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## **FSA Borrower Training Program Farm Management - 2000**

### ***The Situation***

The 1990 Farm Bill included a provision that all borrowers serviced by the FSA would receive financial management and production training. The intent of the FSA Farm Finance Program has been to provide a source of agricultural finance for those producers who were not able to obtain financing from commercial banks, and to “graduate” FSA borrowers into the commercial bank system. One of the obstacles in moving FSA borrowers to commercial financing sources has been a lack of financial management skills of the borrowers, which hinders their ability to become more financially independent. The program was designed to increase their financial management skills, thereby accelerating their ability to make the transition to the commercial financing sources. Borrowers who had previously taken courses designed to increase management skills were exempted from taking this training.

After the initial training sessions were offered, there remained a number of individuals who had not enrolled in the program. FSA began to deny loans to those who had not made any effort to enroll in the classes or to complete the classes. For many producers, the schedule of the classes was the reason that they had not participated. Several individuals were working full time and were unable to attend the classes because of their work schedules.

### ***The Response***

The University of Idaho Ag and Extension Education Department submitted a proposal to FSA to provide the education for those borrowers who required the training in Idaho. The proposal included a planned course of study, which included the study and preparation of the three key financial reports - the balance sheet, income statement, and statement of cashflow. Additional study areas included management of risk, strategic planning, family budgeting, and production practices. The program was designed to be a two-year course of study, with the first year being primarily financial management, and the second year including financial management and production practices. Producers who were enrolled in the program were given the option of receiving four credit hours in Agricultural Economics from the University of Idaho College of Agriculture.

Between 1995 and 1998, classes were held in several locations, including Twin Falls, Shoshone and Gooding in the Magic Valley. During this time, the majority of those needing the training were enrolled in the classes. There remained, however, a number of borrowers who needed the education, but could not work it into their schedule. Extension Educators worked to create a video-based course for those who could not participate in the classes as they had been offered.



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## ***Achievements***

There was a 90% completion rate for those participants enrolled in the regular classes. Those taking the classes reported a high value for the information they received on class evaluations completed at the end of the course. The FSA loan officers have noted significant improvements in the understanding and skills of class participants.

In 1998, the University of Idaho Extension Educators in Twin Falls County began offering the course by way of videotapes. This method of course offering gave flexibility to the participants allowing them to complete assignments at their own convenience. The same curriculum was used in the videos as in the on site classes. Video students were required to complete homework for evaluation and attended three on site classes to complete their records analysis using the FinPack farm records analysis software.

In the fall of 1999, Extension Educators completed the year two video course. The year two course again required the completion of assignments which were evaluated for the participants and again the materials used were the same as those used for the on site classes. The participants were required to attend three on site classes where they again used the FinPack farm records analysis software.

In the past two years, eight students have enrolled in the year one video course. Seven of the students have successfully completed the course. The evaluations by students indicate a very favorable response for course value and instruction received. Three students enrolled in the year two program and, again, very positive responses were received on the value of the course. The observation by the instructors indicated the students progressed to a similar degree as on site students based on the performance indicators of development of a balance sheet, cashflow and income statement by all students.

Several of those completing the FSA Borrower Training Program have “graduated” from FSA and have moved on to commercial lending institutions.

## ***The Future***

Continued development of the video-based program will allow more flexibility for the FSA borrower to meet requirements to continue to borrow from FSA. Increased technology such as the Internet will allow instructors to incorporate new methods of teaching the information to students who may not be able to attend the classes in a more traditional setting.

## ***For More Information***

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