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FARM FINANCIAL RESOURCE PLANNING

The Farm Financial Resource Planning program is dedicated to the development and sustainability of farmers and ranchers across the state. The program focuses on increasing the profitability of agricultural producers through providing information and training opportunities in the areas of:

- Farm financial management
- Recordkeeping
- Business planning
- Access to the necessary tools to make sound farm planning decisions that minimize risk and increases profitability



PRAIRIE VIEW
A&M UNIVERSITY
COLLEGE OF AGRICULTURE
AND HUMAN SCIENCES

Cooperative Extension Program



Agriculture and Natural
Resources

Prairie View A&M University's Cooperative Extension Program (CEP) Agriculture and Natural Resources (AgNR) unit seeks to empower farmers and ranchers to achieve their goals through education and technical assistance. AgNR's aim is to address the knowledge gap facing many Texans in the areas of crop production and utilization, livestock production, and economics and management for sustainable agriculture.

To learn more about how you can implement an Agriculture and Natural Resources program in your area, contact your local AgNR professional.

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FARM FINANCIAL RESOURCE MANAGEMENT

Managing Farm Risk



Risk management involves choosing among alternatives that reduce financial effects that can result from such uncertainties.



Agriculture and Natural
Resources

Areas of Agriculture

Risk Management

Production risk derives from the uncertain natural growth processes of crops and livestock. Weather, disease, pests, and other factors affect both the quantity and quality of commodities produced.

Price or market risk refers to uncertainty about the prices producers will receive for commodities or the prices they must pay for inputs. The nature of price risk varies significantly from commodity to commodity.

Financial risk results when the farm business borrows money and creates an obligation to repay debt. Rising interest rates, the prospect of loans being called by lenders, and restricted credit availability are also aspects of financial risk.

Institutional risk results from uncertainties surrounding government actions. Tax laws, regulations for chemical use, rules for animal waste disposal, and the level of price or income support payments are examples of government decisions that can have a major impact on the farm business.

Human or personal risk refers to factors such as problems with human health or personal relationships that can affect the farm business. Accidents, illness, death, and divorce are examples of personal crises that can threaten a farm business.

Understanding the risks involved in the production of an agricultural enterprise is a key component in farm financial resource management. There is always a chance of adverse results from the practice of growing and marketing an agricultural product.

Ways to Reduce Risk in Agriculture

- Enterprise diversification
- Alternative marketing
- Crop insurance
- Contract production
- Business planning
- Evaluating new technologies



Program Details

Target Audience: Agricultural producers of all ages interested in minimizing risk and increasing profits in their operations

Program Format: The style of this program can vary to meet the needs of the targeted audience. Programs can be delivered as a series covering multiple components of risk management, as a stand alone program on a particular area of risk management, or paired with other educational programs on topics related to livestock or crop production.

Program Objectives:

- Provide an understanding of risk in agricultural production
- Identify methods to minimize risks associated with a particular agricultural operation
- Develop best management practices that lessen the risk associated with agricultural production