

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

**Program # 6**

**1. Name of the Planned Program**

Economics, Markets, and Policy

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
601	Economics of Agricultural Production and Farm Management	0%		10%	
602	Business Management, Finance, and Taxation	56%		11%	
603	Market Economics	36%		25%	
604	Marketing and Distribution Practices	0%		21%	
605	Natural Resource and Environmental Economics	6%		10%	
607	Consumer Economics	0%		9%	
608	Community Resource Planning and Development	2%		4%	
609	Economic Theory and Methods	0%		6%	
610	Domestic Policy Analysis	0%		4%	
	<b>Total</b>	100%		100%	

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

1. Actual amount of FTE/SYs expended this Program

Year: 2013	Extension		Research	
	1862	1890	1862	1890
Actual Paid Professional	6.0	0.0	12.3	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
324899	0	185774	0
1862 Matching	1890 Matching	1862 Matching	1890 Matching
324899	0	245958	0
1862 All Other	1890 All Other	1862 All Other	1890 All Other
0	0	0	0

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

#### 1. Brief description of the Activity

- Analyze Farm Real Estate Market Developments
- Analyze Agricultural Commodity Prices
- Research Trends and Financial Risks
- Develop Marketing Strategy Recommendations
- Partner with the South Dakota Soybean Research and Promotion Council
- Conduct Ag CEO Workshops

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

- Agricultural Commodity Groups
- Policy Makers
- Environmental Groups
- Farmers, Ranchers
- Producers
- Ag Land Owners
- Women in Agriculture
- Youth
- Agricultural Leaders

#### 3. How was eXtension used?

eXtension was not used in this program

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

#### 1. Standard output measures

2013	Direct Contacts Adults	Indirect Contacts Adults	Direct Contacts Youth	Indirect Contacts Youth
<b>Actual</b>	4858	335098	160	1077

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

**Patent Applications Submitted**

Year: 2013

Actual: 0

**Patents listed**

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

**Number of Peer Reviewed Publications**

2013	Extension	Research	Total
<b>Actual</b>	1	18	18

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

**Output Target**

**Output #1**

**Output Measure**

- Percentage of all Hatch Research Projects in Economics, Markets, and Policy

Year	Actual
2013	8

**Output #2**

**Output Measure**

- Conducted Studies to Identify Product Attributes and Willingness to Pay for Locally Produced Beef

Year	Actual
2013	0

**Output #3**

**Output Measure**

- Number of Ag CEO Workshops

<b>Year</b>	<b>Actual</b>
2013	3

**Output #4**

**Output Measure**

- Number of Publications Posted on iGrow Website

<b>Year</b>	<b>Actual</b>
2013	7

**Output #5**

**Output Measure**

- Number of Articles Posted on iGrow Website

<b>Year</b>	<b>Actual</b>
2013	87

**Output #6**

**Output Measure**

- Number of Podcasts Posted on iGrow Website

<b>Year</b>	<b>Actual</b>
2013	5

**Output #7**

**Output Measure**

- Number of Radio Programs Posted on iGrow Website

<b>Year</b>	<b>Actual</b>
2013	45

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

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

O. No.	OUTCOME NAME
1	Number of Economics, Markets, and Policy Hatch Research Projects
2	Increased Understanding of Consumer Willingness to Pay for Locally Produced Beef
3	Number of New Participants in the Ag CEO Program

## **Outcome #1**

### **1. Outcome Measures**

Number of Economics, Markets, and Policy Hatch Research Projects

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

- 1862 Research

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

Change in Knowledge Outcome Measure

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

<b>Year</b>	<b>Actual</b>
2013	11

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

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

The economy is always changing and as new problems arise, research programs are needed to focus on the efficiency of crop and livestock sectors, sustainability of the food and fiber system, and rural development.

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

Within the College of Agriculture and Biological Sciences, there are 11 Hatch projects that are categorized in the Planned Program of Economics, Markets, and Policy. The research activities in this program are supported by our Department of Economics. Hatch funded projects include but are not limited to research involving agricultural land market trends, economic impacts on wildlife and crop production from biofuel production, agricultural commodity prices, the enhancement of the value of U.S. beef, and policies regarding agriculture, energy and the environment.

#### **Results**

Through research, our Department of Economics continues to build a scientific knowledge base to improve and understand land values and cash rental rates, socioeconomic well-being, farm profitability and sustainability, the impact of bilateral ethanol trade flow, and market transparency in fed cattle markets. In addition, graduate students gain valuable knowledge and skills while collaborating on research projects.

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

<b>KA Code</b>	<b>Knowledge Area</b>
601	Economics of Agricultural Production and Farm Management
602	Business Management, Finance, and Taxation
603	Market Economics

604	Marketing and Distribution Practices
605	Natural Resource and Environmental Economics
607	Consumer Economics
608	Community Resource Planning and Development
609	Economic Theory and Methods
610	Domestic Policy Analysis

## **Outcome #2**

### **1. Outcome Measures**

Increased Understanding of Consumer Willingness to Pay for Locally Produced Beef

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

- 1862 Research

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

Change in Knowledge Outcome Measure

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

<b>Year</b>	<b>Actual</b>
2013	0

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

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

As producers increase efforts to meet the demand for locally produced food, demand-side information is needed to better understand the consumer's willingness to pay. This information is necessary to help producers develop efficient production and marketing strategies to increase profitability.

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

A conjoint analysis was applied to study the consumer's preferences and their willingness to pay higher price premiums for locally produced rib-eye steaks. Information was acquired from shoppers at five different farmers markets. The focus was on consumers at farmers markets because the rising trend of buying local is believed to have generated higher sales for local producers in recent years. The beef attributes used in the study included brand, price, leanness, color, juiciness, and production methods.

#### **Results**

The data suggested a significantly higher willingness to pay (WTP) for locally produced rib-eye steaks. The results also indicated that all product attributes selected for inclusion in the study contributed to a higher WTP for shoppers at farmers' markets, especially in terms of juiciness and color of the steaks. Two consumer characteristics ? household beef intakes and health

knowledge ? significantly contributed to higher WTP. It is recommended that local producers continue improving the quality of their meat; however, producers should be aware that improving quality would possibly result in diminished profits. Although consumers at farmers markets are willing to spend a higher price premium for better steaks, the additional WTP vanishes once the product's quality reaches a certain level.

#### 4. Associated Knowledge Areas

KA Code	Knowledge Area
607	Consumer Economics

#### Outcome #3

##### 1. Outcome Measures

Number of New Participants in the Ag CEO Program

##### 2. Associated Institution Types

- 1862 Extension

##### 3a. Outcome Type:

Change in Knowledge Outcome Measure

##### 3b. Quantitative Outcome

Year	Actual
2013	33

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

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

In the past 10 years, the percentage of farmers and ranchers aged 55 and over has increased, while the percentage younger than 55 has decreased dramatically. The average age of South Dakota's ag producers is now older than fifty-five. Starting or taking over a farm or ranch today has many challenges. Often times, the people taking over or beginning a farm or ranch are not fully prepared to operate in today's business climate. The next generation of farmers and ranchers face difficult times if they are not fully engaged in visioning, strategic planning, and business operations. To be a manager and CEO of today's farm and ranch businesses, producers must have a solid foundation in financial management, and the ability to make decisions that will be profitable and work toward the long term goals of the operation.

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

The Ag CEO program is an SDSU Extension signature program with emphasis on beginning farmers and ranchers. The program is a 4-session series of workshops and self-study, with additional training for producers completing Farm Services Agency (FSA) borrower training. The program uses a systems approach to farm business planning that includes topics in farm vision, resource inventory and management, and financial subjects including record creation and budget

development and analysis. Ag CEO was provided in three different communities in western South Dakota for this reporting period.

### **Results**

The Ag CEO program started in the spring of 2012 and in the first year, 109 people participated in the workshops. In this reporting period, 33 new farmers and ranchers participated in the workshops. Thirty-five participants received Farm Services Agency (FSA) borrower training and all were able to renew their FSA loans. Informal evaluations were conducted with lenders and other non-participants to discuss changes to improve the program. The participants continue to meet and plan to stay involved in the program to further develop their management skills.

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

<b>KA Code</b>	<b>Knowledge Area</b>
602	Business Management, Finance, and Taxation
603	Market Economics
605	Natural Resource and Environmental Economics
608	Community Resource Planning and Development

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

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

- Economy
- Competing Programmatic Challenges

#### **Brief Explanation**

SDSU Extension and the SDSU Ag Experiment Station have met or exceeded its goals despite a decrease in state and federal resources. The reduction in funds however, has created challenges across the board with research and outreach. There are fewer faces to greet the customer, there are fewer hands-on projects, and cost recovery has taken the word free out of some programs. But while these challenges may initially seem troublesome, paradoxically they improve service to our stakeholders. Smart classrooms provide video conferencing, web-based learning is available all hours of the day, and new sponsorships create new partnerships. There will be more challenges, but SDSU Extension and the SDSU Ag Experiment Station continue their commitment to excellence and success.

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

#### **Evaluation Results**

No Evaluation to Report

#### **Key Items of Evaluation**

Nothing Significant to Report