

Risk-Management Practices for Specialty-Crop Producers in California, Florida, New York, and Pennsylvania

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The International Agricultural Trade and Policy Center (IATPC) in cooperation with the USDA Risk Management Agency surveyed specialty-crop producers in California, Florida, New York, and Pennsylvania to examine the unique needs of these producers for the purposes of developing new risk-management tools and instruments, particularly crop insurance. A total of 18,756 observations were used in this analysis.

The results from the survey support the fact that the specialty-crop industry is extremely diverse. There were 137 different specialty crops represented. Primary specialty crops include nursery, grapes, oranges, almonds, walnut, and Christmas trees, accounting for over 50% of total survey responses. At the other extreme, 16 specialty crops were represented by a single producer. Specialty-crop producers are also diverse from a size perspective. The average farm represented in the survey was 195.2 acres. The average acreage of the vegetable group (449.9 acres) is the largest of all specialty-crop producers, followed by citrus (320.9 acres). The average farm size in Florida (245.4 acres) is the largest among the 4 states, followed by California (203.9 acres), New York (154.4 acres), and Pennsylvania (125.8 acres). The importance of farming income as a component of household income was also very wide-ranging. Of 14,144 responses, 3,813 (27.0%) reported that 91 to 100% of their household income came from non-farm activities, while only 8.4% indicated that

income from non-farm activities was zero.

The diversity of specialty-crop producers means that there should be parallel diverse crop-insurance issues. Furthermore, even though the survey responses show that crop insurance was most preferred, the relative importance of off-farm income suggests that for many producers the primary risk-management tool is indeed off-farm employment, which may result in little motivation for the use of other risk-management tools.

The survey respondents were asked to rank listed risk-management tools in terms of their preference for use. Crop insurance was the most-preferred risk-management tool for citrus, nut, and non-citrus fruit growers. However, vegetable and berries and melons growers preferred diversified marketing, while ornamental-crop farmers preferred for producing multiple commodities. Crop insurance was the most-available risk-management tool (with the utilization rate of 62.6%) except for vegetable growers.

Nearly half of the specialty-crop growers responded that crop insurance and risk management has not become more important in the last five years. There is a need for providing more information and education on the value of crop-insurance programs as a key risk-management tool. In addition, processing and fresh market growers have different attitudes towards risk-management and crop-insurance programs, and therefore, crop-insurance programs should address these differences.

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