

North Central Farm Management Extension Committee
September 28-29, 2006
Rochester, Minnesota

Attendance: Ray Massey, Barry Ward, George Patrick, Doug Jose, Don Breece, Dave Goeller, Dwight Aakre, Gary Schnitkey, Dale Nordquist, William Edwards, Steve Harsh, Burton Pflueger, Jack Davis, Damona Doye, Arlin Brannstrom, and Rick Klemme.

Domona Dye, Chair, opened the fall committee meeting at 8:00 am at the Kahler Hotel in Rochester, Minn. Also meeting at the Kahler Hotel were members of the National Association of Farm Business Specialists (NAFBAS) and the National Farm and Ranch Management Educators Association (NFRBMEA).

The minutes of the spring meeting were distributed. George Patrick moved to accept the minutes. The motion was seconded and passed.

State reports were distributed along with a short discussion from each state representative. State reports will be posted on the NCFMEC web page.

Vernon Eidman, Department of Applied Economics at the University of Minnesota made a presentation on Biofuels Update: Implications for Crop and Livestock Producers. Ethanol production has increased every year since 1990 except for 1996, when corn was high priced. Historically ethanol has been priced at about 35 cents per gallon premium to gasoline but that premium may decline in the future. The ethanol industry has been very profitable for the past 2.5 years, resulting in rapid expansion. When annual rates of return drop to around 12 percent, expansion plans in the industry will slow down. New technologies are improving the efficiency of newer ethanol plants. Eidman discussed the removal of oil from stillage, a process that recovers about 1.2 pounds of corn oil per bushel; which can be marketed as feedstock for biodiesel plants. Another new technology is fractionation which will enable the industry to develop feeds better suited to poultry, swine and dairy.

Another presentation titled Let's talk Ethanol (ethanol and grain marketing) was presented by Ed Usset from the Center for Farm Financial Management. He indicated USDA is underestimating the rapid growth in ethanol production. The expansion in ethanol production has significantly increased demand for corn leading to expected higher prices. Both futures prices and basis will be affected. This demand increase is impacting the availability of futures contracts, as well. As an example, the Dec09 corn contract began trading on July 31, 41 months prior to expiration. There are over 2500 open contracts at this time with ethanol plants being the majority of the buyers.

Rick Klemme provided the Advisors Report. The North Central Agriculture Program Leaders are working on a project called Create 21 to develop strategies to respond to criticism of federal formula funds. They are developing a response to concerns raised by GAO. There is concern that over time, formula funding will be converted to competitive grants. Another issue being discussed among the Program Directors is how to report

outcome and impact indicators across state borders. It is difficult to assess economic impact at the county level. Multi-state programming where specialists have responsibility to more than one state was another topic of discussion by the Program Leaders. Rick briefly commented on E-extension. He emphasized that E-extension must reinforce the local connection. Rick asked about small farm programming and materials across the North Central region. Oklahoma, Michigan and Ohio have on-going programming and materials in this area.

Dave Goeller reported on the TAA program. Dave outlined the TAA Extension time line. The time line starts once the Secretary of Agriculture approves the petition. From that point Extension has 45 days to develop the technical assistance package. That leaves 135 days to deliver the training to the recipients. Through the first two years of the TAA program, 13,320 producers and fish harvesters have received technical assistance training. Eight commodities (blueberries, catfish, concord grapes, lychees, olives, potatoes, salmon and shrimp) in 25 states have been approved. An evaluation of these participants has been completed. The evaluation indicated the technical assistance, cash payments and Department of Labor job training were all beneficial to participants. Forty percent of the survey respondents said they made adjustments due to the technical assistance program. The survey showed 70.8 percent rated the technical assistance program very to mostly favorable, while 58 percent said the program helped them make better business decisions. Extension gained a new audience and greater access to existing clientele. Dave indicated he wanted to develop contracts with each state to facilitate faster response time in the event of additional commodities being approved.

Dave Goeller also reported on the Farm Transitions Program. He covered the Farm Transition Grant and Training and identified the states involved. Workshops will be held in Oklahoma, North Dakota, South Dakota, Michigan and Texas. The Farm Transition Network retains 10 percent of funds for overhead to administer the grant.

Later Thursday afternoon, NAFBAS and NFRBMEA joined our committee for a presentation by Steve Vanuridan from the Mayo Clinic in Rochester. He gave a presentation on development of technology at Mayo Clinic along with a background of the Mayo Clinic business. A presentation similar to this is being planned for the triennial conference next June. The Mayo Clinic currently has 49,699 employees. They have a research budget of over \$400 million and have developed 513,012 unique patents. He had a very interesting presentation covering the function of the office of technology commercialization at Mayo Clinic, patent development on their technology discoveries, the commercialization process of their patents, company start-ups and lessons learned through these processes.

The final session on Friday was a discussion concerning the triennial conference which will be held June 11-14, 2007 at the Kahler Grande Hotel in Rochester. This will be the first time the annual meetings of NAFBAS and NFRBMEA and the Extension triennial conference will be held jointly. Registration for the conference will be on-line only, processed by the Kahler Hotel conference office. Their website will be linked to each of our organizations individual websites. Paper presentations for the conference will be

handled by our committee with Gary Schnitkey taking the lead. Contact information and abstracts are due January 15, notification of acceptance will be by February 15 and the full presentation due by May 1.

The NCFMEC had breakfast on Friday morning with the NAFBAS and NFRBMEA committees followed by a brief discussion on the joint conference. Our committee reconvened at 8:00 with an expanded state report from Minnesota. Dale Nordquist provided the report.

The committee discussed in-service training for Extension educators. The training in Oklahoma is less formal now with less area farm management staff. Damona thought there still is a need for a planned multi-year training program. Iowa currently has 9 area farm management agents and conducts 3 in-service training sessions per year. There are conference calls with area agents. There is no discipline training for county staff as their role is primarily as directors and facilitators. In Ohio, the department has an annual update for all agents plus a department news letter. Staff are organized around commodity teams that put together training for staff on those teams. Missouri conducts training at least once each year. The training is supposed to be in-depth and discipline only. Nebraska has one district economist and hasn't had any in-service for awhile. They have 6 agents with emphasis on farm management. Wisconsin has no formal farm management in-service training currently. They are looking at electronic delivery of some in-service training and are considering requiring financial management training for all county agricultural agents. Wisconsin is experiencing high turn over with county staff.

Michigan has 5 area farm management agents and hold two-day training sessions 3 times per year. They also have a set of core competencies for county agents. Indiana has no regional specialists but has agriculture and natural resource agents in all counties. They hold 8 video sessions throughout the year to address current issues that impact county educators. South Dakota holds in-service during the summer for area farm management agents. They also meet with county agents during annual conference in what would be considered more as response than training. South Dakota has 5 agents with farm management emphasis. North Dakota does not have any area farm management agents and only 3 county agents with farm management emphasis. Several other agents usually participate in farm management in-service, however. There is a one-day in-service on marketing and management topics in the fall and additional offerings during annual conference.

Doug Jose suggested we should consider putting a group together to discuss what could be pulled together from different states in topical areas.

Don Breece said the triennial and risk management conferences would be good to bring together in-service training options. Don asked if there would be interest in a multi-state distance education training for county staff with farm management emphasis.

Damona Doye and Don Breece expressed interest in developing on-line in-service training. William Edwards indicated Iowa has a curriculum intended for farmers but may work better for agents.

Arlen Brannstrom distributed a summary of the Wisconsin Dairy Modernization Survey 2006.

Damona Doye is serving on a national committee responsible for reviewing the Census of Agriculture. She provided a brief review of what the committee is looking at. Questions that have come up include: Are they doing the right things? What is more important, people or places? The 2007 census will introduce a short form. Any suggestions to improve the census should be sent to Damona asap.

Steve Isaacs sent an email indicating his replacement on the committee would be Greg Halich. Steve and Greg plan to attend the triennial conference.

Dale Nordquist provided an update on the NCFMEC website. He provided each state representative with a summary of publications currently listed and web page links. Dale gleans the state reports and enters any new publications on the website. Dates of national and regional meetings should be sent to Dale for inclusion on the website calendar.

Gary Schnitkey provided an update on the FAST spreadsheets. All recent updates are on the farmdoc website. They will be releasing a 2007 crop insurance premium calculator that will include winter and spring wheat, corn and soybeans for all North Central states. This program calculates premiums for several insurance policy options and provides a side by side comparison.

The NCFMEC is coordinating the paper presentations for the triennial conference. Gary Schnitkey and Dale Nordquist are taking the lead on this effort. Arlin Brannstrom, Doug Jose and William Edwards volunteered to assist in reviewing the papers.

Doug Jose announced the 2007 Risk Management Conference will be held April 17-18 in Phoenix, AZ. Doug said the RFA should be coming out November 1 for the North Central RME grants. The categories will be similar to last year with human risk and value added. They are also considering a category for traditional agriculture. They are considering holding back some funding for a special call for proposals on the 2007 farm bill education programs next summer. Grant limits have been increased to \$50,000 for single state proposals and to \$75,000 for multi-state proposals. There is a web based training to assist in writing successful proposals scheduled for November 28. Dave Goeller will be taking on a larger role at the RME Center.

Doug Jose reminded everyone of the International Farm Management Conference to be held in Ireland beginning July 15, 2007. There are also pre and post conference tours scheduled.

William Edwards reported on the AAEA annual meeting. This was the eighth year for the Extension section. A pre-conference agricultural industry tour of Ventura County was very interesting. The FINBIN website was recipient of the best website award at the 2006 meeting. William is president this year.

William also reported on the Midwest Plan Service. The staff engineer and the marketing director positions have been eliminated. One employee remains who will continue to sell inventory, fill orders, and coordinate reprints. There was some discussion on moving farm management files to our website either for sale or free download. William also distributed a brochure for the Iowa crop insurance conference "Insuring Iowa's Agriculture" to be held November 7, 2006.

William reported the task force to develop material on "Helping Producers Design Low-cost, Low-risk Grain Harvesting Systems" has met and organized their thoughts. Other members of the task force are Gary Schnitkey, George Patrick and Ray Massey.

Dale Nordquist presented an overview of the Farm Financial Standards Council Managerial Accounting Guidelines. Most of the discussion centered around the differences between these guidelines and enterprise accounting as used by our profession.

There was a brief discussion on the contribution of farm management to energy issues. A committee was formed consisting of Arlin Brannstrom, Rick Klemme, Steve Harsh, Dale Nordquist and William Edwards.

The next meeting will be held just prior to the triennial conference in Rochester on June 11, 2007. Dates were set for the 2007 fall meeting to be held September 27-28. No location was selected.

The meeting adjourned at noon.

Submitted by:
Dwight Aakre
Secretary