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## The North Central Extension Risk Management Education Center, Part III: Outcomes and Impacts

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# Cornhusker Economics

## Part III: The North Central Extension Risk Management Education Center – Outcomes and Impacts

The North Central Extension Risk Management Education (ERME) Center has existed since 2001 to help support producer-focused agricultural risk management education across the twelve-state North Central Region. The Center works together with centers in other regions of the country to implement a comprehensive program of needs assessment, regional grantmaking, capacity building, and evaluation and reporting to support projects that help producers manage risk and document the outcomes and impacts of those projects.

The last two *Cornhusker Economics* articles have described the Center and its activities and have highlighted the successes of some recently funded projects. This article concludes the discussion with a focus on the outcomes and impacts of the funded projects and the overall risk management education program.

The focus on outcomes is a core principle of the Center's regional competitive grants program. In fact, grant applicants are required to identify expected outcomes of the proposed educational projects as part of the application process. Unlike research projects where the expected outcome may not be known, these educational projects are focused on reaching producers with information, tools, and training that will help them achieve intended outcomes across the levels of understand, develop, and implement.

In the well-established language of theory of change

prevalent throughout education and evaluation literature, the goals of the projects are to foster a change in knowledge, change in action, and/or change in condition. The change in knowledge may be as basic as awareness and understanding that helps a producer make informed decisions or improve their management skills. The change in action occurs when producers develop and implement plans or new practices that can improve their operation or well-being. The change in condition is the improved profitability, viability, or long-run success that ultimately occurs because of the changes in knowledge and action that came first.

Since 2001, the Center has funded 523 projects serving producers across the North Central Region, ultimately reaching 168,000 participants. Those numbers are substantial and demonstrate the extensive scope of the program. However, the projects and resulting programs are really outputs of the broader risk management education program along with various publications, tools, and curricula developed to support the educational efforts. The real impacts of the program are the outcomes producers achieved and ultimately the change in condition for producers as a result.

In that regard, the 523 projects proposed and documented a total of 528,500 producer outcomes. That includes more than 230,000 outcomes at the understand level, more than 48,000 outcomes at the develop level, and more than 50,000 outcomes at the implement level

(the additional levels of “analyze” and “decide” were included until recently).

The understand level may be the most basic outcome and by itself may not guarantee a change in action or ultimately a change in condition, but it may be a critical step to achieving higher-level outcomes. Increased understanding of risks or risk management tools, updated information and knowledge, or improved decision-making skills can all contribute to improved risk management. A recent article published by Goodrich and Davidson highlighted the importance of basic awareness for producer participation in the Pasture, Rangeland, and Forage insurance program.

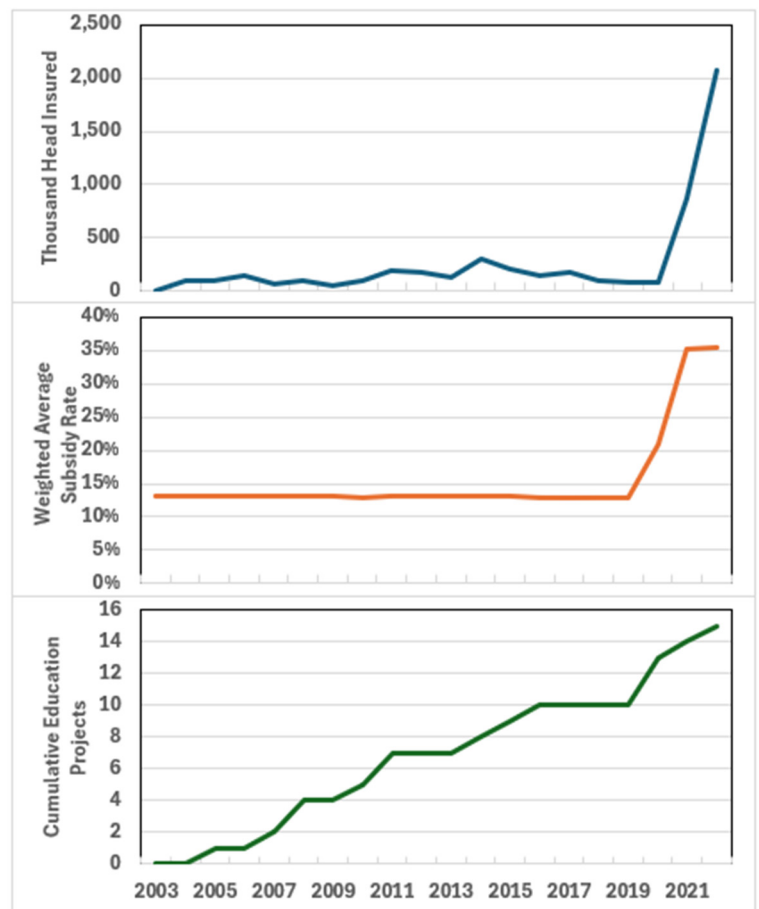
The develop and implement levels are indicative of producers changing their actions. While changes such as developing plans or implementing practices may happen during or after education occurs, the outcomes identified in the risk management education projects are generally short-term outcomes as they are measured at the end of educational programs or in the few weeks and months following a program. The plans and practice changes ultimately set the stage for long-run outcomes that reflect or contribute to a change in condition.

Measuring the long-run outcomes of educational efforts can be complex as many factors can affect practices, profitability, viability, or success over time. One example of long-run practice changes and the potential effect of education is the adoption of Livestock Risk Protection (LRP) insurance. LRP is a federally-subsidized insurance policy available to eligible livestock producers to help manage price risk. While federally-subsidized crop insurance has been around for decades, LRP and other livestock insurance products were introduced less than 25 years ago

Producer adoption of LRP and other livestock insurance products has grown exponentially over the past 20 years (Chauhan and Lubben), likely due in part to significant policy changes and increased educational efforts as well. Focusing specifically on the LRP Feeder Cattle policy, usage has grown from policies covering less than 5,000 head in 2003 to more than 2 million head by 2022. At the same time policy changes and educational efforts have increased the attractiveness of the policy and the understanding of how to use the policy to manage price risk.

Figure 1 combines graphs of total policy usage nationally (in head of feeder cattle), average federal subsidy level (as a percent of total premium cost), and cumulative education projects nationally (from the ERME program) over the period of 2003 to 2022. The usage graph confirms the exponential growth of the LRP policy particularly since 2020. The subsidy graph illustrates dramatic changes in the federal support level for the LRP policy. When LRP was introduced the federal subsidy level was fixed at 13% of the total premium cost. The 2018 Farm Bill contained provisions that increased the subsidy level to 20-35% dependent on the price coverage level selected. Then, two changes in 2020 ultimately increased the subsidy level to 35-55% dependent on the price coverage level selected. The education graph also documents the increased education efforts over the same time period. While the cumulative number of ERME projects focused on LRP for feeder cattle is just a proxy for educational efforts in general, it represents the growing education and cumulative knowledge gained on the topic since 2003.

**Figure 1. Livestock Risk Protection for Feed Cattle - Usage, Subsidization, and Education from 2003-2022**



The positive relationship between usage and both subsidy level and education suggests the impact that policy changes and educational efforts can have on practice adoption. Ongoing research may help determine the direct impact subsidy levels and education have along with other factors such as the economic risks of market price and volatility, but it can be difficult to disentangle the effects. Educational efforts have increased since 2018 in part because the same 2018 Farm Bill that increased subsidy levels for LRP also increased risk management education funding targeted to projects that reached underserved producers, including livestock producers.

It is difficult to imagine increased use of the LRP Feeder Cattle policy without increased understanding, analysis, and confidence with the policy. Documented outcomes of the risk management education efforts and producer feedback and evaluation of recent LRP educational efforts confirm the benefits of education. Couple that impact with economic and policy factors driving usage and the policy could continue to grow. While LRP

Feeder Cattle usage exceeded 2 million head in 2022 and grew to more than 4 million head in 2023, it still represents less than 15% market share compared to the total feeder cattle inventory in the United States. There still appears to be substantial room for more usage and a substantial role for more education.

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