

## Insurance benchmarking for Iowa fruit and vegetable producers, Year 2

**Abstract:** Iowa fruit and vegetables growers need risk management options similar to those available to row crop producers. However, there was no body of data on production costs and sales that would guide the development of such insurance options. This project collected data from Iowa growers that will allow federal and state agencies to create and adapt insurance instruments suitable for fruit and vegetable producers.

### Principal Investigator:

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**Budget:**  
\$25,000 for year one

**Q** What are Iowa fruit and vegetable producers' planting dates, harvest windows and yields? Are Iowa fruit and vegetable producers currently making a profit?

**A** The education provided through this grant has helped fruit and vegetable farmers keep better records, and collect accurate production information for their businesses.



**MARKETING**

### Background

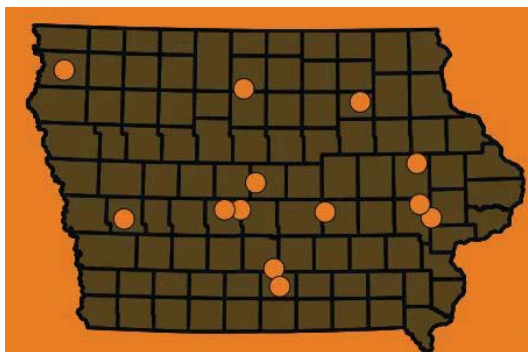
More extreme climate patterns and increasingly erratic weather conditions have the potential to greatly reduce Iowa fruit and vegetable farmers' revenue and farm resilience. Appropriate fruit and vegetable insurance options are necessary to sustain and promote production in Iowa. Both whole-farm and single-crop policies that make sense for fruit and vegetable operations are needed to adequately serve Iowa fruit and vegetable producers.

Iowa fruit and vegetable farm businesses are vulnerable to crop loss due to pest outbreaks or weather extremes, and they do not have crop insurance options comparable to those of row crop producers. The Non-insured Crop Disaster Assistance Program (NAP) uses the same processes to certify fruit and vegetable farmers that it uses for grain farmers. With diverse crops, often planted in multiple successions each season, this arrangement is not practical for fruit and vegetable farming businesses. Several Iowa fruit and vegetable farmers have signed up for NAP in the past and have found the program ill-suited to their unique production needs.

Whole Farm Revenue Insurance was available in Iowa for the first time in 2014. In-depth conversations with the Farm Services Agency (FSA), Iowa Department of Agriculture and Land Stewardship, Risk Management Agency, U.S. Department of Agriculture and Iowa State University Extension have made it clear that baseline data on production and sales must be gathered before more and better fruit and vegetable insurance opportunities can be offered for Iowa farmers.

The objectives for this project were:

1. At least 40 Iowa fruit and vegetable farms will know how to keep detailed production and sales records.
2. Ten farms will have recorded and submitted production and sales data for actual fruit and vegetable production in Iowa.
3. Information will be published detailing production and sales history by individual crops as well as by whole farm revenue. This will provide important information for organizations working to improve Iowa's fruit and vegetable industry as well as for lenders that consider providing loans to fruit and vegetable producers.



*Map of project participants.*

- 4) Project events and outcomes will be promoted to a broad audience to increase awareness of the need for better crop insurance for fruit and vegetable production in Iowa.

## Approach and methods

Through this project, Practical Farmers of Iowa educated 274 farmers on how to record data for crop insurance purposes. Practical Farmers of Iowa collected individual crop production records from nine farms which was shared with those producers and helped to inform the FSA baseline data. The compiled report was shared widely

with producers, insurance agents, lenders and more. PFI also collected Whole Farm Financial data from 11 fruit and vegetable farms. The information was shared with these farmers at a meeting in December 2014.

## Results and discussion

Nine of the 13 recruited farms completed the Yield Data Collection project that included data submitted through December 22, 2013. All data followed FSA guidelines. This project yielded 1,119 lines of data, with 168 crop plots tracked. Data collected represents 6.5 acres of crops. Almost all production was intended for use as fresh produce; only two records had an intended use as seed crop. Seventy lines of data were from high-tunnel production, and the remainder stemmed from outdoor production.

The crop data submitted represented 23 FSA Crop Categories: apples, asparagus, beans, broccoli, cabbage, carrots, cauliflower, cucumbers, eggplant, garlic, greens, herbs, kohlrabi, leeks, lettuce, okra, onions, peas, peppers, potatoes, sweet potatoes, squash and tomatoes. Data represented 48 FSA Type Categories (sub-categories of Crop Categories). For example, types of onions tracked included red, storage, sweet early, white and yellow hybrid.

Producer units of measure were converted to FSA units of measure for comparative purposes. For example, pounds were converted to hundredweight. Total harvest includes insect- and producer-caused damaged crops (damage not due to natural disaster). Marketable harvest (added for 2014) excludes culls. Total acreage includes walking paths in production areas.

Additional data was collected beyond FSA requirements to enhance producer comparisons. This included variety name, plant spacing, irrigation, planting notes and harvest notes.

Eleven of the 15 recruited farms submitted financial data for the Whole Farm Financial project. Farmers who participated in the Whole Farm Financial Project had a wide range of experience and scale (size). Experience with farming as a business ranged from 3 to 20 years, and acres earning income ranged from 1 to 100 acres. Of the 11 farms, seven hope to earn 100 percent of their income from farming. At present, six farms are not meeting their expectations for profitability. At seven farms, owners are working more than 40 hours per week, even if they have an off-farm job.

### *Financial and recordkeeping education*

One hundred percent of attendees at the August 2014 data collection and recordkeeping



*Project cooperators Tim Landgraf and Jan Libbey.*

field day reported an increase in knowledge. The average overall effectiveness of the event as rated by the attendees was 4.5/5, and quality 4.58/5.

The average effectiveness of the December 2014 data collection and whole farm revenue planning meeting as rated by the attendees was 4.25/5

The average effectiveness of the January 2015 conference session on farm financials was 4.8/5. All attendees reported an increase in knowledge. One attendee reported: “I learned how to take information from financial sheets and use them to help make decisions.” Another reported:

“Awesome! Setting a new precedent of sharing financial info-this is so needed and desired.”

### *Data collection projects*

Yield Data Collection project: On a scale of 1 (poor) to 5 (excellent), the average participant rating of the yield data collection project overview was 4; one-on-one follow up was rated 4.13 during startup and 4.25 during data collection.

All participants reported they increased their knowledge about crop recordkeeping, and 100 percent reported improvement in their recordkeeping practices as well as their understanding of farm production numbers. One participant said: “Comparing project data with other producers is a valuable tool to see where we are doing well and where we may have room for improvement.” Another reported: “It helped us streamline our recordkeeping.” As a result, one farmer plans to “Continue to keep this level of records on major crops.” Another stated: “We have made varietal decisions based on what we have learned.”

## **Conclusions**

There have been significant advances in crop insurance options for fruit and vegetables in Iowa. When PFI began this project, NAP (Non-Insured Disaster Assistance Program) was the only program available to fruit and vegetable producers. Since then, NAP has improved substantially, and a new program, Whole Farm Revenue, has become available for Iowa fruit and vegetable producers. These changes will go a long way to reduce the risks of growing fruits and vegetables in Iowa.

Recordkeeping remains a priority and necessity for fruit and vegetable producers. In addition to knowing how to keep records, producers want guidance on strategies to fit recordkeeping into their busy growing seasons. The participants in both projects are dedicated to improving recordkeeping strategies and insurance options for themselves and other producers; thus they are eager to continue to collect this information. PFI plans to implement a third year of the Yield Data Collection project and a second year of the Whole Farm Financial project to strengthen the datasets and add to the amount of information available on Iowa fruit and vegetable production and financials.

## **Impact of results**

The education provided through this grant has helped fruit and vegetable farmers

keep better records, and collect accurate production information for their businesses. This will help them make changes based on facts rather than guesswork. In addition, these recordkeeping skills will allow them to comply with paperwork for organic certification, wholesale accounts and crop insurance.

The baseline production data collected through this project has created actual production history for fruit and vegetable crops in Iowa and allowed producers to compare their yields to those of other fellow Iowa farmers. In addition, crop insurers report they have used the actual production histories to improve crop insurance options for fruit and vegetable farmers in Iowa.

As a result of the data collected and outreach performed for this project, NAP has incorporated the yields from this project into their T-yields. Iowa NAP also has improved their product, requiring a lower threshold for a loss and higher pay backs. (This project was not solely responsible for these changes, but the information provided to NAP employees on the reasons this product was not providing sufficient risk management aided in their decision-making.)

The Whole Farm Revenue program is being used in many states. This is the first year for the program, which replaces RMA's AGR and AGR-LTE. Due to questions raised during a Farminar Practical Farmers held about Whole Farm Revenue, RMA corrected previously undiscovered errors in the new program.

## Education and outreach

Outreach was conducted on all events associated with this grant, including press releases, print material, mail invitations and radio news stories during this project to increase awareness for the need of recordkeeping education and better crop insurance for fruit and vegetable farmers.

- Two news releases, postcards, blog, beginning farmer emails were sent for the August 2014 field day.
- For the January conference 2015 session where Melissa Dunham, Rob Faux and Craig Chase presented, the media notice included five news releases featuring the annual conference and lineup, annual conference brochure, and beginning farmer emails.
- Whole farm data was presented at a Dallas County (Iowa) meeting to 24 individuals. Whole farm data was incorporated into Practical Farmers spring 2015 newsletter.
- Yield data collection report was mailed to all participants, to RMA and FSA officials, and posted on the PFI website and blog.

## Leveraged funds

During the period from October 2014 to September 2015, the Iowa Department of Agriculture and Land Stewardship provided \$24,000 to do work in conjunction with Leopold Center funds.

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