WHOLE FARM REVENUE PROTECTION TEXAS CASE STUDY

Background: Crop Insurance in the US and Texas

FEDERAL CROP INSURANCE

Federal Crop Insurance Programs (FCIPs) are the largest part of the federally subsidized farm safety net that helps protect farmers from the risks of farming. Largely, FCIPs incentivize unsustainable, monoculture commodity production. In 2015, the USDA created the Whole Farm Revenue Protection (WFRP) program, the first FCIP available to small, diversified, local farms. This report illustrates and analyzes the agricultural insurance gap and its consequences for small farms in Texas.

WHAT MAKES WFRP DIFFERENT?

WFRP was created to provide risk management to diversified, local farms, who had been left out of traditional crop insurance. Unlike the other crop insurance that only protects yields of specific types of crops, WFRP covers all of the revenue that a farm makes from possible losses, including animals and value-added products.

Lack of policy options, low enrollment in insurance programs, and extreme weather due to climate change leave small farms in Texas vulnerable.

READ THE FULL REPORT

KEY STATISTICS

> 2,000

WFRP policies were sold nationwide in 2023

32%

decrease in WFRP enrollment since 2017

94%

of FCIPS are sold to large, undiversified farms of row crops like corn and soy

111

natural disasters in Texas in the last 20 years - more than any other US state

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Report Findings - August 2023

MEET "FARMER J"

Farmer J lives and works on a small farm in Central Texas that grows a range of fruits and vegetables. Farmer J sells their produce to wholesalers, at farmers' markets, and at an on-farm store. In December 2022, Farmer J faced a harsh freeze that led to a substantial revenue loss. Farmer J did not have crop insurance. The Whole Farm Revenue Protection Texas Case Study illustrates the need for crop insurance for smaller, diversified farms in Texas by analyzing the financial impact of disaster and financial support potential of WFRP.

WFRP POLICY ANALYSIS

Example Scenario: Impacts of Dec. 2022 freeze

29%

decrease in annual income due to crop loss without WFRP

16%

decrease in annual income due to crop loss with WFRP

BARRIERS TO OVERCOME

Though WFRP offers a safety net for producers that may be financially beneficial in the long-run, there are four key barriers to WFRP policy enrollment:

1.TRUST WITH FARM SERVICE AGENT IS KEY

Small producers may not make use of or have trust in farm agents or other experts, limiting knowledge about policy options.

2. LACK OF KNOWLEDGEABLE AGENTS

It is difficult for producers to find crop insurance agents with expert knowledge of these programs, and they could be improved by increased agent training.

3. COST-EFFECTIVENESS IS UNCLEAR

Typically, to get payouts, losses must be significant. Producers question if it's worth the cost.

4. RECORDS REQUIREMENTS ARE A BARRIER

Recordkeeping requirements can be burdensome for small producers. Simplifying requirements would make WFRP more accessible.

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