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North Central Risk Management Education Center

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CORNHUSKER ECONOMICS

May 21, 2008

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://www.agecon.unl.edu/Cornhuskereconomics.html>

North Central Risk Management Education Center

Market Report	Yr Ago	4 Wks Ago	5/16/08
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$96.59	\$90.39	\$93.47
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.....	136.27	116.63	131.73
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.....	112.94	104.25	110.31
Choice Boxed Beef, 600-750 lb. Carcass.....	166.27	149.03	156.66
Western Corn Belt Base Hog Price Carcass, Negotiated.....	72.41	66.90	79.05
Feeder Pigs, National Direct 50 lbs, FOB.....	68.00	55.77	40.26
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	77.83	67.10	81.66
Slaughter Lambs, Ch. & Pr., Heavy, Woolled, South Dakota, Direct.....	94.25	87.00	*
National Carcass Lamb Cutout, FOB.....	245.79	250.45	254.62
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.....	4.37	8.44	7.71
Corn, No. 2, Yellow Omaha, bu.....	3.51	5.49	5.53
Soybeans, No. 1, Yellow Omaha, bu.....	7.30	12.63	12.94
Grain Sorghum, No. 2, Yellow Dorchester, cwt.....	5.52	9.37	9.37
Oats, No. 2, Heavy Minneapolis, MN, bu.....	2.75	3.73	3.96
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.....	135.00	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.....	92.50	*	77.50
Grass Hay, Large Rounds, Premium Nebraska, ton.....	90.00	*	85.00
* No market.			

The North Central Risk Management Education Center (www.ncrme.org) has provided program coordination for extension risk management education in the North Central Region since 2001. Hosted at the University of Nebraska Agricultural Economics Department, the center recently received approval from the United States Department of Agriculture (USDA) Cooperative State Research, Education and Extension Service (CSREES) for an additional \$1.2 million in funding through 2010. By that time, six million dollars will have been awarded to the North Central Center for programming in risk management education.

The mission of the center is to provide producers in the North Central Region with the training needed to select risk management strategies that will assist them in achieving their business and family goals, and the tools to take action on those strategies. This results-based program awards funding for projects that clearly identify risk management results for the targeted producers. The center invests in these programs and activities, with the goal of seeing a change in the participants' risk management behavior.

A second program administered through the Regional Risk Management Education Centers is the Trade Adjustment Assistance Program for Farmers and Fishermen (www.TAAforFarmers.org). This program was established by the Trade Act of 2002 to assist agricultural producers and fishermen in adjusting to import competition. The program provides technical assistance and cash benefits to eligible farmers and fishermen from USDA and access to Department of Labor retraining and education programs.

The North Central Center is one of four risk management education centers in the United States, and serves Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Northeast Center is located at the University of Delaware, the Western Center at Washington State University and the Southern Center at Texas A&M University. All centers work



closely with the Digital Center at the University of Minnesota Center for Farm Financial Management, which provides the on-line application site and the National Ag Risk Education Library (www.agrisk.umn.edu). Each center is run through their own institution, which enables them to support programming unique to their own region.

The application process begins November 1 each year with the release of the Request for Applications (RFA). Pre-proposals are due in mid-December, with full proposals due March 1. In 2008, 61 projects were submitted with 22 selected for funding for a total of \$702,529. Projects considered for funding must address one of the five areas of risk management (Baquet, Hambleton and Jose, 1997):

- Production
- Marketing
- Financial
- Human
- Legal

All funding decisions are made by the Advisory Council which consists of eight individuals involved in various aspects of agriculture including ag lending, insurance, marketing, extension and ag production within the North Central Region. In addition to meeting the risk management criteria, a proposal must be delivered and ultimately benefit local producers. Selection is based on the following criteria:

- targeted results the project director wants to achieve or the activities the participants will complete
- verification of results
- expected producer participation
- collaboration with other organizations
- creativity and applicability of the project to other areas.

In 2008, projects fell into one of four project categories:

- human resources
- value-added
- legal
- competitive

Some projects may cross state lines which is why collaboration with other agencies and organizations is critical to the success of any project.

Each project is funded for one year. If the scope of the project involves more than one year the project director must reapply for subsequent years. Project directors are required to periodically submit progress reports during the year, in addition to the final report. All reporting is done on-line.

Once the project is completed and the final report is approved by the Center the project “goes public,” meaning that the project is then posted to the on-line National Ag Risk Library (www.agrisk.umn.edu).

Projects funded address a wide variety of topics such as farm transition and estate planning, profitable grain and livestock marketing, women’s programming, value-added agriculture and insurance education. Project directors also

represent a wide variety of agencies and organizations, from land grant universities to non-profit organizations. North Central Center staff members include Doug Jose, Director; Dave Goeller, Assistant Director; A l i s s a R a n d a l l, Administrative Associate; and Cheryl Griffith, Project Specialist.

Recent trends and current events illustrate the risky operating environment which surrounds agriculture today. These events include the unprecedented price of grain, high feed costs for livestock producers, high

energy costs, the disruption of export markets, the growing bio-energy industry, the pressure of environmental regulations and destruction from weather related events. Programs funded by the North Central Risk Management Education Center address these risks by working with producers to understand and better evaluate their individual potential inputs and the rewards needed to stay profitable.

References:

Baquet, Alan, Ruth Hambleton and Doug Jose. *Introduction to Risk Management—Understanding Agricultural Risk*. Risk Management Agency, USDA, 1997.

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