“Risk management is important for the future of New Jersey Agriculture. We are pleased to participate with the Risk Management Agency, USDA and Rutgers Cooperative Extension in providing information and education on the risks facing farmers today.”

Arthur R. Brown, Jr.,
Secretary of Agriculture

“Risk management and crop insurance play a vital role in stabilizing the farm economy in New Jersey.”

Larry N. Atkinson,
Risk Management Agency
Regional Office Director

“It can only benefit New Jersey producers to investigate the current risk management developments and decide whether new farming strategies might be right for them.”

Dr. Zane Helsel,
Director of Extension and Dean of Outreach

A Producer’s Resource…

The USDA Risk Management Agency, in partnership with the New Jersey Department of Agriculture and Rutgers Cooperative Extension have created the Garden State Risk Management and Crop Insurance Education Program to support New Jersey agriculture.

The purpose of this program is to provide New Jersey farmers with the most up-to-date information regarding risk management strategy and crop insurance.

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The Risk Is Real

In the summer of 1999, one of the most severe droughts of the century occurred. Across New Jersey, farmers watched as their crops dried up and market prices sunk. From beekeepers to dairy farmers, nearly every commodity was hit. Emergency funds were finally allocated by October, allowing farmers to reclaim some of their losses, however, the damage to production and revenue had been done.

Risk is an inherent part of agriculture. The constant threat of low yields, fluctuating market prices, and other problems endanger farmers’ ability to survive financially. In the past, good
farming techniques, a couple of limited crop insurance policies, and hard work were all that stood between making money and losing money.

**Not Good Enough**

New Jersey farmers need crop insurance policies which fit their specific needs, not programs structured for Mid-Western farms. Also, a comprehensive system of risk management must be in place to safeguard against disaster, protect revenue, and ensure healthy yields. As the government cuts back on disaster relief funds, it is now essential that farmers make sure that their business is safe in the event of a disaster.

**The Solution**

In response to this need, the USDA Risk Management Agency has provided a team to develop educational programs specifically for New Jersey farmers. New strategies for handling risks have been created, old strategies retooled. The USDA Risk Management Agency, grower associations, cooperative extension, and insurance companies are working independently and collaboratively to develop new crop insurance policies better suited to farmers in New Jersey.

**Imagine…**

Imagine running an agricultural business where the threat of risk has been greatly diminished. With an assurance of revenue and compensation in the case of low yields, low market prices, or a disaster, one can begin to farm with confidence in a highly unstable world. Imagine the security that risk management strategies, such as crop diversification and contract production can bring, creating a more sound farming structure.

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**It’s Time**

New crop insurance policies are in place. New risk management strategies are out there, as well as people to help you implement them. When major changes such as these occur, it becomes necessary to take a fresh look at your current farming and business strategy, evaluate whether or not it is running at the most efficient level possible, and consider new options.

**Begin to farm with confidence in a highly unstable world.**

**The Strategies…**

People in the Risk Management and Crop Insurance Education Program are working hard right now to provide a concise and useful guide to Risk Management strategy for the New Jersey farmer. When employed correctly, these tools have the ability to spread, transfer, or reduce, many different kinds of risks from a farming operation. Over the next several months, expect to hear more about these strategies from your extension agents, from the agribusiness community, and from the Risk Management program.

- Enterprise diversification
- Contract production
- New technology evaluation
- Marketing and contingency plan development
- Legal language and compliance interpretation
The Policies...

Crop insurance has changed drastically, and the new and updated policies are much different than the policies available several years ago. These policies offer better protection and are tailored to the specific needs of the policy holder. The government is now offering higher premium subsidies, making crop insurance more affordable than ever.

- **APH** Actual Production History
- **CRC** Crop Revenue Coverage
- **AGR** Adjusted Gross Revenue
- **Dollar Plan**

Expect to hear more about these strategies and policies in future newsletters.

Adjusted Gross Revenue

The Adjusted Gross Revenue policy, or AGR, may now be the optimum insurance package on the market for producers in New Jersey.

AGR provides farm insurance protection under an umbrella-type policy that covers income from practically all crops, plus a limited amount of income from livestock and livestock products.

Unlike policies of the past (which were based primarily on yields) AGR offers a guarantee against a significant decline in overall farm income from averages (found on the producer’s Schedule F income tax returns.)

The AGR policy offers flexibility and versatility. Right now, the government is willing to subsidize more of the premium than ever before.

Besides paying the governmental premium subsidy for AGR policies, the Risk Management Agency will also share 50% of the producer paid premium on AGR for New Jersey producers for the 2002 crop year. The RMA will also pay the entire administrative fee for all eligible policies.

In addition to securing farm income, becoming an insurance policy holder makes it easier to secure loans and engage in other important dealings.

Depending on individual information, the Adjusted Gross Revenue policy could be a welcomed switch from standard CAT coverage. Get in touch with a local insurance agent for more information. A list of agents is available at a local USDA Farm Service Agency Office and at the provided website.

New Jersey Farm Service Agency Offices

<table>
<thead>
<tr>
<th>Counties</th>
<th>Phone Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic, Cape May, and Cumberland</td>
<td>(856) 205-1225</td>
</tr>
<tr>
<td>Burlington, Camden, and Ocean</td>
<td>(609) 267-1639</td>
</tr>
<tr>
<td>Bergen, Essex, Passaic, Warren</td>
<td>(908) 852-2576</td>
</tr>
<tr>
<td>Hunterdon, Somerset, and Union</td>
<td>(908) 782-4614</td>
</tr>
<tr>
<td>Monmouth, Middlesex, and Mercer</td>
<td>(732) 462-0075</td>
</tr>
<tr>
<td>Salem and Gloucester</td>
<td>(856) 769-1126</td>
</tr>
</tbody>
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http://www3.rma.usda.gov/tools/agents

AGR Sales Closing Deadline: January 31, 2002
Other Programs…

In addition to the Risk Management and Crop Insurance Education Program, the Garden State Agricultural Re-Engineering Initiative, supported by Millennium Viability Initiative, is another resource available to all New Jersey producers.

The purpose of the Agricultural Re-Engineering Initiative is to equip New Jersey farmers with what is needed to survive and thrive in today’s rapidly changing agri-business environment. It offers several programs, such as:

- Financial Analysis and Planning
  - Utilizing Finpack, the most comprehensive agricultural financial planning and analysis software available
  - With one-on-one confidential financial consulting
  - An evaluation of agronomic management practices
  - Development of
    - Balance Sheets
    - Cash Flow Plans
    - Long Range Plans
    - Year End Analyses
    - “What if” Scenarios
    - Mission Statement

As well as…

- Management teams
  - Assemble a team to explore new ideas custom-made for an individual farm
  - Include professionals such as nutritionists, veterinarians, crop consultants, extension educators, or other important personnel
  - Focus on the development of clear and compelling farm and family goals.

For More Information…

For more information regarding

- Risk management
- Crop insurance
- The Agricultural Re-Engineering Initiative

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FAX: (856) 769-1439

INTERNET: http://salem.rutgers.edu

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Watch For Us

- Visit our table at the Vegetable Grower’s Meeting in Atlantic City, Jan. 15-17
- Hear more about risk management and crop insurance at local grower meetings in the coming months

In Future Issues…

Look for information on:

- The Dollar Plan
- Crop Revenue Coverage
- Risks that every New Jersey farmer faces
- Risk Management Tools