

**V(A). Planned Program (Summary)**

**Program # 13**

**1. Name of the Planned Program**

Agricultural Business Management

**V(B). Program Knowledge Area(s)**

1. Program Knowledge Areas and Percentage

KA Code	Knowledge Area	%1862 Extension	%1890 Extension	%1862 Research	%1890 Research
601	Economics of Agricultural Production and Farm Management	10%		20%	
602	Business Management, Finance, and Taxation	40%		20%	
603	Market Economics	10%		30%	
604	Marketing and Distribution Practices	40%		20%	
610	Domestic Policy Analysis	0%		10%	
	<b>Total</b>	100%		100%	

**V(C). Planned Program (Inputs)**

1. Actual amount of professional FTE/SYs expended this Program

Year: 2010	Extension		Research	
	1862	1890	1862	1890
Plan	8.7	0.0	22.9	0.0
Actual	8.7	0.0	11.0	0.0

2. Actual dollars expended in this Program (includes Carryover Funds from previous years)

Extension		Research	
Smith-Lever 3b & 3c	1890 Extension	Hatch	Evans-Allen
513845	0	922	0
1862 Matching	1890 Matching	1862 Matching	1890 Matching
1571258	0	149878	0
1862 All Other	1890 All Other	1862 All Other	1890 All Other
589500	0	2131117	0

**V(D). Planned Program (Activity)**

## 1. Brief description of the Activity

Analysis of the financial health of Minnesota farms showed that average earnings decreased by over 60 percent in 2010, continuing a downward trend that began in 2008. Low incomes for virtually all types of livestock operations pulled the average down, and some livestock farms sustained large losses. Crop farms, on average, were profitable but also earned much lower incomes compared to recent years. For pork producers, the crisis was the toughest and deepest in 20 years, according to MAES applied economists studying the industry. Minnesota farmers must now deal with a complicated risk management situation, and MAES research to support agricultural business decision making and Extension outreach efforts are increasingly important. Highlights of MAES research to support agricultural business management in 2010 included:

- A study that investigated welfare consequences to U.S. agriculture of eliminating volatility was concluded. The results are being used by the USDA Economic Research Service to evaluate alternative farm policies that might be included in the next farm bill, such as crop insurance and farm income insurance.
- A study addressing the issues of competition in the livestock and meat sectors will directly impact national level conversations on policy making on competition issues in animal agriculture. The researcher provided public testimony at USDA and Department of Justice joint hearings on competition.
- Research on the cost benefits of soybean rust monitoring networks has found that under the right circumstances pest monitoring and communication networks can reduce the cost of claims paid to producers by crop insurance providers. Those networks also reduce risk associated with potential pest infestations.
- A new national Trade Adjustment Assistance for Farmers Program (TAAF) was established by the University's Center for Farm Financial Management which will design training programs to help producers make the transition to alternative crops or products.

As the population ages and markets grow more complex, Extension Agricultural Business Management programs are a constant resource to the farming industry. In 2010, most efforts turned to the work of Farm Transfer. As the population of farmers ages, and as the business of farming becomes more complex, the intentional transition of farms prevents the risk of losing local businesses in rural areas. Demand for this programming was strong in 2010; however, demand for programming about marketing of products was low as commodity prices continued to yield good profits for most crops producers.

Through educational events, consultations and media resources, Agricultural Business Management programs provides education about tax issues, land rent data, machinery management, strategic business planning, earning a living on a modern farm, making sense of current events, special purpose technology lending, and farm business transfer and estate planning.

## 2. Brief description of the target audience

Our survey and anecdotal data has shown that Extension and Experiment Station research have a greater impact on agriculture when they reach those who disseminate key information. Therefore, our target audiences for Ag Business Management programs include farmers, farm business management associations, bankers and lenders, agricultural leaders, agricultural professionals, farm business management educators and state and federal policy makers.

**V(E). Planned Program (Outputs)**

**1. Standard output measures**

2010	Direct Contacts Adults	Indirect Contacts Adults	Direct Contacts Youth	Indirect Contacts Youth
<b>Plan</b>	7000	8000	0	0
<b>Actual</b>	8500	42000	0	0

**2. Number of Patent Applications Submitted (Standard Research Output)**

**Patent Applications Submitted**

Year: 2010  
 Plan: 0  
 Actual: 1

**Patents listed**

20100028 FINPACK Version 5

**3. Publications (Standard General Output Measure)**

**Number of Peer Reviewed Publications**

2010	Extension	Research	Total
<b>Plan</b>	1	12	
<b>Actual</b>	1	10	11

**V(F). State Defined Outputs**

**Output Target**

**Output #1**

**Output Measure**

- Educational events will deliver agricultural business management content. (Target expressed as the number of events.)

Year	Target	Actual
2010	140	140

**V(G). State Defined Outcomes**

**V. State Defined Outcomes Table of Content**

O. No.	OUTCOME NAME
1	In post-program surveys, farm owners will report increased net in farm income as a result of actions taken. (Target expressed as an average net income increase for outcomes of any program intervention.)
2	Participants of the Agriculture Business Management (ABM) program workshops/classes and conferences will achieve significant learning gains regarding research-based agriculture business management knowledge and skills. (Target expressed as the percentage of participants who achieved significant learning gains as a result of attending ABM program workshops/classes and conferences.)
3	Participants of Agriculture Business Management (ABM) workshops/classes and conference sessions intended to improve participant agriculture business management practices will significantly improve their management practices as a result of attending the program. (Target expressed as a percentage of participants that significantly changed one or more of their agriculture business management practices as a result of attending workshops/classes and conference sessions intended to improve participant management practices.)
4	Farm transfer plans will assure the financial security of local farms, with a financial impact for the rural midwest. (Target expressed as financial impact in dollars.)

## **Outcome #1**

### **1. Outcome Measures**

In post-program surveys, farm owners will report increased net in farm income as a result of actions taken. (Target expressed as an average net income increase for outcomes of any program intervention.)

Not Reporting on this Outcome Measure

## **Outcome #2**

### **1. Outcome Measures**

Participants of the Agriculture Business Management (ABM) program workshops/classes and conferences will achieve significant learning gains regarding research-based agriculture business management knowledge and skills. (Target expressed as the percentage of participants who achieved significant learning gains as a result of attending ABM program workshops/classes and conferences.)

### **2. Associated Institution Types**

- 1862 Extension

### **3a. Outcome Type:**

Change in Knowledge Outcome Measure

### **3b. Quantitative Outcome**

<b>Year</b>	<b>Quantitative Target</b>	<b>Actual</b>
2010	82	91

### **3c. Qualitative Outcome or Impact Statement**

#### **Issue (Who cares and Why)**

Farm Transition and Estate Planning: Build Your Exit Strategy is a U of M Extension program to assist farm and ranch families with business succession and personal estate planning. As the population ages, transfer of farms and estates is essential to maintaining business strength in rural America, creating strong demand for this program from farm and ranch families as well as professionals who work with them.

#### **What has been done**

A total of 402 Minnesota, North Dakota and Iowa farm and ranch family members from 130 communities, representing 215 farm business units, attended one of 14 workshops. There were 34 local business sponsors involved in the program effort. Participants aged from 22 to 89 years. Evaluations followed each workshop.

#### **Results**

Participants were asked to indicate their change or increase in knowledge on a five-point Likert scale. Respondents felt strongest about their understanding of "the need for clear goals and communication as part of the transfer process." (4.56) This was followed by the understanding of "the importance of assessing the financial strength of the farm business." (4.35) and understanding of "various estate planning laws and strategies." (4.30) Participants also indicated understanding of "transfer strategies available for use in a transfer plan." (4.18) Finally, there was increased knowledge of "tax issues and strategies related to farm transfer" and "knowing how to write a transfer plan outline." (4.14 each)

#### 4. Associated Knowledge Areas

KA Code	Knowledge Area
602	Business Management, Finance, and Taxation
604	Marketing and Distribution Practices

#### Outcome #3

##### 1. Outcome Measures

Participants of Agriculture Business Management (ABM) workshops/classes and conference sessions intended to improve participant agriculture business management practices will significantly improve their management practices as a result of attending the program. (Target expressed as a percentage of participants that significantly changed one or more of their agriculture business management practices as a result of attending workshops/classes and conference sessions intended to improve participant management practices.)

Not Reporting on this Outcome Measure

#### Outcome #4

##### 1. Outcome Measures

Farm transfer plans will assure the financial security of local farms, with a financial impact for the rural midwest. (Target expressed as financial impact in dollars.)

##### 2. Associated Institution Types

- 1862 Extension

##### 3a. Outcome Type:

Change in Condition Outcome Measure

##### 3b. Quantitative Outcome

Year	Quantitative Target	Actual
2010	{No Data Entered}	384300000

##### 3c. Qualitative Outcome or Impact Statement

### **Issue (Who cares and Why)**

The average balance sheet for a Minnesota and North Dakota farm/ranch family lists total farm/ranch business assets of \$1,776,955 and \$1,525,834 respectively. More than 86% of participants of farm transfer Extension programs did not have an up-to-date farm business transfer plan to manage these considerable assets.

### **What has been done**

Workshops delivered to farmers in the region illustrated the importance of planning, and provided concrete strategies for creating a transfer plan.

### **Results**

A total of 95.4 percent of participants stated that as a result of attending one of the workshops, they were going to begin the process of developing and implementing a transfer and estate plan. A post-meeting follow up evaluation showed that 68.5 percent had started their transition plan and 27 percent had completed and implemented that plan. Therefore, the value of assets protected after receiving education from Extension was \$1,689,609 including owned land, livestock equipment and machinery. Weighted average total for non-farm/ranch assets for participant families was \$187,714 (FINBIN, 2009) Total financial impact of protected rural poverty can be assessed at \$384,300,000.

## **4. Associated Knowledge Areas**

<b>KA Code</b>	<b>Knowledge Area</b>
602	Business Management, Finance, and Taxation

## **V(H). Planned Program (External Factors)**

### **External factors which affected outcomes**

- Economy
- Competing Programmatic Challenges

### **Brief Explanation**

As the volatility of commodity crop prices stabilized, and prices remained high, the demand for farm management and marketing classes was greatly reduced. Staff turned its efforts to the increased demand for farm transfer education, as farmers and ranchers became most concerned about protecting their business assets.

## **V(I). Planned Program (Evaluation Studies and Data Collection)**

### **1. Evaluation Studies Planned**

## **Evaluation Results**

**Key Items of Evaluation**