

North Central Farm Management Extension Committee

May 9-11, 2006

Ames, Iowa

Attending: Dwight Aakre, Mark Bailey, Don Breece, Arlin Brannstrom, Dale Nordquist, Damona Doye, William Edwards, Steve Harsh, Steve Isaacs, Doug Jose, Ray Massey, George Patrick, Gary Schnikey, Barry Ward, Jeff Reisdorfer, and Agustin Arzeno

Steve Isaacs, Chairman, opened the meeting at 1:35 pm. The committee was welcomed by the Chair of the Department of Economics at Iowa State, Arne Hallam. He said that John Lawrence was the last Extension Specialist hired (budget restraints). Each year Extension starts “in the hole” and uses cost recovery to fill-in the budget. The Department has on-line non-credit courses and for 63 years conducted a Summer Credit School. They have between 200 and 250 Ag Business students (400 in the ‘90s), 90-100 graduate and 15 PhD students. There are 45 faculty in the Department. AAEA identified Bob Wisner as First in Market Forecasting. In the last 3-4 years, Extension programming has been planned in tandem with field specialists.

The minutes were distributed, Doug Jose moved to accept the minutes, motion seconded and passed.

Elwynn Taylor, Department of Agronomy Climatologist, spoke about the weather outlook. In 2005 the top stories were fires in Texas, record snow in New England and the hurricanes. He spoke of bird flu, soybean rust and the effect of ocean temperatures on weather forecasting.

Mike Duffy began the ISU Economics update with the Farm Financial Planning Program with FINPACK which began in 1984. Now on a fee basis, with 15 field associates, the charge is \$35/hr. plus mileage. It takes 3-6 contact hours per farm.

The Beginning Farmer’s Center began in 1994. 1) Farm-On matches unrelated parties, the current ratio is 10 young farmers to 1 older farmer. 2) Ag Link Program is a 4 day “back to the farm” program, 2 days in the fall and 2 days in February. 94 people from 24 families participated in the program, many wrote a transition plan as an independent study. 3) The Farm Transition Network is a RMA Grant, lead by John Baker. Research includes “what do farmers mean by retirement?” and “farm succession planning survey of 7 countries and 15 states.” Iowa is discussing the ban on fall application of fertilizer. In 2002 20% of Iowa farmland is owned by non-residents, 50% of farmers over 65 and 25% over 75 years of age.

Jim Kliebenstein continued by talking about research in production systems analysis and animal health economics. He spoke of the “Learning Community” set of four courses, 14 hours (including an English course) to teach the work of a professional consulting team. Research includes: 5 years research of hoops in pork production and now in beef feeding, employment issues in pork production (National Hog Farmer and Pork Check-off), Comparing two pork niche production and marketing systems (Berkshire and Nieman Ranch), and evaluating small grains in corn and soybean rotations (Flax and Triticale).

Chad Hart spoke for Bruce Babcock about C.A.R.D. Outreach Program, including web site tools for government programs (LDP and Livestock Gross Margin Insurance).

Annie's project was discussed by Bob Wells, Ruth Hambleton of IL, Mary Sobba, and Karisha Devlin of MO. Annie's project is a 6 week, 18 hour farm management course for farm women. Since 2003 over 600 women from six states have taken the course, focused on the 5 areas of risk. A classroom and computer lab is necessary. The six weeks are: Human resources and time management, Woman and money plus business planning, Financial risk and statements plus retirement and estate planning, Marketing and insurance, Fast tools and interpreting farm financials, and lastly topics from the women themselves.

At about 5 pm we adjourned to the William & Jane Edward's home for dinner.

Beginning at 8 am on Wednesday, each state representative gave their state reports. The NCFMEC website will have copies of the reports at: <http://www.ncfmc.org>

Dale Nordquist and Jeff Reisdorfer reviewed the new web site for us. Suggestions from the group included: our state reports should have a sample citation & abstracts for new publications to be added to the web site, need a Midwest Plans link directly to management publications, all of the site will be public and includes committee reports and minutes (so drop the members only section for now), and members must take ownership of state sections on the web site.

Ray Massey demonstrated the Personal Response System, it cost about \$1400 (2 years ago) and includes 32 units.

Steve Isaacs lead discussion about the FFSC Management Accounting Initiative and reviewed the 89 page document. He showed a power point slide set that was used with a group of lenders. A comment was made that a farm would need a staff accountant for this kind of system.

Lunch and Campus Walking Tour:

Meeting resumed at 1:30 pm. Bill Koenig of Midwest Plan Service showed new publications and provided his business card.

North Central RME report by Doug Jose included a newsletter, a favorable long run outlook since the legislation is permanent, announced a summer workshop on 13-14 June in South Dakota, reported on TAA which now includes Snap Dragoons in IN and Concord Grapes in MI and WI, and lead discussion with the group as to looking ahead for a group project. Farm Bill Education was considered by the group as a possible multi-regional effort.

By conference phone, Rick Klemme provided the Advisors Report. The Agriculture Program Leaders recently met and will again meet at MSU 2-4 October. At the request of CSREES and Extension directors, the group is developing a common set of indicators. They have begun with PAT, Water Quality, IPM, Nutrient Management and Animal & Bio. Security. The challenge is to measure Farm Management and to develop indicators. Also, there is a declining pool of potential agricultural Extension educators.

William Edwards reported on the AAEA Extension Section meeting, this summer in Long Beach. It is the seventh year of the section meetings, one of the largest. The election of officers is currently on-line. Dues are still \$10 and there are 167 members to date. The Saturday tour will be to Ventura County, Sunday will be a business meeting and reception sponsored by the CFFM and the Farm Foundation. Rodney Jones is leading a session on Tuesday, "Research and Extension Responses to Farm and Rural Business Transition / Succession Planning Needs." An award is available for the best web site for an issue or program.

Damona Doye reported on the C-FARE (Council on Food Agriculture and Resource Economics) and representation in Washington, D.C. The Women in Agriculture Conference was held in St. Louis with over 175 attending. The Women in Agriculture web site was demonstrated:

<http://www.agrisk.umn.edu/wia/> .

The USDA Report was given by Mark Bailey. He is retiring in January and hopes to introduce his replacement at our next meeting. 2007 will be busy, RFA's for the Risk Management Centers and TAA accounting. The President's budget and Hatch allocations were discussed. There is a move to make Hatch funds more competitive. Now, 55.6% of Hatch (Experiment Station) funds are competitive, up from 25%. Only 44.4% is discretionary. Multi-state projects were discussed, as was a rapid response system (Avian Flu as an example). A scientific panel will review and rate the proposals; this is all part of the transitioning of the experiment station funding system. OMB processes were also reviewed by Mark.

The Wednesday session was adjourned for a tour of the Reiman Gardens and dinner at Hickory Park.

At 8 am on Thursday, May 11th, the meeting resumed with a discussion about energy/fuel issues including economics of ethanol and bio-diesel. John Miranowski covered Ethanol, saying that it now uses 12% of US corn and makes 3% of gasoline. The market has tripled since 2000. There are 100 plants today, 30 in just the last 3 years. One acre of Iowa corn produces 450 gallons of Ethanol, with 25% stover would increase to 600 gallons per acre. He said that \$2.50 gas equals \$2.00 Ethanol. \$3.00 gasoline today is equal to 1981 in real terms, and it takes high gas prices to keep renewable energy development going. The "big" companies are growing Ethanol production, not much money left in rural America to develop plants. Bob Wisner is looking at a major shift for more corn acres and is projecting higher corn prices in the future, supported by the demand for more corn. This should also support land values. Bob Jolly continued the discussion.

The 2007 Triennial Conference with NAFBAS and NFRBMEA will be 11-14 June 2007. Gary Schmitkey and Dale Nordquist will represent us in planning our part, which includes request for papers and invited

paper speakers. NAFBAS and NFRBMEA will handle the registration, as well as the financial risk/profit. NAFBAS is connected with Land Grant Universities; the NFRBMEA is a group of adult instructors in high schools, area vocational schools and community colleges. Jim Kelm, Bob Rhea and Gary Thome joined us for this discussion period. In the fall, reviewers will be identified, a call for papers written and recommendations will be offered for invited papers. Steve Isaacs will forward to Gary his notes and materials from the last conference.

The location of the Fall 2006 meeting of the committee will be at Rochester, MN on 28-29 September. Discussion followed about whether there should be an expanded state report, a local "expert" update or preview speakers for the Triennial Conference. Dale will coordinate the facilities for the meeting.

Dwight Aakre, North Dakota State, was nominated by the Executive Committee to be the new Secretary. Doug Jose moved to close nominations, William Edwards seconded, motion passed. Don Breece, Ohio State, will become the Vice Chair and Damona Doye, Oklahoma State, is the new Chair of the committee.

Steve Isaacs announced that he is leaving the committee since he has now taken on administrative duties as Program Leader for Community and Economic Development. He will identify his replacement to represent Kentucky.

John Lawrence addressed the National Livestock ID System. Announced on 26 April 2004, the goal of the program is 24 hour trace-back if FAD (Foreign Animal Disease) is found. This was driven by Foot & Mouth and Avian Flu threats. Each premise will have numbers (farms, fairs, markets, packers, etc.), a 7 digit number. Each time an animal (or group of hogs or poultry) is moved to a new premise, a date and time stamp will record each movement.

The 2007 RME National meeting planning committee is being formed and William Edwards will represent the committee. A conference call is scheduled for 26 May.

William Edwards offered a Task Force Proposal for Low Cost, Low-Risk Grain Harvesting Systems. The committee moved to endorse this proposal. Members of the Task Force includes: William Edwards, George Patrick, Gary Schnitkey and Ray Massey.

Steve Isaacs offered the suggestion that the committee discuss at a future meeting, and share ideas, about Agent In-service training and to look ahead as to how to prepare Agents/Educators for farm management educational programming.

The committee thanked William Edwards for his efforts arranging for the meeting and thanked William and Jane for their hospitality.

The committee thanked Steve Isaacs for his leadership as Chair, and his outstanding participation on the committee to include Chair of the 2004 Triennial Conference. Steve's professional ability, leadership and sense of humor will certainly be missed by all of us, and we together wish him the very best as he accepts new leadership challenges for Kentucky Extension.

The meeting adjourned at 12:30 11 May 2006.