

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

**Program # 2**

**1. Name of the Planned Program**

Economics and Management

Reporting on this Program

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

1. Program Knowledge Areas and Percentage

| KA Code | Knowledge Area                               | %1862 Extension | %1890 Extension | %1862 Research | %1890 Research |
|---------|--|-----------------|-----------------|----------------|----------------|
| 602     | Business Management, Finance, and Taxation   | 25%             |                 | 25%            |                |
| 604     | Marketing and Distribution Practices         | 25%             |                 | 25%            |                |
| 605     | Natural Resource and Environmental Economics | 10%             |                 | 10%            |                |
| 606     | International Trade and Development          | 10%             |                 | 10%            |                |
| 608     | Community Resource Planning and Development  | 5%              |                 | 5%             |                |
| 610     | Domestic Policy Analysis                     | 25%             |                 | 25%            |                |
|         | <b>Total</b>                                 | 100%            |                 | 100%           |                |

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

1. Actual amount of FTE/SYs expended this Program

| Year: 2012               | Extension |      | Research |      |
|--------------------------|-----------|------|----------|------|
|                          | 1862      | 1890 | 1862     | 1890 |
| Plan                     | 20.0      | 0.0  | 10.0     | 0.0  |
| Actual Paid Professional | 13.7      | 0.0  | 7.8      | 0.0  |
| Actual Volunteer         | 0.0       | 0.0  | 0.0      | 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    |
| 189429              | 0              | 323704         | 0              |
| 1862 Matching       | 1890 Matching  | 1862 Matching  | 1890 Matching  |
| 189429              | 0              | 973121         | 0              |
| 1862 All Other      | 1890 All Other | 1862 All Other | 1890 All Other |
| 1620855             | 0              | 2084398        | 0              |

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

#### 1. Brief description of the Activity

Numerous activities, events and experiences were conducted to address the needs of producers and other clientele in the area of economics and management. These included but were not limited to workshops, one-on-one intervention, marketing clubs, cooperatives, popular press articles, extension publications, and other methods as needed. These educational approaches focused on the identified needs of those who participate in our programs.

Work of AgriLife Research and AgriLife Extension is conducted jointly where research-based information is generated and then transferred to clientele. This work is conducted primarily on campus with dissemination efforts both on campus and at various research and extension centers across the state.

Collaborative efforts are also an important part of this area. Work with various commodity groups and other agencies are routinely conducted by both AgriLife Research and AgriLife Extension faculty. Examples of this work include cooperating with Grain and Livestock organizations on risk management and Biofuels programming and the Texas FSA office on price forecasts for lending purposes for the coming year.

#### 2. Brief description of the target audience

The target audience for the economics and management program included all Texas producers. Specifically, commercially viable agricultural producers are targeted, but additional efforts are targeted to small scale operators, part-time producers, new/young landowners/producers, and commodity groups.

The target audiences are very diverse in knowledge, skills, attitudes, and aspirations to learn and adopt important strategies to be successful. Therefore, the methods used in this area vary depending on which audience is being addressed.

#### 3. How was eXtension used?

The Cooperatives Community of Practice for eXtension is supported by Texas AgriLife Extension personnel. It provides a resource to individuals and groups interested in cooperative agricultural business

practices. A new focus for the community of practice is youth leadership, with the intent of drawing talented youth to careers in cooperatives. Such careers are typically located in rural communities and help to strengthen rural economies. In addition, several faculty members answer the ask an expert questions that come in through eXtension.

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

**1. Standard output measures**

| 2012          | Direct Contacts Adults | Indirect Contacts Adults | Direct Contacts Youth | Indirect Contacts Youth |
|---------------|------------------------|--------------------------|-----------------------|-------------------------|
| <b>Actual</b> | 21403                  | 293865                   | 123                   | 0                       |

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

**Patent Applications Submitted**

Year: 2012

Actual: 0

**Patents listed**

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

**Number of Peer Reviewed Publications**

| 2012          | Extension | Research | Total |
|---------------|-----------|----------|-------|
| <b>Actual</b> | 20        | 160      | 180   |

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

**Output Target**

**Output #1**

**Output Measure**

- # of group educational sessions conducted.

| Year | Actual |
|------|--------|
| 2012 | 714    |

**Output #2**

**Output Measure**

- # of research-related projects.

| Year | Actual |
|------|--------|
|------|--------|

2012

52

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

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

| O. No. | OUTCOME NAME  |
|--------|---|
| 1      | Percent of producers that report a savings in money or increased profit by best management practices adopted. |
| 2      | % of target audience that reports an increased knowledge of economics and management strategies.              |
| 3      | Number of producers who conduct whole farm or ranch risk assessment evaluations.                              |

## **Outcome #1**

### **1. Outcome Measures**

Percent of producers that report a savings in money or increased profit by best management practices adopted.

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

- 1862 Extension
- 1862 Research

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

Change in Condition Outcome Measure

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

| <b>Year</b> | <b>Actual</b> |
|-------------|---------------|
| 2012        | 51            |

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

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

Producers attending in-depth workshops are learning the information needed to improve their risk management skills, and increase their economic returns. This improvement in risk management skills, and increased economic returns should improve the long-run viability of the agricultural sector, result in improved economic returns to related businesses and employment in the region as well.

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

A 2.5 year post survey was mailed to participants of the 2010 Master Marketer program held in Amarillo Texas, to determine knowledge gain, adoption of new practices, and economic impact. The survey was an in-depth 14-page survey that was followed up with reminder postcards and phone calls. The survey was done 2.5 years after the initial program to allow time for adoption of new practices and to identify economic impacts.

#### **Results**

Results from survey questions indicated; an increase in the use of a marketing plan from 38% pre-Master Marketer to 91% post-Master Marketer, an increase in determining production costs and incorporating those into the marketing plan from 71% pre-Master Marketer to 91% post-Master Marketer, an increase in using market fundamentals in developing their personal market outlook from 50% pre-Master Marketer to 100% post-Master Marketer, and knowing when to use forward cash contracting from 67% pre-Master Marketer to 89% post-Master Marketer. Master Marketer education had an average individual economic impact of \$38,144 or 3.8% of gross farm income for the Amarillo class.

### **4. Associated Knowledge Areas**

| <b>KA Code</b> | <b>Knowledge Area</b>                        |
|----------------|--|
| 602            | Business Management, Finance, and Taxation   |
| 604            | Marketing and Distribution Practices         |
| 605            | Natural Resource and Environmental Economics |
| 610            | Domestic Policy Analysis                     |

## **Outcome #2**

### **1. Outcome Measures**

% of target audience that reports an increased knowledge of economics and management strategies.

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

- 1862 Extension
- 1862 Research

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

Change in Knowledge Outcome Measure

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

| <b>Year</b> | <b>Actual</b> |
|-------------|---------------|
| 2012        | 78            |

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

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

Producers attending in-depth workshops are learning the information needed to improve their risk management skills. This improvement in risk management skills, and increased economic returns should improve the long-run viability of the agricultural sector, result in improved economic returns to related businesses and employment in the region as well.

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

Pre-test and post-test instruments and retrospective post-tests were used to determine knowledge gained at Master Marketer, Advanced Topics Series, and Beef Management Economics Workshops.

#### **Results**

The 24th Master Marketer program (approximately 70 hours of classroom training over a six-week period of time) was conducted in Plainview, Texas during January/February/March 2012. Pre-test and post-test scores of subject matter knowledge level indicated a 30.53% improvement in participant's scores from the beginning of the Master Marketer program (average pretest score 52.78%) to the end of the Master Marketer program (average posttest score 68.89%). In an exit evaluation, participants suggested that they were much more confident in how and when to use various risk management/marketing tools. If this increase in knowledge levels and confidence

translates to improved marketing performance similar to preceding Master Marketer graduates, then an increase in annual income of approximately \$35,200 per year, on average, can be expected for each of the 61 graduates of this year's program. If so, these returns would work out to over \$2.1 million per year for the graduates of the 2012 Master Marketer program in Plainview. Results of a pre and post test administered to participants from Advanced Topic Series and Beef Management Economics Workshops yielded increase/gain in knowledge ranging from 29% to 100%.

#### 4. Associated Knowledge Areas

| KA Code | Knowledge Area                               |
|---------|--|
| 602     | Business Management, Finance, and Taxation   |
| 604     | Marketing and Distribution Practices         |
| 605     | Natural Resource and Environmental Economics |

#### Outcome #3

##### 1. Outcome Measures

Number of producers who conduct whole farm or ranch risk assessment evaluations.

##### 2. Associated Institution Types

- 1862 Extension
- 1862 Research

##### 3a. Outcome Type:

Change in Action Outcome Measure

##### 3b. Quantitative Outcome

| Year | Actual |
|------|--------|
| 2012 | 120    |

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

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

The FARM Assistance model (financial simulation strategic planning tool) was used to complete 120 analyses for producers, for demonstrations or agent planning purposes. Survey respondents showed that as a result of participating in FARM Assistance, 93% claim a better understanding of the financial aspects of their own operations, and 91% claim an improved ability to assess the financial risks and potential impacts of strategic decisions they make. A comparison of various scenarios analyzed showed that strategic planning tools can have economic benefits.

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

Participants are able to analyze their own economic situation over a 10-year planning horizon using the FARM Assistance model. Producers were able to utilize their own financial, yield, and

production information to analyze alternative strategic opportunities such as adding or reducing acreage, changing the crop/livestock mix, changing the machinery complement or purchase/lease arrangements, financing options, irrigation investments etc., to determine long run impacts on the operations financial situation for planning purposes.

### **Results**

The outcome of client participation is measured through participant evaluations. Client assessments of the FARM Assistance program over the last year indicate a very positive impact on management ability. As a result of participating in the FARM Assistance program, 93% claim a better understanding of the financial aspects of their operation and 91% claim an improved ability to assess the financial risks and potential impacts of strategic decisions they make. One of the objectives of the program is to help managers become more comfortable with formal financial analysis, and 77% indicated that they would be more likely to use formal financial analysis (like FARM Assistance) to help make decisions in the future. 91% of respondents indicated they would recommend FARM Assistance to another producer. Finally, in responding to anticipated economic value, respondents estimated an average \$20,385 annual benefit to their operation as a result of their FARM Assistance participation.

## **4. Associated Knowledge Areas**

| <b>KA Code</b> | <b>Knowledge Area</b>                      |
|----------------|--|
| 602            | Business Management, Finance, and Taxation |
| 604            | Marketing and Distribution Practices       |
| 610            | Domestic Policy Analysis                   |

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

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

- Natural Disasters (drought, weather extremes, etc.)
- Economy
- Appropriations changes
- Public Policy changes
- Government Regulations
- Competing Programmatic Challenges

### **Brief Explanation**

Budget reductions as a result of reduced state appropriations in 2011 resulted in a reduction in FTEs available to carry out educational activities during 2012 and into the future. While remaining faculty picked up additional responsibilities, some educational opportunities were missed due to reduced faculty numbers. The record-breaking drought of 2011, and carried over into 2012 across parts of the state caused a continued realignment of educational priorities. While traditional risk management educational programs were still popular, significant faculty time and effort was redirected toward immediate clientele needs associated with the impacts of drought, management issues tied to continued livestock destocking in some areas, restocking in others, and crop producers dealing with reduced irrigation water availability and related economic decisions.

## **V(I). Planned Program (Evaluation Studies)**

### **Evaluation Results**

Clientele/participants involved in Master Marketer, Advanced Topic Series, Beef Management Economics Workshops, and FARM Assistance are evaluated in several ways, depending on the length of the training activity, whether we are trying to identify short-term knowledge gains, or adoption/change of practices and economic impacts over time. Pre-tests and post-tests are used at the beginning and end of programs to better identify knowledge gains. Retrospective post evaluation surveys are used to identify adoption/change of practices and economic impacts over time. Results indicate that producers are learning, and adopting/changing practices, and these changes are producing economic benefits.

### **Key Items of Evaluation**

No additional findings to report.