

My name is Ron Rainey and I am humbled to provide input into this important, deliberative process that means so much to all of our farmers, ranchers, and rural communities. I have almost three decades of experience working primarily as an Extension Agricultural Economist with the University of Arkansas, our state's flagship, Land-Grant University. I currently serve as Assistant Vice President of the Division of Agriculture and Center Director for the Southern Risk Management Education Center.

Current Economic Update on Southern Agriculture

Farmers across the South continue to adapt to the challenging agriculture environment made worse by the pandemic, current macroeconomic trends, climate variability, and disrupted supply chains. However over the last 2 years, according to USDA estimates farm incomes have increased with a forecast for growth in 2022 in terms of gross farm income levels. But the growing challenges of inflationary pressure and supply chain issues will push net farm incomes lower as a result of sharply higher costs of inputs, particularly fertilizer and fuel. Increasingly adverse weather events are creating additional hurdles for farm viability.

The current silver lining is the solid market prices and outlook for the near-term price changes which should sustain throughout the marketing year and into next year. These prices are evident across traditional row-crop commodities and for most of the specialty crop items. It should be noted that average gross farm and net farm income estimates obscure the difficulties occurring on the extreme ends of our farm distributions. Across our small and mid-sized farms and even some of our large scale commercial operations, farm profitability remains a challenge.

Many specialty crop producers have limited crop insurance options and the added costs sometimes results in minimal risk reducing strategies being implemented. The number of insurance products available for producers has expanded in recent years: whole farm revenue, dairy margin, forage, to name a few. Still, gaps in coverage remain. For example, the poultry sector – which is the largest single agricultural industry in many southern states – is dominated by contract production. Contract growers have virtually no access to insurance products.

Even where newer insurance product offerings are available, a lack of understanding on the functionality of a number of these more specialized products is a persistent problem. Additional training is needed to improve farmer and rancher understanding and use of these products. There also appear to be training needs for insurance companies and agents on the array of available products. Some producers complain about the lack of a company/agent offerings in terms of a desired insurance

product(s) as well as a lack of engagement with certain producer groups. Some of the limited engagement seems to occur from a specialization within the crop insurance companies. If an insurance company's portfolio of clients in a particular region is made up primarily of large scale commercial row-crop farms, they may have little incentive to cultivate business among small, specialty crop, and/or livestock producers, particularly on products for which sales or underwriting procedures are more difficult, such as whole farm revenue insurance..

Role of Southern Risk Management Education Center (SRMEC)

The Agricultural Risk Protection Act (ARPA) of 2000, authorized the Secretary of USDA to carry out the program, Partnerships for Risk Management Education. Under this authority NIFA partners with four regional Extension Risk Management Education (ERME) Centers to carry out a national competitive grants program in Risk Management Education to educate agricultural producers about the full range of risk management activities. The Southern Risk Management Education Center (SRMEC) at the University of Arkansas has been a part of ERME since 2009, serving 13 states and 2 territories—the Southern Region. SRMEC's goal is *to empower producers to manage risks*. The Center strives to improve producers' ability to manage risk and increase profitability of southern agriculture by delivering programs designed to change risk management behavior among key producer populations.

The ERME authorizing language has been amended through successive legislation, namely the 2008, 2014, and 2018 Farm Bills. As amended, the language describes the purpose of this risk management partnership as “educating agricultural producers and providing technical assistance to agricultural producers on a full range of farm viability and risk management activities, including futures, options, agricultural trade options, crop insurance, business planning, enterprise analysis, transfer and succession planning, management coaching, market assessment, cash flow analysis, cash forward contracting, debt reduction, production diversification, farm resources risk reduction, farm financial benchmarking, conservation activities, and other risk management strategies.”

Section 11125 of the Agricultural Improvement Act of 2018 provides authority for the USDA NIFA to expand the Partnerships for Risk Management Education program to serve a new audience, defined as “producers that are underserved by the Federal crop insurance program”. ERME implemented the expanded program by offering two separate grant pools within our annual request for applications (RFA) that seeks education project proposals: risk management education (our traditional program area), and producers underserved by crop insurance.

SRMEC works with a 10-member advisory council made up of public and private agricultural stakeholders that are strategically and intentionally engaged to serve our region's diverse agriculture sector—commercial, small, diversified, row-crop, livestock, organic, sustainable, urban, and specialty. Representation includes farmers, ranchers, 1862 and 1890 land-grant university faculty, and community based organization representatives. The Center annually manages \$2 Million in competitive grants that seek to empower producers to manage risk on their individual operations through educational offerings. To manage our two separate grant pools, SRMEC employs a 10-member advisory council and a 7-member evaluation panel made up of public and private agricultural stakeholders to identify our grant regional priority areas and capacity building efforts across the region. Additionally our advisory council and crop insurance evaluation panel serve as reviewers for our grants selection process using a transparent merit-based process.

Engagement with Risk Management Agency (RMA) and crop insurance industry

The ERME program routinely collaborates with RMA to promote RMA resources and to engage with its regional offices. Both programs collaborated to jointly develop and distribute a primer, *Introduction to Risk Management* (Crane, Gantz, Isaacs, Jose, and Sharp, 2013). The publication details ERME and RMA's consistent approach to managing risks across five areas: production, marketing, finance, legal, and human. The document not only defines each risk area but details specific tools and strategies to successfully mitigate the unique risks that agricultural producers face. Beyond the publication and on-going communications, each ERME Center has RMA representation on its advisory council. SRMEC has an RMA representative on our Advisory Council and two representatives on our crop insurance evaluation panel. We communicate on program and funding areas to build on the synergies of each program to serve farmers and ranchers. SRMEC actively engages with multiple regional offices and has on-going conversations with RMA administrators on ways to enhance outreach efforts and resources.

Lastly, SRMEC has on-going conversations with the crop insurance industry—individual companies, National Crop Insurance Services, and Crop Insurance Professional Association (CIPA)—on ways to collaborate on company/agent trainings. The pandemic interrupted planning for a company/agent training in collaboration with CIPA, but those discussions are on-going. SRMEC envisions offering continuing education credits to enhance crop insurance industry stakeholder understanding of emerging issues in agriculture and best management practices for engaging diverse producer groups.

Current Condition for SDFRs

The Census of Agriculture reveals that most socially disadvantaged farmers and ranchers (SDFRs) on average operate relatively smaller sized farms, thereby leveraging smaller operating loans to produce their crops each year. It should be noted that USDA program historical equity and access issues have played a role in limiting the opportunities for SDFRs to gain economies of scale—increasing farm size and investing in innovative or new machinery/technology. The lack of opportunities to scale up results in lower productivity and relatively higher input costs on average. Even when SDFRs participate in USDA farm programs, they receive a disproportionately lower level of federal support in terms of funds to re-invest in their farms. The cumulative impact of lower support levels over an extended period of time—10-year, 20-year horizon, etc.—results in real differences in terms like size of operation and equipment/facilities, seriously compromising the viability of SDFR-owned operations.

I serve on the board of directors for the Socially Disadvantaged Farmer and Rancher Policy Research Center at Alcorn State University. The Policy Research Center actively organizes and examines research, data, and producer feedback to provide insights to enhance understanding of SDFR conditions and policy recommendations to enhance their economic viability and survival. The Policy Research Center notes the following discrepancy in risk management/crop insurance subsidies. As federal crop insurance subsidies programs have increased, the “subsidy gap” has widened between White and Black farmers. Because crop insurance subsidies are based on the value of a producers’ crop, the larger subsidy premiums go to producers with the highest sales. The vast majority of farmers that receive the highest subsidies are White. The 2017 USDA Census Report, indicates that slightly over 2,500 Black farmers had product sales for more than \$50,000, compared to 500,000 white producers. Almost 50% (16,891) of all (35,470) Black owned farms had less than \$2,500 in sales. With premium subsidies being linked to the value of the crop, it is a safe estimate that between 95-97% of crop insurance subsidies have gone to white producers.

Another issue that continues to plague SDFRs is real and perceived trust issues resulting from current/past experiences and on-going confrontations. For example, there are a number of producers who refuse to enter a USDA office even in 2022 because of fear—based on experiences—of disparate treatment, losing their land or being foreclosed on a loan under less than fair conditions. Therefore, the ability to build and restore trust and relationships is a critical hurdle to effectively reach marginalized producers and their communities with USDA programs/resources. The resulting community impact of

inequitable access to federal and state programs have played a significant role in individual and community wealth levels across both urban and rural areas.

In terms of crop insurance, my past experience with managing education projects reveals that technical assistance in record-keeping, business planning, and tax preparation are core areas to build and maintain viable businesses. These fundamental processes are directly linked to credit access and indirectly linked to use of crop insurance. Additional technical assistance in these core areas could enhance producer understanding of ways to leverage crop insurance products to support their businesses.

Overview of working with 1862, 1890 Land Grants & Community-Based Organizations

As SRMEC director, I have been privileged to work with a collection of public and private agricultural stakeholders assisting our farmers and ranchers across the region and nationally. SRMEC has intentionally engaged with diverse stakeholder groups to build meaningful relationships across region and nationally. This includes engagement with diverse farm types and producer backgrounds as well as grower organizations. We collaborate annually with 1890 Extension and outreach specialists, primarily small farm program (2501) directors and community based organizations that serve an array of producer groups ranging from African American, Native American, Hmong, Organic, Sustainable, Livestock, Row-Crop, Greenhouse & Nursery, to name a few. Within the 1862 land-grants, we collaborate with the region's farm management committee—Southern Extension Economics Committee. The committee is made up of agricultural economists from the region's land-grant institutions, primarily those with Extension responsibilities. Annually, the Center supports the region's premiere academic outreach meeting, the Southern Outlook Conference, which is hosted by Southern Extension Economics Committee. SRMEC features its collaborations with the farm management committee and 1890 partners on our website, <https://srmec.uada.edu/>.

Lastly, SRMEC partnered with the Agricultural and Food Policy Center at Texas A&M to lead a collaborative effort among the Southern Extension Economics Committee to offer Southern Ag Today (SAT). SAT is a daily insight and analysis on issues impacting Southern farmers and producers and is a timely resource for anyone – farmers, ranchers, Extension educators, lenders, policy makers, and media – who wants a better understanding of the issues affecting agriculture in the region.

Dr. Ronald Rainey

Assistant Vice President, University of Arkansas System
Division of Agriculture

Equity Commission Economist

Dr. Ron Rainey serves as Assistant Vice President and Professor for the University of Arkansas System Division of Agriculture. He provides collaborative leadership to diversity, equity, and inclusion efforts; broadband expansion; value-added entrepreneurship; and enhanced collaboration across research, teaching and extension mission areas as well as the Center for Agriculture and Rural Sustainability and the Southern Risk Management Education Center (SRMEC).



An Extension economist, Dr. Rainey focuses on enhancing farm and ranch value-added entrepreneurship, risk management and marketing throughout the agricultural sector. Over his almost 30-year career, he has worked across disciplines and state lines engaging with public and private partners. His programs have secured more than \$25 million in grants and contracts.

He currently serves as Past President of the University of Arkansas' National Alumni Board of Directors and continues to be active with alumni chapters and societies in Arkansas. Dr. Rainey lives in Little Rock with his wife, Jenel, and their daughter.

Ronald L. Rainey, Ph.D.

Professor

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EDUCATION:

Ph.D. University of Arkansas at Fayetteville. May 2001. Major: Economics

M.S. University of Arkansas at Fayetteville. December 1993. Major: Agricultural Economics

B.S. University of Arkansas at Fayetteville. August 1991. Major: Agricultural Business

PROFESSIONAL EXPERIENCE

An economist with over 28 years of experience in programs focused on risk management and business planning of horticultural firms with emphasis on marketing. Dr. Rainey works with all segments of the food system value chain including growers, processors, and wholesale/retail companies across the U.S. Expertise includes risk management, direct marketing, and business formation including cooperatives and farm management /planning. Activities focus on horticultural firms and specialty crops sector. Primarily outreach and applied research activities have resulted in over \$25 million (\$20 million as Co- or P.I.) in competitive grant funding.

ADMINISTRATIVE (Sept. 2021 – present)

Assistance Vice President - University of Arkansas System Division of Agriculture.

Provide collaborative leadership to build programs and engagement across the Division of Agriculture's mission areas:

- Assistant head of the Agricultural Economics and Agribusiness Department
- Develop ways to enable Division to meet diversity and inclusivity goals
- Promote the growth of value-added industries in Arkansas
- Develop integrated extension and research work conducted by the Division into the expansion of broadband across Arkansas with an eye on entrepreneurship

FACULTY MEMBER - University of Arkansas, Agricultural Economics and Agribusiness Department.

- Professor 2012 - present
- Associate Professor 2006 - 2012
- Assistant Professor 2003 - 2006
- Extension Economist 2001 - 2003
- Assistant Specialist 1993 – 2001

LEADERSHIP

- Southern Risk Management Education Center – Director
- Center for Agriculture and Rural Sustainability – Program Director
- Food Distribution Research Society – Vice President of Logistics & Outreach
- National MarketMaker Network – Policy Advisory Council
- Socially Disadvantaged Farmers and Ranchers Policy Research Center – Board of Directors
- National Direct Agriculture Marketing Summit Planning Committee, Co-Chair
- Southern Extension Committee and Southern Outlook Conference Planning Committee
- Agriculture and Applied Economics Association
 - Nominating Committee

(Past Leadership)

- Southern Agricultural Economics Association – President (2015)
- Agriculture and Applied Economics Association
 - Extension Section – Southern Region Dir. (2010-12)
 - Distinguished Service and Outreach Committee – Chair (2010-11)
 - Committee on Opportunities & Status of Blacks in Agricultural Economics – Chair (2013-14)
- Food Distribution Research Society – President (2011-12), VP-Communications, *JFDR* Proceedings Editor
- National Small Farm Conference Planning Committee (2016)

PRESENTATIONS /PUBLICATIONS (Selected):

Peer Reviewed Publications (selected):

Ahrendsen, Bruce L., Charles Dodson, Gianna Short, Ronald L. Rainey and Heather Snell. Beginning Farmer and Rancher Credit Usage by Socially Disadvantaged Status. *Agricultural Finance Review*. Forthcoming.

Velandia, Margarita, Tim Woods, Eric Bendfeldt, Joanna M. Lelekacs, Rodney Holcombe, Marco Palma, Dave Lamie, Rebecca Dunning, Lee Meyer, H.L. Goodwin Jr., Ron Rainey, Alba Collart, and Deacue Fields. “Opportunities for Local Food Systems Research and Extension in the South – A Land Grant University System Initiative”. *Journal of Food Distribution Research*. March (1) 2016.

Neibergs, J. Shannon, Curtis Mahnken, Danna L Moore, Nathan P. Kemper, John Nelson III, Ron Rainey and Patricia Hipple. Extension Education Drives Economic Stimulus Through Trade Adjustment Assistance for Farmers. *Journal of Extension*. 53 (1). February 2015.

Reynolds-Allie, Keneshia, Deacue Fields and Ronald Rainey. Risk Management Issues for Small Farms within Local Food System. *Choices*. December 2013.

Selected Presentations & Proceedings:

Ahrendsen, B. L., Dodson, C. D., Rainey, R. L., Snell, H., Dixon, B., Emerging Research on Beginning Farmers and Ranchers, "Evaluating Credit Usage by Young or Beginning Farmers and Ranchers," Farm Foundation and USDA Economic Research Service, online. (November 9, 2020).

Rainey, Ronald L. “Racial Equity in the Evolution of U.S. Agriculture.” Concurrent Session. 2021 National Direct Agricultural Marketing Summit. Grapevine, Texas. October 2021.

Rainey, R. L., 2020 Virtual Southern Region Integrated Produce Safety Conference, "Economic Impact of COVID-19 on Local Food Systems," Southern Food Safety Center, online. (October 6, 2020).(Invited)

Rainey, R. L., Seminar, "Are African American Farmers Losing Ground," California State Polytechnic University, Pomona, Online lecture. (September 25, 2020). (Invited)

Fields, E. B., Rainey, R. L., 2020 Extension Risk Management Education National Conference, "Identifying & Managing Farm Stress While Navigating This Volatile and Risky Economic Environment," ERME, Virtual / online. (April 2, 2020).

AWARDS

Farm Credit. National Food MarketMaker 2021 Innovation Award: Strategic Partnerships & Engagement. 2021 National Direct Agriculture Marketing Conference. October 2021.

Extension Group Award. Southern Agricultural Economics Association. Southern Agricultural Economics Association Annual Meeting. Louisville, Kentucky. Feb 2019.

Farm Credit. National Food MarketMaker 2017 Innovation Award: Strategic Partnerships & Engagement. 2015 National Value Added Conference. November 2017.

Arkansas Association of Cooperative Extension Specialist. Research Team Award. University of Arkansas. March 2016.

Frank Panyko Award for Distinguished Service. Food Distribution Research Society. 2015 FDRS Annual Conference. Oct. 2015.

Farm Credit. MarketMaker 2015 Innovation Award: Outstanding Partnerships. 2015 National Value Added Conference. May 2015.

American Society of Horticulture Science. Southern Region Blue Ribbon Communications Award. Feb. 2015.

Agriculture and Applied Economics Association's National Association of Agricultural Economics Administrators, Early Career Professional Administrative Leadership Award. August 2013.

Black Alumni Society of the Arkansas Alumni Association. 2013 Citation of Distinguished Alumni Award. April 2013.

Mid-Career Service Recognition. Epsilon Sigma Phi – Alpha Iota Chapter. March 2012.

Patrick J. Byrne Emerging Leadership Award. Food Distribution Research Society. Oct. 2011.

John W. White Outstanding Extension State Faculty. Division of Agriculture, University of Arkansas. January 2011.

Specialist Performance Award 2010. Arkansas Assoc. of Cooperative Extension Specialists. University of Arkansas.

Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)* of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Agriculture

Subcommittee: General Farm Commodities and Risk Management

Hearing Date: 06/09/2022

Hearing Title :

"A 2022 Review of the Farm Bill: Economic Perspectives on Title I Commodities and Title XI Crop Insurance"

Witness Name: Ronald (Ron) Rainey

Position/Title: Assistant Vice President / Professor

Witness Type: Governmental Non-governmental

Are you representing yourself or an organization? Self Organization

If you are representing an organization, please list what entity or entities you are representing:

University of Arkansas System Division of Agriculture / Southern Risk Management Education Center

FOR WITNESSES APPEARING IN A NON-GOVERNMENTAL CAPACITY

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

Are you a fiduciary—including, but not limited to, a director, officer, advisor, or resident agent—of any organization or entity that has an interest in the subject matter of the hearing? If so, please list the name of the organization(s) or entities.

no

Please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the source and amount of each grant or contract.

2021-24: Southern Risk Management Education Center at University of Arkansas System Division of Agriculture. \$2.1 million annually. National Institute of Food and Agriculture.
2020 - 2022: National Agricultural Marketing Summit. \$27,500. USDA Agricultural Marketing Service.
2020-2022: Value Added Agriculture Entrepreneurship. \$200,000. USDA Rural Development-Agricultural Marketing Resource Center.
2021-2022. Local Food Navigator. \$67,900. Arkansas Health Department (AmeriCorp).

Please list any contracts, grants, or payments originating with a foreign government and related to the hearing's subject that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the amount and country of origin of each contract or payment.

none

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

- I have attached a written statement of proposed testimony.
- I have attached my curriculum vitae or biography.

* Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a non-governmental capacity, a written statement of proposed testimony shall include— (i) a curriculum vitae; (ii) a disclosure of any Federal grants or contracts, or contracts, grants, or payments originating with a foreign government, received during the past 36 months by the witness or by an entity represented by the witness and related to the subject matter of the hearing; and (iii) a disclosure of whether the witness is a fiduciary (including, but not limited to, a director, officer, advisor, or resident agent) of any organization or entity that has an interest in the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B)(iii) shall include— (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form 24 hours before the witness appears to the extent practicable, but not later than one day after the witness appears.