

NEWS FROM THE SMALL FARMS PROGRAM AT CORNELL

TOPIC: Should You Have Crop Insurance?
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Should You Have Crop Insurance? This Small Farm Does.
By Jim Ashton, NY FarmNet Family Consultant

Mary Heyer produces and sells food that she calls “natural, safe, attractive and affordable.” She and her partner Frank, now retired from his work in the city, purchased the farm in 1987 because they wanted to return to the land. Their 160 acres sit on the flood plain of the Wallkill River just north of New Paltz, in Ulster County, NY. They grow vegetables, herbs, strawberries, raspberries, poultry, eggs and hay. Some of the farmland is rented and they also board horses.

The farm operation has evolved over the years. When the Heyer’s began 17 years ago, they grew hay and stabled horses. They later introduced strawberries into their crop mix. As Mary’s interest in natural foods increased, she began to grow vegetables for the fresh market along with organic eggs and poultry. A few years later she added a greenhouse to grow bedding plants and out of season vegetables for the restaurant trade.

Forces of nature and changing consumer demands, both of which farmers have little control over, greatly impact farm income. The Heyer’s have had to deal with hail, drought and frost, as well as insects, disease and changing consumer preferences. Reducing the many risks associated with farm production and marketing is a prime concern of their business planning.

For this article the Heyer’s shared their thinking about risk management and planning, and the actions they have taken to achieve their goals of living on the land and making a positive contribution to their community.

Finding the right crop insurance

Five years ago Mary and Frank turned to the USDA Farm Service Agency in their county to learn more about crop insurance. They were looking for basic protection against the impact of weather related crop losses.

The Heyer’s decided that “NAP” -- Noninsured Crop Disaster Assistance Program – was the type of crop insurance most suitable for their needs. The NAP program reduces risk for commercial crops which are not usually covered by catastrophic crop insurance coverage (CAT). These crops include

ornamentals, vegetables, berries and herbs, crops which form the basis of the Heyer's farming operation. Participating farmers pay an annual fee for each crop to be insured.

NAP insurance takes the sting out of losses greater than 50% of the usual yield. This "usual yield" is calculated based on the farm's Actual Production History or "APH". This means growers need to maintain good production records, including the crop, type, variety, location, production practices such as irrigation, planting dates and intended use of the commodity.

Recent years have been especially difficult for the Heyer's due to late frosts and excessive spring rains that made their river bottom soils impossible to work. They had crop losses in each of the last five years due to frost. Through the NAP program Mary was able to reduce the impact of such losses.

For more detailed information contact your local USDA Farm Service Agency office, or go to the FSA web site <http://disaster.fsa.usda.gov/nap.htm>.

Other risk management strategies

In addition to purchasing crop insurance the Heyer's have other strategies to reduce and manage risks on their farm.

Marketing risks. The Heyers use several different marketing channels to reduce their dependence on any single market. They sell at several farmers markets in the Hudson Valley, and also to restaurants. Because their farm operation is labor intensive and labor availability is not constant, Mary chooses not to sell directly to restaurants but to a crop "purveyor" who in turn sells to the restaurants. This system saves her the time, travel, and expense of direct marketing, and allows Mary to be on the farm managing labor and production.

A small farm has to work smart as well as hard. Mary attempts to stay ahead of the cusp of the public's interest in food by listening, listening, listening, to other growers, public agencies, food purveyor's and what the current popular TV chef is talking about. Mary is now growing "microgreens" in her 3000 foot greenhouse. Microgreens are the sprouts of various green vegetables, which are used as garnish in many New York City restaurants.

Labor and legal risks. The farm, at critical times during the growing season, needs additional labor and hires migrant farm help. To ensure a legal workforce, Mary participates in the labor regulated H2A program. She believes the H2A program is necessary for the future of farming in the Hudson Valley, although she feels it should be adjusted to reduce the administrative burden for small farmers.

Environmental risks. The Heyer's rely on sound agricultural practices which not only assure a marketable crop, but also protect the natural resource base of their farm and their community. They practice the fall and spring planting of soil cover

crops which keep valuable top soil in place while recycling nutrients, reducing costs. They also use "trickle irrigation" to deliver precise amounts of water to plant roots, reducing the need for overhead sprinkler irrigation. However Mary notes that other neighboring fruit growers use overhead irrigation, as well as smudge pots and windmills, to reduce frost damage to developing fruit in the early season.

A further concern, which should be factored into any small farm's risk management plan, is the increase of global competition and the presence of foreign imports in the local food supply. Many countries that grow and ship crops in competition with our local growers don't have the same environmental or labor standards that we do, and can produce at a lower cost. Mary feels strongly that small farmers must make their voices heard at state and national levels. This seems to be the only way to level the playing field for small farmers.

Jim Ashton is a Family Consultant with NY FarmNet. This article first appeared in the Summer 2004 edition of Small Farm Quarterly. For more information on managing risk on your small farm, visit www.smallfarms.cornell.edu. Click on "Business Management," then click on "Risk Management."