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## **Executive Summary**

This volume concludes the evaluation of the Farmers and Ranchers Demonstration Project under the Economic Dislocation and Workers Adjustment (EDWAA) Act. The demonstration was administered by the U.S. Department of Labor (DOL) through grants to four states, which were charged with developing innovative strategies for providing employment and training services to dislocated and at-risk farmers and ranchers, their spouses and dependents, and farmhands. Funding for the projects -- which operated in Iowa, Minnesota, North Dakota and South Dakota -- began on July 1, 1990 and ended on September 30, 1993. A separate contract was awarded in April 1991 to Berkeley Planning Associates (BPA) and its subcontractor Social Policy Research Associates (SPR) to conduct an evaluation of the effectiveness of the various strategies utilized by the demonstrations.

The results of this evaluation are based on several case study visits made to each of the demonstration projects and to four projects with similar goals in neighboring states. The evaluation also relied on participant-level data containing baseline information for nearly all demonstration participants and more detailed information for substantial subsets. The evaluation activities associated with the collection and analysis of these data took place between April 1991 and December 1993.

### **BACKGROUND**

#### **Trends in Farm and Ranch Dislocation**

During the farm financial crisis of the 1980s, as many as 10% of the nation's farms disappeared within just a few years. Between 1982 and 1987 alone, approximately 153,000 American farms went out of business. These declines, however, are rather small by historical standards; urbanization and agricultural consolidation have led to the loss of more than 4 million American farms over the past 60 years. Correspondingly, the proportion of the nation's population living on farms has declined from nearly 50% at the turn of the century to just under 2% currently.

Against this background the farm crisis of the 1980s appears unexceptional, but in certain regards it stands out from earlier periods of agricultural dislocation. In particular, farm exits in the 1950s and 1960s, in contrast to those of the 1980s, were

often voluntary. As agricultural productivity increased and overcapacity diminished financial returns, operators of smaller and less efficient farms left farming to pursue more attractive non-farm opportunities.

During the 1980s even efficient farmers and operators of mid-sized farms were at risk, and involuntary exits were much more common. These more efficient farmers had borrowed heavily in the 1970s to expand their operations, but found themselves badly overextended during the farm credit crisis of the 1980s. Farmers who left farming in the 1980s did so not to pursue more attractive opportunities, but because they were forced to. In addition, they often left farming with enormous debts that limited their non-farm opportunities. While the scope of farm losses in the 1980s was not exceptional, the impact of dislocation on farmers and communities may have been more severe than in earlier decades.

Regardless of the cause, farm dislocation is a chronic feature of American agriculture. According to government forecasts, between 209,000 and 341,000 fewer farmers (18 to 30%) are expected to be employed in the year 2000 than were in 1988. The consequences of these dislocations for many agriculturally-dependent communities are dire; without jobs, and with sharply diminished populations, the long-term survival of agriculturally-dependent communities is uncertain at best. Although the lessons from the EDWAA Farmers and Ranchers Demonstration will not reverse this trend, they may provide guidance for a policy response towards meeting the employment and training needs of dislocated farmers.

## **MAJOR FINDINGS FROM PARTICIPANT-LEVEL DATA**

### **Enrollment**

- **The demonstration projects met their recruitment goals, enrolling 1,476 individuals over a 39-month period, despite the well-known reluctance of farmers to participate in employment and training programs.**

Enrollments across the four demonstration states ranged between 318 and 498. In the first few months of the demonstration enrollments rose slowly, but eventually reached a steady pace. In the final months of the demonstration enrollments dropped, in anticipation of the end of funding.

- **The progress of the four projects in enrolling participants over time seemed closely related to outreach efforts: increased use of specialized outreach staff led to increased enrollments.**

During the first year of the demonstration the South Dakota project lagged well behind the others, but increased its enrollments dramatically by hiring specialized outreach staff (and expanding eligibility rules) during the project's second year.

### **Participant Characteristics**

- **Individuals at risk of dislocation comprised the majority of participants served under the demonstration.**

Three out of four demonstration participants surveyed identified themselves as "primarily" farmers or ranchers in the twelve months prior to enrollment. Dislocated individuals, by contrast, comprised only about ten percent of all participants. These proportions may reflect the unofficial priority of the demonstration projects to avert farm dislocations by serving at-risk farmers.

- **Demonstration participants commonly reported severe financial distress despite their high levels of education and off-farm jobs.**

Ninety-five percent of participants possessed a high school degree, and over half had received some post-secondary education. In addition, about 30 percent of farmers and over one-half of farm spouses reported working off-farm prior to enrollment. But despite their high levels of education and attempts to earn supplementary income, over half reported family incomes of less than \$10,000 in the prior year, three out of four reported debt-asset ratios greater than 40 percent (a level indicative of a high risk of dislocation), and almost half reported instances of not having enough money to buy groceries.

- **Except for their occupations, demonstration participants tended to be similar to non-farm EDWAA participants served in the same areas.**

Both groups were overwhelmingly white, young to middle-aged, tended to have high school degrees or some secondary education, infrequently had basic skills deficiencies, and were rarely single heads of households.

- **The projects frequently served several members of the same family, in keeping with both eligibility guidelines and the recognition that the loss of a farm often places the whole family in need of assistance.**

In Iowa, over 40 percent of participants were served along with another member of their family. The percentages were lower elsewhere, but still exceeded 20 percent. Farmlands, however, were rarely served by the demonstration projects, reflecting the projects' focus on farmers and their families, and perhaps the availability of other JTPA programs for this population.

### **Services**

- **Over 80 percent of demonstration participants received retraining of some kind.**

In every project except North Dakota participants were more likely to receive retraining than mainstream EDWAA participants. In addition to retraining, demonstration participants also had access to the full range of EDWAA services.

- **Many participants remained enrolled for a long period of time, reflecting relatively generous demonstration funding, and the projects' efforts to provide substantial assistance to farmers.**

Even in South Dakota, the project with the shortest average length of participation, almost one in four clients participated for more than a year. In Minnesota, 40 percent of participants were enrolled for more than one year.

- **The projects varied greatly in their use of funds, and on average expenditures per participant.**

Per client expenditures were lowest in South Dakota at \$1,700; intermediate in North Dakota, at about \$3,000; and highest in Iowa and Minnesota, at about \$3,700. Iowa devoted far more resources to basic readjustment assistance than the other projects, reflecting the importance accorded to recruiting and counseling participants. By contrast, Minnesota and South Dakota spent over 70 percent of their funds on retraining.

### **Outcomes**

- **Three months after terminating from the demonstration over 50 percent of participants were still farming.**

In part this finding reflects the projects' efforts to prevent farm dislocation. One year later, however, only 37 percent were still farming, suggesting that displacement from farming was in some cases forestalled only temporarily. Among those who continued to farm, many reported substantial increases in total income, suggesting that

their farms may have rebounded from their earlier difficulties, or that their off-farm incomes had increased.

- **Two-thirds of participants were engaged in off-farm employment after termination, but many of these individuals had been employed before they entered the program.**

Although participating in the demonstration appears to have increased employment rates, as well as hours worked and hourly wages, these gains were modest. One year later, rates of off-farm employment remained virtually unchanged.

- **After controlling for participant characteristics, there is no evidence that some projects were more effective than others in boosting off-farm employment.**

Similarly, evidence that retraining as opposed to basic readjustment assistance only boosted off-farm employment and earnings is equivocal at best.

## **POLICY IMPLICATIONS**

The findings discussed above were based on participant-level data, and depict important features of the EDWAA Farmers and Ranchers Demonstration. But in addition to these data the evaluation relied on numerous, in-depth discussions with project administrators, staff, task force members, service providers, and participants. Both types of data, qualitative and quantitative, underlie the implications discussed below.

### **Implications for Service Providers**

The EDWAA Farmers and Ranchers Demonstration provided ample opportunity for conclusions regarding services to farmers and ranchers.<sup>1</sup> Major implications for service providers include the following:

- **Aggressive outreach is a necessity for enrolling farmers into JTPA programs.**

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<sup>1</sup>Employment and training services are discussed further throughout this volume, but are the particular subject of an additional report completed as part of this evaluation. See *From the Farm to the Job Market: A Guide to Employment and Training Services for Farmers and Ranchers*.

Projects neglecting outreach experienced low enrollments until they added outreach staff. Substate areas or other service providers designing programs for farmers would be well advised to start by hiring or training specialized outreach staff.

- **Although outreach deserves special attention in programs for farmers and ranchers, its importance should not be overemphasized.**

In general, prolonged efforts to recruit individual clients do not significantly affect a program's overall enrollments or outcomes, and can take resources away from more productive uses, such as retraining.

- **JTPA programs that seek to serve farmers have much to gain from coordination.**

Linkages with local lenders and Agricultural Mediation programs, for example, can greatly enhance outreach efforts. In addition, linkages with community service organizations, or with Agriculture Credit Counseling programs, can extend the range of services available to farmer clients.

- **Case management models appear well-suited to programs serving farmers and ranchers.**

Like other populations of service recipients, farmers respond well to the ongoing relationships and personal support made possible by a case management approach. Case management seems most critical for farmers early in the service process, when they are still overcoming their reluctance to participate.

- **Mainstream EDWAA retraining services appear to be at least as appropriate for farmers as they are for other dislocated workers.**

Farmers often prove themselves to be model participants, and once enrolled, typically complete their retraining programs. Negative terminations of farmers and ranchers are relatively rare.

### **Implications for Policy Makers**

Policy makers responsible for designing future programs for farmers and ranchers may benefit from the lessons for service providers presented above, but should also take note of several additional conclusions from the evaluation:

- **The number of American agricultural producers will continue to decline, and any response to this decline should be ongoing.**

Farm dislocation is a persistent feature of the agricultural economy. Accordingly, the policy response to this trend should be far-sighted. Although *ad hoc* responses to extraordinary farm dislocations (such as those due to natural disasters) should continue to be available, employment and training services for dislocated farmers are best provided for in ongoing programs.

- **Employment and training providers require assistance in assessing the need for services to farmers and ranchers.**

Most substate grantees are unaware of the extent of farm dislocation in their region, have no means of measuring it, and rely instead on anecdotal appraisals of need. State JTPA programs and substate grantees should be encouraged to seek assistance from agricultural organizations in order to target resources to the areas which can most benefit from them.

- **The goals of employment and training programs for farmers and ranchers need to be clarified by policy makers.**

Although the demonstration projects were operated by dislocated worker programs, they served relatively few dislocated workers, concentrating instead on farmers at risk of dislocation, and on "saving the family farm." This orientation led the projects to offer services and pursue outcomes not normally encountered in dislocated worker programs. Future efforts to serve farmers in employment and training programs should be aware of this possibility, and should clarify goals, eligibility guidelines, allowable services, and desired outcomes at the outset.