**SUCCESS in NEBRASKA**

Farm Survival, Understanding the Role of Risk Exposure in Financial Decision Making

Project Director: Glennis McClure, Assoc. Extension Educator-Farm & Ranch Management Analyst, University of Nebraska-Lincoln

Project Co-Directors: Cory Walters, Assistant Professor in Agricultural Economics, Jessica Groskopf, Extension Educator and Jeremy Eide, Programmer, University of Nebraska – Lincoln

**Situation:** Given the current strong crop commodity markets and fluctuations with input costs, projecting enterprise cost of production and potential returns provides valuable information for all agricultural producers in general. To track potentially narrowing margins more closely, a farm partner asked suppliers to provide more detailed invoices for the coming year, broken down by farm and field. They wanted to gain more insight into their cost of production per enterprise and more specifically track input costs and crop yields for each of their twenty farms, including owned and cash rented ground that spans a distance of 15 miles in southeast Nebraska.

**Outcomes:** As a result of participating in this project, a producer that attended an educational session at the 2022 Nebraska Women in Ag Conference, said that she learned what she should track and the many ways she could use the Agricultural Budget Calculator (ABC) program to improve their operation. The program helps them budget for expenses, track costs, and calculate production (revenue) potential. They intend to use the ABC tool to project how varying input costs, bushels, and grain prices impact profitability. Another young farmer that recently took over his family farm operation, expressed that the ABC program feature allowing University crop budgets to be downloaded into user accounts would be very useful to work from and to modify to make them his own. He planned to use the analysis features in the program and see reports on how varying prices, yields, and crop insurance coverage levels might affect his bottom line. He commented, “I think it will help to know how to manage inputs and keep risk management in mind when making decisions.”

“We need to prepare to bring the next generation back to the farm. Using the ABC program, gives us more confidence in the way we are figuring our cost production and return on investment numbers.”

- Farm Partner from Southeast Nebraska.
Impacts: The ABC program grew to 525 active user accounts during the project period with just over 1,100 enterprise budgets created. A total of 821 registered users with 1,663 crop enterprise records are on the program site currently (end of 2022). The majority of individuals attending training sessions noted the following: 1) They increased their knowledge of enterprise budgeting and using the ABC program, 2) They planned to change their behavior to figure their cost of production and adopt the ABC program as a resource to assist them, 3) They increased their knowledge of the relationship between cost of production and expected revenue, 4) They increased their knowledge of risk exposure, and 5) They utilized benchmarking resources and producer data to identify relations and address problem areas.

This 2023 Outstanding Regional Project was originally funded in 2020.