USDA RMA Vision Statement:

"Securing the future of agriculture by providing world class risk management tools to rural America."

U.S. Department of Agriculture
Risk Management Agency

- Real Farmers, Real Risks: Interview with Tim Perry of Norton Brothers Farm
- Crop Insurance Updates & Deadlines
- Spotlight: Farm Succession
- Risk Management Technology: iPiPE
- IPM – Cultural Practices to Reduce Risk: Beneficial Organisms

Real Farmers, Real Risks – Tim Perry @ Norton Brother's Farm in Cheshire, CT

Norton Brother's Farm is a seventh-generation family-owned fruit farm located in Cheshire, Connecticut. The farm has been owned and operated by the Norton family since the mid-1700s and boasts a long-standing, proud history with the town of Cheshire. Bridsey Norton, father of the Norton Brothers (Judson and Donald) who operated the farm until 2001, also served the town of Cheshire as first selectmen. The farm now rests in the capable hands of Tim Perry. Together, with help from the family, Tim continues the tradition of providing the local community with fresh fruit, vegetables, and an impressive range of homemade farm-market goodies.

This proud Connecticut farming family currently operates on about 107 acres of land, producing everything from apples, peaches, and pears to blueberries, raspberries, and strawberries. Their expansive pick-your-own operation begins in June with their various berry crops and runs through to the fall, where locals can choose from an overwhelming 34 varieties of apples. Hayrides, pumpkins, and scarecrows offer families a fun and immersive experience during the harvest season. When the Christmas trees and holiday decorations arrive, patrons can find their way to the family's dairy barn farm stand for the perfect holiday gift, whether it's local cider, jams, and farm-fresh pies or one of their carefully curated seasonal gifts. The Norton Brother's farm has something for everyone throughout the year. They invite you and your family to come join them for a wholesome, local experience: farm tours, birthday parties, or even just a family picnic.

Farming is a risky business and even a farm as historically successful and well-loved as the Norton Brother's farm faces its share of challenges. To find out a bit more about the Norton Brother's farm, UConn Extension reached out to Tim Perry to see what happens behind the scenes. When asked about some of the biggest risks that he faces, Tim sings the same tune as many other Connecticut farmers: weather, weather, weather. "The weather is hard to predict and out of your control. And it's becoming more unpredictable – from 22 inches of rain in a month to frost before bloom. It used to be that we had a frost every 10 years, that's not the case anymore", says Tim. When asked about risk management he says it's really a toss-up, "You can try frost protection. Depending on your operation it can cost up to $100,000. I know people who get the fans, get the heaters, and still lose everything. Plus, oil is at about $4 per gallon now." A lot of times it's about doing the best you can and rolling with it. But what about when preventative measures aren't enough?

We asked Tim about crop insurance as well. We wanted to know if he utilizes crop insurance, the role it's played in mediating farm risks and if he would suggest it to other people. It turns out he is a huge proponent of crop insurance. He stated that they now have every crop insured, "Peaches are the largest users of crop insurance. It's almost a yearly thing now. Not that we're getting rich from it, but it helps to offset costs." This is also the first year that they are trying out insurance for blueberries, "As far as we know, we're the first ones to have blueberry crop insurance, at least with the company we use." He says that crop insurance is a tool for farmers, just like a tractor or the sprayers. They utilize it to the best of their ability. But what about the costs, difficulties, or aversions to crop insurance?

He says, "You have to spend to benefit". Saying that most people will always try to shoot for the lower end of the scale for premiums, "...but you're not going to start seeing benefits till you spend a bit more on the premiums." As far as the aversions to crop insurance, what have you heard? Again, he says it's all part of the business, "It may be more paperwork, but take the time. No one has a better idea of what's going on on your farm than you. You know what you pick, you know what you produce. Spend the time with the companies and make sure you pick the plan that right for

you." All in all, it seems that Tim has taken the time to educate himself on crop insurance. It's also apparent that crop insurance plays a recurring role in mediating risks at the Norton Brother's farm. To hear more about Tim Perry's take on crop insurance, check out his video on the UConn Risk Management's website under the resources tab. And to learn more about the Norton Brother's farm itself, you can visit their website at www.nortonbrothersfruitfarm.com, or check them out in person at 466 Academy Road, Cheshire, CT.

Crop Insurance Updates & Deadlines

USDA RMA To Cover Costs of Harmonized GAP Audit in 2019

The U.S. Department of Agriculture (USDA) today announced it will provide $3.7 million of assistance to fruit and vegetable growers in 16 states through a GAP Assistance Program to enhance market access by defraying costs of undergoing voluntary USDA Harmonized Good Agricultural Practices (GAP) audits in 2019.

"These audits help producers meet Produce Safety Rule standards and will also improve their ability to sell into markets that expect growers to demonstrate that they have incorporated a culture of food safety into their operations," said Marketing and Regulatory Program Undersecretary Greg Ibach. "We are excited to be able to support producers pursuing these audits in the 2019 season."

Buyers are increasingly requiring rigorous third-party food safety certifications from produce growers to gain market access. USDA's Agricultural Marketing Service (AMS) offers several different types of GAP audits to suppliers throughout the produce production and supply chain that focus on best agricultural practices to verify that fruits and vegetables are produced, packed, handled and stored in the safest manner possible to minimize risks of food safety hazards. Producers pay fees that cover audit and administration costs, including auditor travel time and expenses.

Beginning Jan. 2, 2019, USDA's Risk Management Agency will provide Agricultural Management Assistance (AMA) funds to cover up to 100% of the cost of the Harmonized GAP audit and the Harmonized GAP Plus+ audit for farmers in the following 16 states which are authorized by Congress to receive financial assistance for conservation and financial risk mitigation: Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wyoming. The funding will be available to assist producers in 2019 or longer, depending on availability of funds.

If an AMA-eligible state is currently using a Specialty Crop Block Grant to offer GAP Cost Share to its producers, the state may request to reallocate the funds to other eligible expenditures.

The AMA funding is focused on the Harmonized GAP and the Harmonized GAP Plus+ audits -- the two most comprehensive audits USDA offers -- to give farmers the best market options for their products while reducing the cost of separate audits for different buyer requirements.

Both audits are aligned with the technical provisions in FDA's Food Safety Modernization Act Produce Safety Rule, meet the requirements for the Produce GAP Harmonization Initiative and demonstrate adherence to industry and FDA best practices. The USDA Harmonized GAP Plus+ audit additionally meets buyer requirements for Global Food Safety Initiative audits.

More information is available in Questions and Answers about the GAP Assistance Program on AMS' Harmonized GAP webpage and by contacting AMS' Specialty Crops Inspection Division, Audit Services Branch at (202) 720-5021 or scaudits@ams.usda.gov.

The CT Dept of Agriculture is not participating in this program. To participate contact USDA at the following:

Telephone: (202) 720-5021 Fax: (866) 230-9168 Email: SCAudits@ams.usda.gov

Crop Insurance – The Farm Safety Net

"Agriculture is an inherently risky business. Farmers and ranchers need to regularly manage for adverse weather and financial, marketing, production, human -resource, and legal risks.

Federal crop insurance is the pre-eminent risk management solution for farmers and ranchers, providing effective coverage that helps them recover after severe weather and bad years of production. For some farming and ranching operations, crop insurance is the difference between staying in business or going out of business after a disaster. For the next generation, crop insurance provides the stability that will allow them to begin farming."

- USDA

Spotlight - Farm Succession

Constructing a Farm Succession Plan: Elements to Consider

Many farm families dream of passing the farm on to future generations, but the reality is that relatively few farm and ranch businesses survive the generation of their founding. In a 2001 survey of farmers in twenty- six states, thirty-nine percent classified the farm as being in the family for three or more generations, while thirty-six percent classify the farm as first generation. These numbers show that a goal to transition a family farm operation to future generations takes more than dreams – it requires concrete steps to build a succession plan.

A succession plan can provide helpful guidance as individuals move into and out of the farm operation in keeping with their own individual life cycle. Critical issues in succession planning include:

- Planning for shifts in management from one generation to the next.
- Transitioning asset ownership from generation to generation.
- Anticipating events that could disrupt management and ownership succession.
- Seven major elements of a succession plan include the following.

1. Build the Farm Management Team

Multi-generational operations only survive if the individuals involved are successful in building an internal management team. This typically involves:

- Stressing the idea of a team approach to making decisions rather than simply deferring to senior individuals.
- Focusing on developing management skills in the incoming generations.
- Emphasizing cross training to develop skills and experience at all levels.
- Developing a functioning and effective system of routine communication.
- Implementing routine, non-threatening evaluation of all team members so everyone comes to understand their strengths and weaknesses.

2. Address the Power Issue

Succession planning involves the issue of who can control decision making. From a fundamental planning perspective, this requires creation of an environment in which decision making power is secondary to the quality of decision making input. A succession plan should contain a "power audit" to focus upon decision making under

alternative scenarios.Example: A farmer died unexpectedly at age 48 leaving a spouse (who received 48 percent of the stock in a family farm corporation) and four children (each of whom inherited 12 percent of the stock). The children have generally voted as a block since that time to pursue an aggressive expansion strategy with no dividends declared. Mother is extremely unhappy that her stock has produced no income in decades. She is confident that her late husband never once thought about who would have the whip hand of control.

3. Anticipate Disruptions

Related to the "power" issue, but involving a broader range of concerns, is the matter of anticipating disruptions in the gradual shift of ownership and control to future generations. It may be that everyone will die in an orderly manner, all marriages will remain intact, and no serious disputes will arise. But, a succession plan should focus on the "what if" possibilities. What if individuals die or retire prematurely; or one or more marriages were to be dissolved with a possible division of farm ownership? When serious and fundamental disagreements arise, how will these situations be mediated? Are risk management tools in place to cover major tort or other liabilities to the operation? These types of developments are difficult to plan for but failure to plan can produce wrenching consequences. A strong succession plan will consider these possible disruptions and provide for contingency plans.

4. Assure Fair Compensation

Especially for younger generation individuals who have little decision making power, it is important to address the matter of compensation for labor and management contributions – what is sometimes referred to as "sweat equity." It is important to compensate each individual fairly each year. If cash compensation would strain the farm operation cash flow, part of the compensation could be paid in increased equity in the business.

5. Value Ownership Interests

Periodic valuation of ownership interests on a fair and equitable basis is a key part of protecting owners and heirs of the farm business. Valuation methods will vary, depending on the farm business structure – such as whether the farm is in a sole proprietorship or general partnership structure, or in a corporate or limited liability structure. The ownership interests of senior majority owners should be valued as well as the interests of minority owners. From year to year, methods for valuing the farm and ownership interests may include measuring total net worth of the operation and assigning interests to the owners. Another methodology could be looking at discounted earnings, by calculating the value of expected future earnings in current dollars. Periodic appraisals may be necessary – of land, buildings, implements, livestock, and other farm assets. The owners may agree upon a periodically re-negotiated fixed price based upon an inventory of all assets in the farm business. The services of financial, accounting, tax, and appraisal professionals will be necessary.

6. Protect Minority Owners

In addition to providing for a fair and equitable valuation of ownership interests, minority owners can be protected from the possible harshness of majority rule in other ways. Carefully drafted provisions for triggering first option and buy-sell agreements can be used to create a market for stock or other forms of ownership interests. Traditional decision-making rules can be modified in various ways to provide greater protection for the minority owners. Examples may include providing for a greater than majority vote (or perhaps a below-majority vote) for certain types of decision-making. Other key issues may be decided by agreement, such as contracts for employment for a specified number of years, which may include compensation agreements.

7. Encourage Phased Retirement

Another element of a succession plan focuses on encouraging senior individuals to retire. Components may include appropriate levels of retirement compensation. Planning for non- farm retirement income is vital – and must be encouraged throughout the working years. This includes making adequate payments into Social Security and other investment vehicles for the purposes of generating non-farm retirement income. Reduced-responsibility positions on

the management team should be established for those approaching the retirement years so that incoming generations transition into decision-making activities.

In Conclusion

In the final analysis, a successful plan of succession in the farm or ranch business depends heavily on the personal chemistry of the individuals involved. However, a carefully considered and thought-out succession plan can be helpful in shaping expectations and in providing a framework for implementing the steps needed for an efficient and tranquil transition.

References

Farm Transition and Estate Planning Resources – Iowa State University Ag Decision Maker

Retirement Planning for Farm Families – Iowa State University Ag Decision Maker

Transferring the Farm or Ranch to the Next Generation – Montana State University Extension

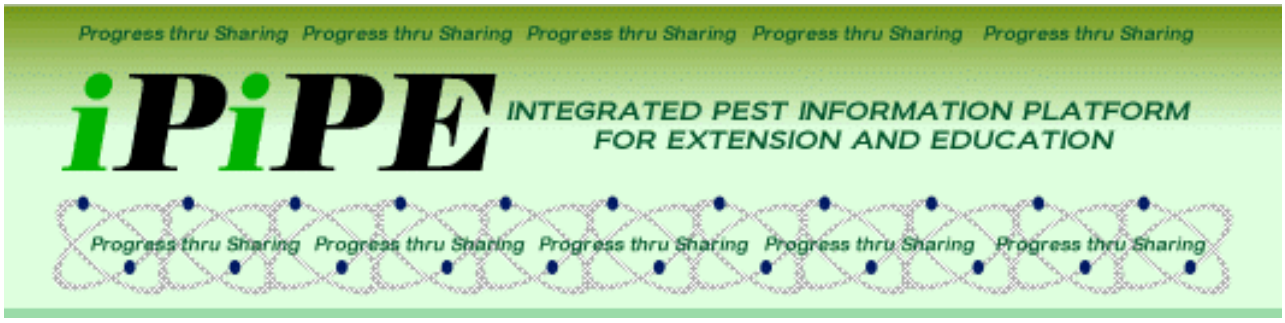
Transferring the Farm Series – University of Minnesota Extension

Iowa Farm and Rural Life Poll: 2014 Summary Report (PM 3073) - Iowa State University Extension and Outreach

Farm Business Valuation Methods – University of Vermont Extension (2012)

The original version of this publication was reprinted from the September 5, 1997 issue of Agricultural Law Digest, an Agricultural Law Press Publication (footnotes not included) and was written by Neil Harl, Charles F. Curtiss Distinguished Professor in Agriculture and Emeritus Professor of Economics, Iowa State University, Ames, Iowa, Member of the Iowa Bar. It was revised in 2017 by Melissa R. O'Rourke, Farm and Agribusiness Management Specialist, Iowa State University Extension and Outreach, Member of the Iowa Bar.

Risk Management Technology: The iPiPE



Integrated Pest Management (IPM) is a holistic approach to pest problems aimed at sustainability and backed by scientific research. The IPM approach incorporates the economics of production goals with those of our society in hopes of lessening the impact of agriculture on the environment. Over the years, researchers have compiled an impressive collection of tools and resources that are made widely available to the farming community. This past year, Mary Concklin, Associate Extension Educator of Fruit Production & IPM at the University of Connecticut, received a grant that would bring new and exciting piece of IPM technology to Connecticut growers: the iPiPE.

The Integrated Pest Information Platform for Extension and Education (iPiPE) is an innovative piece of risk management technology. The iPiPE applications and website allow growers to track the distribution and movement of pests throughout the United States. Information can be uploaded to the site by growers when they encounter a pest. This information is shared to all users and allows for fast efficient communication of potential pest threats. Information

is region, crop, and pest specific. The iPiPE website also has a range of IPM tools that can be used in conjunction with the pest tracking program.

From the iPiPE website:

"The Integrated Pest Information Platform for Extension and Education (iPiPE) provides an infrastructure with cyberage tools, information products and expert commentary for detection and management of pests that threaten U.S. crops. By categorizing pests, data, and users, it enables sharing observations while protecting privacy of individuals, companies, and government agencies.

iPiPE Crop-Pest Programs incentivize growers and consultants to submit observations on important pests by providing tools and information for timely management decision-making. Coordinated by extension professionals from across the nation, programs address a variety of crops and pests and provide undergraduate students with hands-on extension and diagnostic experiences. Risk-based research directs in-field scouting for target pests. iPiPE pest observations are housed in a national pest observation repository to enable future research using geographically extensive, multi-year databases.

Participants who submit observations to iPiPE retain ownership of their own observations and any related data outside of iPiPE. These submitted observations and related data also become property of iPiPE and for three years after the observation date they will be shared among authorized iPiPE participants only, according to iPiPE sharing rules. Thereafter the observations and related data will be shared with the iPiPE data repository. The IT provider for the iPiPE is ZedX Inc., a company owned by BASF. ZedX develops and operates the iPiPE Participant and IPM Element websites, pest risk models and provides environmental data to create information products. Information products created on the iPiPE platform and exported from the system contain the iPiPE header and ZedX footer. Appropriate institutional, agency and company logos may be added to the product by the exporting individual/entity."

Currently, many of the pest observations and information uploaded to the iPiPE are from extension personal and iPiPE interns, funded by the grant. The ultimate goal of this project is to encourage growers to become full-participants in the information sharing as they will be the ones who benefit the most. This past summer interns from the University of Connecticut took to the fields of Connecticut grape growers to help implement the program. The project was well received and quite a success, involving 16 different vineyards and wineries. The program will continue this summer and is looking to add participants. For more information on the iPiPE you can visit the iPiPE web site at www.ipipe.org. If you are interested in becoming a participant/contributor of the Connecticut Grape iPiPE project, please contact Mary Concklin at mary.concklin@uconn.edu.

IPM – Cultural Practices to Reduce Risk: Beneficial Organisms

One of the cornerstones of a successful Integrated Pest Management (IPM) program is the integration of beneficial organisms. A beneficial organism is defined as any organism that benefits the growth and development of a crop. Beneficial organisms come in many forms: insects, fungi, nematodes, animals, and even other plants. The benefits can be quite diverse, but generally focus on pest control, pollination, or soil health. Cultural practices can either be aimed at maintaining a healthy population of preexisting beneficial organisms or it can be aimed at introducing new species into a cropping system. Whatever the strategy is, the goal is the same. The incorporation of beneficials into crop production may help to alleviate some of the risks associated with farming while perhaps providing an alternative, natural solution to others.

The use of beneficial organisms for the control of crop pests is termed biological control. Biocontrol agents have been an increasingly attractive solution in recent years. However, many crop pests still do not have effective means of biological control. There are three general categories for the biological control agents: parasites, predators, and parasitoids. All have their own unique means of controlling crop pests; this usually is dependent on the specific beneficial organism and the details of its life cycle. While predators simply consume the pest as their prey, parasitoids rely on the pests to reproduce and in doing so kill them. Effective use of biological control is species specific but falls into

two strategical categories: Inoculation and Mass Exposure. Inoculation relies on the introduction of a small number of natural enemies that will slowly build up their population over time. Effective control therefore could take many years and may not be an attractive solution to most pressing pest issue. Mass exposure on the other hand relies on releasing large quantities of the biocontrol agent in hopes of overcoming the pest in a very short period of time. Beneficial organisms may offer an effective means of controlling some pest problems and yet this is far from their only role in cropping systems.

Biological Control - Parasitoid Wasp (Wageningen); Fungal Control (Hans Hillewaert)

Adequate pollination is an essential component of crop production. Although plants have a range of pollination strategies, many crops rely on insects for pollination. Pollinators can often times be overlooked, as the process of pollination is an intrinsic ecological process that occurs despite involvement from humans. However, there are many challenges that pollinators have come to face as a result of human activities. Habitat loss, lack of food diversity, and broad-spectrum pesticides all affect the populations of pollinators in and out of cropping systems. Yet, there are simple solutions to benefit both the pollinators and crop production. Incorporating wildflowers into or near crop production areas can help to mediate the lack of habitat and diverse food sources for pollinators, encouraging the growth of their populations while attracting new species. Wildflowers can be planted along crop rows, on field borders, or in a nearby designated pollinator garden. These designated areas may also attract and maintain other beneficial organisms such as natural enemies and serve as habitat for small animals that feed on weed seeds.

Wildflowers can be used to attract pollinators and other beneficial organisms (Pennington)

Another important yet less conspicuous arena for beneficial organisms is within the soil profile. Beneficial soil organisms occupy a wide range of ecological roles and are diverse in their form and function. Some organisms are integral to the development and maintenance of soil structure like earthworms. Others help to supply nutrients to plants. Companion planting with beans and other legumes can increase soil nitrogen levels and can be incorporated into

crop rotation or intercropping programs. Many plants exude chemicals from their roots into the soil profile. These chemicals can have allelopathic tendencies and interfere with the growth and development of other organisms. Allelopathic chemicals can have either an inhibitory or a stimulatory effect on certain species, playing a role in weed suppression and soilborne pest control. For more information on beneficial organisms and IPM please visit the UConn Extension website or call your local extension office.

UConn Extension CT Farm & Risk Management: We are on a collaborative journey.

How. We co-create knowledge with farmers, families, communities, and businesses. We educate. We convene groups to help solve problems.

What. Food, Health, and Sustainability.

Join us.

UCONN | COLLEGE OF AGRICULTURE, HEALTH AND NATURAL RESOURCES

EXTENSION