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Expanding Extension's Reach: Partnering With FSA to Meet Educational Goals

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Expanding Extension's Reach: Partnering With FSA to Meet Educational Goals

Abstract

Extension specialists at Penn State and University of Vermont continued their successful expansion of extension clientele to partner with FSA to train new loan officers from 12 states on agricultural production practices, related equipment and marketing challenges. The 3-4 day workshops were designed around a series of visits to farms and ag businesses. A follow-up workshop focused specifically on entrepreneurial innovators. Participant evaluations indicated that visits to ag businesses were the most highly rated activity, followed closely by farm visits. Overall satisfaction was very high, and nearly all participants indicated the training would make them better loan officers.

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Introduction

Extension educators have again stepped up to partner with the USDA Farm Service Agency (FSA) to provide agricultural training expertise. In the past three years, Extension Farm Management Specialists from Penn State and the University of Vermont have developed and conducted a series of workshops designed to train ag lenders on farm production basics and expose them to innovative producers who have made their operations a success.

The workshops have turned out to be highly successful and highly rated by the participants. They also served a useful role in building a mutually beneficial working relationship between government agricultural agencies in need of production training and the agricultural and educational expertise of Cooperative Extension.

Background

Since 1995, Penn State Cooperative Extension has been a national leader in providing financial and production training, enabling nearly 2,000 Pennsylvania and Northeast farmers to meet federal training guidelines to qualify for FSA financing (Hanson, Parsons, Musser, & Power, 1998; Hanson, Parsons, Chess, & Balliet, 2002; Parsons, Hanson, Musser, Freund, & Power, 2000).

This training expertise and success led to Penn State being chosen to lead a national financial training program for more than 1,400 FSA personnel (Hanson, Parsons, & Musser, 2002). This close relationship led FSA to request Penn State Cooperative Extension to provide the same level of ag production training to recently hired Farm Loan Officer Trainees (FLOTs) who were strong in financial skills but lacked expertise in production practices and tools. Other states provide training to producers, but few address training to FSA personnel (Ibendahl, Isaacs, & Trimble, 2002; Trede & Whitaker, 1998).

FSA's situation is not unique. Agriculture in the 21st century is a highly capitalized industry, using rapidly changing production practices and in need of ag-friendly lenders to meet financial needs. However, agricultural finance firms face many difficulties in finding individuals who are knowledgeable about the specialized production practices unique to farming, able to relocate, and desire to work in a large government agency.

The situation is made more difficult because FSA is charged with providing financial resources to America's most at risk farmers--those with limited resources and typically the most highly financially leveraged. Because at-risk farm finances permit little room for production mistakes, there is a tremendous need for "ag smart" lenders who are both knowledgeable of ever-changing farm production processes and sensitive to the unique needs of family oriented businesses.

Initial Workshop

To meet FSA's training needs, a workshop was developed for Fall 2000, led by farm management specialists from Penn State Cooperative Extension and University of Vermont Extension. The initial workshop included visits to a dairy farm, a crop farm, a livestock operation, and a farm equipment dealership. Each session included a review of production fundamentals, use of videotape interviews of similar producers, and an examination of the finances of the specific ag operation visited.

The participants were asked to identify the major production practices and the important equipment on their farm. During each 2-3 hour visit, the FLOTs toured the farm with the owner, discussing major production practices with special emphasis on the buildings, livestock, and equipment. Special effort was made to visit farms that were well managed but with typical equipment inventories and financial resources to achieve above average production levels.

The farm visits gave FLOTs a rare opportunity to see the equipment close up, e.g., examine the knives on a mower conditioner, observe how the milking system worked, and walk the fields looking at crops including pasture management and discuss with the owner how farm resources are linked in production. After each farm visit, the group discussed the farm operation, the equipment, the production process, and identification of the "secret of production," that is, what made the farm production process successful on this farm.

The visit to the equipment dealership was of particular benefit to the participants, enabling them to compare modern equipment to past models, examine the key aspects of each piece of equipment, question the value determination of used equipment. The visit also exposed the pressures input suppliers face in today's business environment.

The initial production workshop was attended by 10 FLOTs from Pennsylvania, Delaware, and Maryland. The evaluations from both participants and state leaders were positive. All of the participants indicated they gained considerable knowledge of production practices and in particular became more knowledgeable regarding the uses of individual equipment pieces. The respective state Farm Loan Chiefs indicated satisfaction with the knowledge gained and the improved confidence of FLOTs with production loan applications.

Follow-up Workshops

After examining the participant evaluations to uncover strengths and weaknesses of the training, the workshop design was altered from 2 days/week over 3 weeks to a 3 1/2-day intensive course held in 1 week. Two major changes included: 1) reducing the financial analysis, which reduced the time requirements (yet still sharing farm specific financial information where possible) and 2) placing greater emphasis on the marketing challenges facing the individual farms and businesses. The success of the program led to the decision to take the workshop to other states.

From October 2001 to September 2002, three workshops jointly sponsored by Penn State Cooperative Extension and University of Vermont Extension were held in the Northeast for 46 FLOTs from 12 states. The first two workshops followed the same approach of the initial workshop while the third workshop was more advanced, focusing more specifically on entrepreneurial operations.

Workshop Participant Profile

One basic objective was to expose FLOTs to a variety of production systems that were relevant, yet also expose them to other products that they may come in contact with and be required to analyze regarding loan approval, in the future. The diversity of Northeast agriculture is shown by the number of commodities familiar to the FLOTs (Table 1). Dairy was by far the most common commodity, with nearly 70% working "often" with clients who dairy farmed. The next most prevalent commodity was corn, followed by fruit and beef. However, Table 1 shows the diverse range of common and unique commodities that the FLOTs encountered on a regular basis through their clients.

Table 1.

Commodities Produced by Clients of Workshop Participants

Ag Commodity	Number of Participants Working with This Commodity		
	Sometimes	Often	Total
Beef	32	1	33
Corn	17	20	37
Dairy	13	32	45
Farm retail store	23	6	29
Fisheries	4	1	5
Fruit	24	11	35
Greenhouse/vegetables	16	8	24
Nursery	23	5	28
Potatoes	12	3	15
Sheep/goats	20	4	24
Others*	13	6	191
* Others includes Asian vegetables, bee keeping, blueberry, cranberry, Christmas trees, exotic species, small grains, hogs, lobsters, maple sugar, poultry, sugar beets, and turf grass.			

The workshops drew recent hires and veterans, but overall the participants averaged 5.1 years of FSA credit experience and 11.1 years with the USDA (Table 2). There was a difference between the workshops. The second workshop hosted a number of new hires, thus averaging only 3.6 years of credit experience, while the third workshop included several veterans, the group averaging 7.8 years credit experience and more than 16 years with the USDA. The implication was that even the veterans found the workshop to be quite rewarding. In addition, the experienced FLOTs added valuable comments to the discussions about the farm visits.

Table 2.
Profile of Workshop Participants

	Workshop 1	Workshop 2	Workshop 3	Combined
Years of FSA credit experience	5.0	3.6	7.8	5.14
Years of USDA experience	12.5	7.3	16.4	11.15

Workshop Content

The participants were asked to evaluate the workshop content and farm and agribusiness tours. The visits to the farm input suppliers garnered the highest level of satisfaction (Table 3). While most FLOTs do get out on farms, few have frequent opportunities to visit with agribusiness firms such as equipment dealers/suppliers.

One aspect not shown in the evaluations was the generous cooperation of the equipment dealers. One dealer made a point of indicating that as a group, equipment dealers seldom get a chance to talk about equipment characteristics with lenders, and in particular, to discuss the differences between, e.g., newer and older tractor models. In addition, many of the participants were fascinated by the technology advances of new equipment and the opportunity to hear the viewpoint of equipment dealers on financing, sales, valuing used equipment, and the changes that have transpired in the input sector in the past 20 years.

The next most satisfying aspect of the workshops was the direct farm visits. Each workshop included at least three farm tours focused on different production systems. A dairy farm was on the agenda at each workshop. Although the crop farms differed for each workshop, the general emphasis was on the range of equipment and field production practices including tillage, fertilization, and weed control. The other farm operations toured were particularly diverse, including a roadside vegetable market, a grape/apple operation, and a fruit operation with an emphasis on value-added cider.

The workshop exercises were slightly less popular with each group. However, the classroom exercises were felt to be valuable in providing guides for questions at the farms and for generating points of discussion when the workshop participants evaluated the farms. The evaluations were important because each workshop was slightly modified, with some evolutionary changes to the workshop manual and exercises. Changing the format to a full 3 days proved popular with participants who earlier had to use some weekend time for travel. In addition, interest waned after 3 days, so shortening the workshop did not reduce effectiveness.

Table 3.
Satisfaction with Workshop Activities (1=dissatisfied to 5=satisfied)

	Workshop 1	Workshop 2	Workshop 3	Combined
Farm visits	4.3	4.5	4.9	4.49
Commercial ag business visits	4.6	4.4	4.6	4.58
Evaluation of farm equipment	3.9	3.8	3.8	3.87
Classroom evaluation exercises	4.4	3.8	4.1	4.04
Viewing video tapes	4.4	3.7	4.2	4.04
Length of workshop	3.9	4.0	4.3	4.04

Impact of Workshop

The objective of the workshop was to improve the production knowledge of FLOTs to enable them to become more effective in working with their clients. The participants clearly endorsed the workshop's effectiveness and also recommended the workshop to others (Table 4). One key category of importance to FSA Farm Loan Chiefs was that most participants found that workshop participation made them a better loan officer (rated 4.16 on a 5-point scale).

Table 4.
Evaluation of the Impact of Workshop Participation (1=disagree to 5=agree)

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	Workshop 1	Workshop 2	Workshop 3	Combined
Made me a better loan officer	4.4	3.9	4.3	4.16
Would attend similar workshops	4.6	4.2	4.7	4.44
Recommend workshop to others	4.6	4.0	4.8	4.40
Overall Satisfaction	4.6	4.0	4.8	4.33

Quality of Instructors

A critical challenge for Extension farm management faculty is to continually improve their educational programs in the context of a dynamic agricultural environment. In this role, Cooperative Extension has the potential to fulfill its role as educator to groups other than the farm community. Since the mid-1990's, Cooperative Extension has provided training across the country for farmers to gain or renew eligibility for FSA lending. In addition, Cooperative Extension has provided leadership on financial training for FSA personnel. We believe that extending Cooperative Extension training agenda from the financial area to include production and marketing has been successful and can be successfully extended to the farm service and input sectors.

The evaluations from the workshop participants rated the instructors highly in subject matter knowledge and encouraging participation (Table 5). In addition, the instructors' workshop effectiveness was excellent, at 4.56 out of a possible five points. Most remarkable was the rating of the instructors at the third workshop, where 13 participants gave the instructors a perfect 5.0 on three of the four categories. The instructors' ratings for the second workshop were lower than for the others. These lower scores can likely be attributed in part to hotel construction, which caused room changes each day and rooms not located in the same hotel where the participants were staying.

Table 5.

Evaluation of Instructors and Overall Workshop (1=poor to 5=excellent)

	Workshop 1	Workshop 2	Workshop 3	Combined
Subject Matter Knowledge	4.9	4.5	5.0.	4.73
Organization & Preparation	4.8	4.1	5.0	4.53
Encourage Participation	4.6	4.7	5.0	4.76
Overall Workshop Effectiveness	4.6	4.3	4.8	4.56

Future Direction

The workshops have proved successful with participants and FSA Program Leaders. The success is perhaps best illustrated by a comment made in a letter from a state Farm Loan Program Leader that stated, "This workshop may go down in FSA history as the only workshop that no one complained about attending. And coming from this tough group, that is quite a compliment."

The plans are to hold additional workshops throughout the coming year. One key for training success will be to include workshop topics that are relevant to that region. We believe that production training offers an excellent opportunity to build alliances between Extension and FSA that aid both in improving the agricultural economy.

One alternative under consideration is to expand the workshop to include lenders from commercial banks and Farm Credit Associations. As the farm population continues to decline, there is little doubt that ag lenders will increasingly have greater difficulty recruiting loan officers with high levels of farm savvy and production knowledge. Thus, it becomes more vital for lenders to participate in ongoing training programs focused on the basics of agricultural production practices. Moreover, it is likely that participation in production training will become more and more useful for experienced lenders as well in order for them to keep up with technology advances in agriculture.

For Cooperative Extension, the challenge is to remain relevant in a changing world. With a smaller farm community, Cooperative Extension may have a smaller direct clientele, but Extension agents and specialists still can reach out to members of the ag community, and possibly other disciplines, by offering workshops to improve production expertise and knowledge bases. In this role, Cooperative Extension can meet the Outreach Education demands within the agriculture lending environment. These training experiences have convinced us that linking Cooperative Extension with FSA both serves the lending community and fulfills commitments to farm producers through the graduation of more ag-savvy lenders.

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