization within the crop insurance companies. If an insurance company's portfolio of clients in a particular region is made up primarily of large scale commercial row-crop farms, they may have little incentive to cultivate business among small, specialty crop, and/or livestock producers, particularly on products for which sales or underwriting procedures are more difficult, such as whole farm revenue insurance..

Role of Southern Risk Management Education Center (SRMEC)

The Agricultural Risk Protection Act (ARPA) of 2000, authorized the Secretary of USDA to carry out the program, Partnerships for Risk Management Education. Under this authority NIFA partners with four regional Extension Risk Management Education (ERME) Centers to carry out a national competitive grants program in Risk Management Education to educate agricultural producers about the full range of risk management activities. The Southern Risk Management Education Center (SRMEC) at the University of Arkansas has been a part of ERME since 2009, serving 13 states and 2 territories—the Southern Region. SRMEC's goal is *to empower producers to manage risks.* The Center strives to improve producers' ability to manage risk and increase profitability of southern agriculture by delivering programs designed to change risk management behavior among key producer populations.

The ERME authorizing language has been amended through successive legislation, namely the 2008, 2014, and 2018 Farm Bills. As amended, the language describes the purpose of this risk management partnership as "educating agricultural producers and providing technical assistance to agricultural producers on a full range of farm viability and risk management activities, including futures, options, agricultural trade options, crop insurance, business planning, enterprise analysis, transfer and succession planning, management coaching, market assessment, cash flow analysis, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, farm financial benchmarking, conservation activities, and other risk management strategies."

Section 11125 of the Agricultural Improvement Act of 2018 provides authority for the USDA NIFA to expand the Partnerships for Risk Management Education program to serve a new audience, defined as "producers that are underserved by the Federal crop insurance program". ERME implemented the expanded program by offering two separate grant pools within our annual request for applications (RFA) that seeks education project proposals: risk management education (our traditional program area), and producers underserved by crop insurance.

SRMEC works with a 10-member advisory council made up of public and private agricultural stakeholders that are strategically and intentionally engaged to serve our region's diverse agriculture sector—commercial, small, diversified, row-crop, livestock, organic, sustainable, urban, and specialty. Representation includes farmers, ranchers, 1862 and 1890 land-grant university faculty, and community based organization representatives. The Center annually manages $2 Million in competitive grants that seek to empower producers to manage risk on their individual operations through educational offerings. To manage our two separate grant pools, SRMEC employs a 10-member advisory council and a 7-member evaluation panel made up of public and private agricultural stakeholders to identify our grant regional priority areas and capacity building efforts across the region. Additionally our advisory council and crop insurance evaluation panel serve as reviewers for our grants selection process using a transparent merit-based process.

Engagement with Risk Management Agency (RMA) and crop insurance industry

The ERME program routinely collaborates with RMA to promote RMA resources and to engage with its regional offices. Both programs collaborated to jointly develop and distribute a primer, *Introduction to Risk Management* (Crane, Gantz, Isaacs, Jose, and Sharp, 2013). The publication details ERME and RMA's consistent approach to managing risks across five areas: production, marketing, finance, legal, and human. The document not only defines each risk area but details specific tools and strategies to successfully mitigate the unique risks that agricultural producers face. Beyond the publication and on-going communications, each ERME Center has RMA representation on its advisory council. SRMEC has an RMA representative on our Advisory Council and two representatives on our crop insurance evaluation panel. We communicate on program and funding areas to build on the synergies of each program to serve farmers and ranchers. SRMEC actively engages with multiple regional offices and has on-going conversations with RMA administrators on ways to enhance outreach efforts and resources.

Lastly, SRMEC has on-going conversations with the crop insurance industry—individual companies, National Crop Insurance Services, and Crop Insurance Professional Association (CIPA)—on ways to collaborate on company/agent trainings. The pandemic interrupted planning for a company/agent training in collaboration with CIPA, but those discussions are on-going. SRMEC envisions offering continuing education credits to enhance crop insurance industry stakeholder understanding of emerging issues in agriculture and best management practices for engaging diverse producer groups.

Current Condition for SDFRs

The Census of Agriculture reveals that most socially disadvantaged farmers and ranchers (SDFRs) on average operate relatively smaller sized farms, thereby leveraging smaller operating loans to produce their crops each year. It should be noted that USDA program historical equity and access issues have played a role in limiting the opportunities for SDFRs to gain economies of scale—increasing farm size and investing in innovative or new machinery/technology. The lack of opportunities to scale up results in lower productivity and relatively higher input costs on average. Even when SDFRs participate in USDA farm programs, they receive a disproportionately lower level of federal support in terms of funds to re-invest in their farms. The cumulative impact of lower support levels over an extended period of time—10-year, 20-year horizon, etc.—results in real differences in terms like size of operation and equipment/facilities, seriously compromising the viability of SDFR-owned operations.

I serve on the board of directors for the Socially Disadvantaged Farmer and Rancher Policy Research Center at Alcorn State University. The Policy Research Center actively organizes and examines research, data, and producer feedback to provide insights to enhance understanding of SDFR conditions and policy recommendations to enhance their economic viability and survival. The Policy Research Center notes the following discrepancy in risk management/crop insurance subsides. As federal crop insurance subsidies programs have increased, the "subsidy gap" has widened between White and Black farmers. Because crop insurance subsidies are based on the value of a producers' crop, the larger subsidy premiums go to producers with the highest sales. The vast majority of farmers that receive the highest subsides are White. The 2017 USDA Census Report, indicates that slightly over 2,500 Black farmers had product sales for more than $50,000, compared to 500,000 white producers. Almost 50% (16,891) of all (35,470) Black owned farms had less than $2,500 in sales. With premium subsides being linked to the value of the crop, it is a safe estimate that between 95-97% of crop insurance subsides have gone to white producers.

Another issue that continues to plague SDFRs is real and perceived trust issues resulting from current/past experiences and on-going confrontations. For example, there are a number of producers who refuse to enter a USDA office even in 2022 because of fear—based on experiences—of disparate treatment, losing their land or being foreclosed on a loan under less than fair conditions. Therefore, the ability to build and restore trust and relationships is a critical hurdle to effectively reach marginalized producers and their communities with USDA programs/resources. The resulting community impact of inequitable access to federal and state programs have played a significant role in individual and community wealth levels across both urban and rural areas.

In terms of crop insurance, my past experience with managing education projects reveals that technical assistance in record-keeping, business planning, and tax preparation are core areas to build and maintain viable businesses. These fundamental processes are directly linked to credit access and indirectly linked to use of crop insurance. Additional technical assistance in these core areas could enhance producer understanding of ways to leverage crop insurance products to support their businesses.

Overview of working with 1862, 1890 Land Grants & Community-Based Organizations

As SRMEC director, I have been privileged to work with a collection of public and private agricultural stakeholders assisting our farmers and ranchers across the region and nationally. SRMEC has intentionally engaged with diverse stakeholder groups to build meaningful relationships across region and nationally. This includes engagement with diverse farm types and producer backgrounds as well as grower organizations. We collaborate annually with 1890 Extension and outreach specialists, primarily small farm program (2501) directors and community based organizations that serve an array of producer groups ranging from African American, Native American, Hmong, Organic, Sustainable, Livestock, Row-Crop, Greenhouse & Nursery, to name a few. Within the 1862 land-grants, we collaborate with the region's farm management committee—Southern Extension Economics Committee. The committee is made up of agricultural economists from the region's land-grant institutions, primarily those with Extension responsibilities. Annually, the Center supports the region's premiere academic outreach meeting, the Southern Outlook Conference, which is hosted by Southern Extension Economics Committee. SRMEC features its collaborations with the farm management committee and 1890 partners on our website, https://srmec.uada.edu/.

Lastly, SRMEC partnered with the Agricultural and Food Policy Center at Texas A&M to lead a collaborative effort among the Southern Extension Economics Committee to offer Southern Ag Today (SAT). SAT is a daily insight and analysis on issues impacting Southern farmers and producers and is a timely resource for anyone – farmers, ranchers, Extension educators, lenders, policy makers, and media – who wants a better understanding of the issues affecting agriculture in the region.