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North Central Extension Risk Management Education Center

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CORNHUSKER ECONOMICS

North Central Extension Risk Management Education Center

Market Report	Yr Ago	4 Wks Ago	5/11/12
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$113.60	\$122.64	\$120.70
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb....	152.78	182.97	181.72
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb....	133.10	153.83	150.35
Choice Boxed Beef, 600-750 lb. Carcass.....	176.54	177.79	190.37
Western Corn Belt Base Hog Price Carcass, Negotiated.....	91.88	79.27	78.11
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	93.08	78.22	79.23
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.....	189.00	148.63	*
National Carcass Lamb Cutout, FOB.....	406.30	371.29	356.09
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.....	7.50	5.48	5.30
Corn, No. 2, Yellow Nebraska City, bu.....	6.76	6.20	6.01
Soybeans, No. 1, Yellow Nebraska City, bu.....	13.45	13.83	13.74
Grain Sorghum, No. 2, Yellow Dorchester, cwt.....	10.66	10.45	9.66
Oats, No. 2, Heavy Minneapolis, MN, bu.....	3.44	3.43	3.55
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.....	140.00	225.00	*
Alfalfa, Large Rounds, Good Platte Valley, ton.....	77.50	145.00	145.00
Grass Hay, Large Rounds, Good Nebraska, ton.....	*	97.50	97.50
Dried Distillers Grains, 10% Moisture, Nebraska Average.....	208.50	229.25	225.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.....	80.50	76.75	76.13
*No Market			

The [Extension Risk Management Education](#) (ERME) program, funded by the United States Department of Agriculture's (USDA) [National Institute of Food and Agriculture](#) provides training to help producers learn new strategies to manage complex and growing agricultural risks. The goal of the program is simple - help farmers and ranchers manage risk. ERME strives to achieve this goal by encouraging and funding innovative programs across the country and helping programs focus on tangible results (ERME, 2012). Four ERME Centers are located across the country; the University of Delaware (Northeast), the University of Arkansas (Southern), Washington State University (Western), and the University of Nebraska-Lincoln (North Central).

Since 2001, the [North Central Risk Management Education Center](#), hosted by the [University of Nebraska-Lincoln](#) Agricultural Economics Department has been tasked with providing risk management education to the farmers and ranchers in our 12-state region. The region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. During this time, the Center has awarded 257 projects and \$6.9 million in funding to public, private and non-profit entities to carry out producer-focused, results-based risk management education programs. Our educational programs have helped producers from 12 states to understand (48,783 participant actions), evaluate (16,906 participant actions), develop (14,955 participant actions), decide (12,405 participant actions) and implement (18,935 participant actions) risk management improvements. Examples of risk management improvements (or results) that were learned, achieved or applied by producers from recently completed projects are:

- Over 450 Minnesota, Iowa, North Dakota and Wisconsin agricultural producers took part in workshop sessions which looked at several components that need

to be considered in a successful estate plan and business transition.

- 260 workshop participants reported via exit interviews that they better understand components of farm and ranch transition including intergenerational communication, goal setting, tax and financial issues, transfer strategies, business entities and personal estate planning.
- At the completion of the project over 60 individual producers had begun the process of developing their first farm or ranch business transition plan and their first personal estate plan.
- After six months, 17 had already implemented their plans.
- In Kansas, 125 producers learned about grain marketing tools to help them effectively manage price risk.
 - Follow-up surveys showed more than 75 producers are using the grain marketing tools and knowledge gained at the workshops and have implemented many basic changes in their own marketing plans.
 - 40 producers have used a marketing tool that was covered in the workshop that had not previously been utilized, resulting in reduced risk and increased profitability for their operation.
 - A web-based workshop series provided risk management education to 123 Indiana women.
 - Six months after the workshop, new risk management tools were successfully implemented into the farm operations.
 - Sixty percent of participants are planning to set 2012 farm production goals.
 - Sixty-two percent of survey respondents have become more involved in the decision making processes for the farm since the workshops.
 - These tools have helped farm operations save from \$1,000 to \$8,000.

What is Risk Management?

There are five general types of risk: financial risk, production risk, legal risk, marketing risk and human/personal risk. (Baquet, Hambleton, Jose, 1997).

Financial Risk refers to a producer's farm credit and the obligation and ability of the farm to repay its debt. The current economic uncertainty greatly affects a producer's financial risk.

Production Risk refers to the uncertainty of the management of crops and livestock. Weather, disease, pests and other factors affect the quantity and quality of the commodities produced.

Legal Risk results from changing governmental policies. Tax laws, chemical regulations, price support payments and changes in the Farm Bill all affect the legal risk a producer faces.

Marketing Risk is the uncertainty about prices producers receive for commodities sold, and what their production costs may be.

Human/Personal Risk includes factors such as farm transition/succession, labor relations, disability, inter-generational issues or divorce.

Funding Decisions

North Central ERME funding decisions are made by an Advisory Council composed of nine individuals involved in agricultural lending, insurance, marketing, extension and production, all from the North Central Region. When considering a proposal for funding, the Advisory Council looks to see that in addition to meeting at least one of the five areas of risk management, each project also addresses six criteria; proposed risk management results, results verification, producer demand, collaboration, creativity and applicability. Successful projects will identify targeted results that will help producers manage risk and then describe how the project will measure those results. In addition, applicants are encouraged to consider projects that focus on special-emphasis programming such as beginning or transitioning farmers, immigrant or minority farmers, women's education and sustainable or value-added agriculture.

Since 2001, nearly 46,000 producers have directly benefitted from risk management education programming in the 12-state North Central Region. Table 1 (on next page) shows awards by state.

In 2012, 69 pre-proposals requesting \$2,506,001 were submitted through the on-line application process. Of this group, 38 were asked to submit a full-proposal. In April 2012, the Advisory Council awarded \$585,697 for 19 projects. The project period is July 1, 2012 – June 30, 2013.

Center Activities

The Request for Applications (RFA) is released in early November each year with pre-proposals due on-line in mid-December. North Central Center staff members hold a webinar for anyone interested in submitting a pre-proposal during this open time. Participants learn what makes a good risk management project and proposal, the criteria for proposal evaluation and how to use the on-line application site. Project directors have indicated that this training is very valuable for them as they look at potential project topics and then put their pre-proposal together.

Together with the other regional Centers and the Digital Center located at the University of Minnesota, the North Central Center recently co-hosted the National Women in

Table 1. Awards by State

State	Number of Awards 2001 - 2012
Illinois	19
Indiana	13
Iowa	41
Kansas	16
Michigan	10
Minnesota	25
Missouri	20
Nebraska	20
North Dakota	16
South Dakota	20
Ohio	18
Wisconsin	39
Total	257
Public Lead Institutions	209
Private/Non-Profit Institutions	48

Agriculture Conference in Memphis, Tennessee, with over 180 participants attending. With over 40 hours of individual concurrent session presentations, participants learned about educational efforts which assist women producers to effectively manage financial, production, marketing, legal and human resource risks associated with their agribusinesses. The Centers will sponsor the 2013 National Extension Risk Management Education Conference next spring.

Each summer a workshop for new project directors is held by the North Central Center, providing them with the building blocks to deliver successful projects and achieve results. Previous workshops have included topics such as risk management education, effective communication, social media and evaluation and follow-up. The 2012 Summer Workshop will be held in Milwaukee, Wisconsin in July.

In addition to the responsibilities of the Center, the [Trade Adjustment Assistance for Farmers](#) (TAA) program offers free training to producers and fishermen of certified agricultural commodities, with funding provided by the 2009 Federal Stimulus Package. Certification of commodities took place during 2010 and includes those commodities which have been adversely affected by import competition. Certified commodities for the North Central Region include asparagus and catfish, and the Center has also helped with shrimp. TAA staff have identified local producers, developed curriculum for producer education and are assisting these producers through their education process. All of the participants have now received orientation and training. Almost all have completed Initial Business Plans with over 90 percent

being assigned a consultant to complete their Long-Term Business Plans. More information on TAA can be found on the program's website, www.taaforfarmers.org.

2012 Funded Projects

Congratulations to the following project directors whose projects were selected for funding in 2012:

Leigh Adcock:	Women, Food and Agriculture Network (Iowa)
Carl Duley:	University of Wisconsin Cooperative Extension-Buffalo County
Phil Durst:	Michigan State University
Andrew Fidler:	Dairy Grazing Services (Missouri)
Julie Fox:	The Ohio State University
Thomas Green:	AgFlex, Inc. (Wisconsin)
Peggy Hall:	Ohio State University Extension
Kelly Heckaman:	Purdue Extension Kosciusko County
Darwin Miller:	Hardin County Extension Council (Iowa State University)
Jim Pierce:	Lincoln University Cooperative
Tracey Renelt:	South Dakota State University
Chuck Schwartau:	University of Minnesota Extension
Christine Skelly:	Michigan State University
Michelle Soll:	Legal Aid of Nebraska
Larry Tranel:	Iowa State University
Edward Usset:	University of Minnesota
Allan Vyhnalek:	University of Nebraska-Lincoln
Crystal Weber:	University of Missouri Extension
Julia Woodruff:	Ag Credit (Ohio)

NCRME Center Staff

Brad Lubben, Director and Extension Assistant Professor and Policy Specialist

Dave Goeller, Assistant Director & TAA Coordinator

Christine Lockert, Grants Coordinator

Cheryl Griffith, Publicity and Promotion

Karen Kuhn, TAA Project Specialist

References:

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

Extension Risk Management Education. "Helping America's Farmers and Ranchers Manage Risk." Progress Report. January 2012.

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