Risk Management on Organic Grain Farm

A diversified crop mix, recordkeeping, and crop insurance are some of the tools Gianforte Farm uses to manage the risk inherent in farming.

Gianforte Farm is a 600-acre certified organic operation located in Cazenovia, in central New York State. Each year, the farm grows up to 10 different field crops, from corn to small grains. The farm does its own marketing, selling grain to neighboring dairy farms, as well as small, regional mills and bakeries. A small percentage of grain is milled and packaged on the farm to be sold to nearby shops.

“I enjoy the process of farming, getting everything from start to finish. I enjoy the logistics of it all and seeing things grow from year to year,” said Luke Gianforte, age 24, who joined the farm business in 2014, after graduating from Cornell University.

Gianforte farms with his father, Pete. The second-generation farm was founded in 1971. Today, the crop mix includes corn, soybeans, wheat, oats, sunflower, buckwheat and more.

The variety of crops is its own risk management tool. “Hopefully, if we end up with a complete failure on one crop, something else did OK and the whole farm does not experience a complete disaster,” Gianforte said.

Crop insurance is another important risk management tool at Gianforte Farm.

“We use crop insurance on every insurable crop,” Gianforte said. “We rely on it a fair amount to help manage risk. There hasn’t been any one year in particular that we feel it hasn’t been worthwhile. It’s been worthwhile every year.”

The farm regularly buys crop insurance for corn, soybeans, winter wheat, spring oats, and spring barley. They generally carry revenue protection coverage at 70-75 percent.

In recent years, the farm also enrolled in NAP, or the Noninsured Crop Disaster Assistance Program for disaster coverage on spring wheat and triticale. Designed for crops not covered by federal crop insurance products, NAP offers financial protection against natural disasters that prevent crop planting, or result in lower yields or crop losses.

“It’s farming, so it’s not easy that’s for sure. The weather and the changing variability in the weather in recent years has been a real challenge, with wet to dry extremes,” Gianforte said.

Recordkeeping is important to Gianforte, who uses spreadsheets to track costs per acre.

“You can get an idea of your costs per acre. Yield will always be a variable. It’s hard to predict,” he said.

The Gianfortes direct-market their own crops, whether selling feed to the farm next door or selling food-grade grain for milling to bakeries from Maine to South Carolina.

“Marketing is a tricky part of the puzzle,” Gianforte said. “Growing for food grade is a challenge. You try to make the quality and if you don’t, then what do you do?”

The farm intends to use more contracts with buyers. Additionally, Gianforte said they plan to adopt a “farm share” model to sell grain to smaller bakeries and millers. Borrowed from “Community Supported Agriculture” systems where customers pay for produce at the start of the season and pickup product based on yield, the farm share model offers more shared risk between farmer and buyer.

Gianforte says agriculture right now is experiencing a great deal of opportunity, and a great deal of risk. He encourages new farmers to use cautious optimism plus a strong understanding of their production costs. He encourages farmer to buy crop insurance – and more than the minimum amount.

“I highly recommend crop insurance,” he said. “Our thing has always been, if you have a really bad year you will want a high amount of coverage because it will pay for itself. But, if you have a good year, the added premium price will be negligible because you were successful yourself.”

For more information about risk management and crop insurance, visit the NYS Department of Agriculture and Markets website www.agriculture.ny.gov/AP/CropInsurance.html or the USDA Risk Management Agency website www.rma.usda.gov. To discuss or purchase crop insurance, contact a crop insurance agent. To locate an agent, ask a neighbor for a recommendation, use the agent locator tool at www.rma.usda.gov/tools/agent.html or ask your county Farm Service Agency to print out a current list of crop insurance agents doing business in your county. For more information about NAP, contact FSA at your county Farm Service Agency: www.fsa.usda.gov.