The Situation
The 1990 Farm Bill included a provision that all borrowers serviced by the FmHA would receive financial management and production training. The intent of the FmHA 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" FmHA borrowers into the commercial bank system. One of the obstacles in moving FmHA 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.

Our Response
The University of Idaho Ag and Extension Education Department submitted a proposal to FmHA 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 Cash Flow. 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.

In 1995, there were three sites which provided the first-year training to twenty-eight farm families. In 1996, there were five sites which offered the first-year training to fifty-three farm families. In the fall of 1996, the second year of the program will be offered to the eighty-one families.

Achievements
There was a 90% completion rate for those participants enrolled in the class. Those taking the classes reported a high value for the information they received on class evaluations completed at the end of the course. The FmHA loan officers have noted significant improvements in the understanding and skills of class participants. A request has been made by FmHA to include their loan officers in the program as an in-service training.
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