

The E-Newsletter of the Department of Agricultural Economics • July 2016



A Note from the Desk of Allen Featherstone

Welcome to the summer E-Newsletter. In this edition you'll see our award winning faculty, take a look at some of the in-depth research we're conducting on farm finance, and finally, a personal interview with one of our researchers.

The new 2015 Farm Management data has been pivotal in developing research pointing to financial stresses within the Kansas farming community. The data set is comprised of survey responses from roughly 2,000 producers statewide, it allowed us an opportunity to see how the current market conditions are affecting producers in a clearer light.

The Risk and Profit conference is coming up in August, and this the focus will be the management of operations in the current challenging conditions.

Our annual tailgate is just around the corner, and we're inviting you to purchase football tickets and sit with others in agricultural economics. The deadline is fast approaching for the group price point.

Our achievements are directly related to the continued support of our alumni and corporate sponsorships. This support helps us provide our students and outreach programs the proper foundation to continue our tradition of excellence. We appreciate the dedication and engagement of our alumni and outside supporters. Thank you to our generous donors who give back to the Department.

Please take time to learn more about the activities of our department. We also encourage you to share your career and family developments so we can keep your fellow alumni informed. Please email me at afeather@ksu.edu or Thomas Reust, our wily communications coordinator, at tomreust@ksu.edu with information you would like to share with your fellow alumni.

Dr. Allen Featherstone
Department Head, Professor, Master of Agribusiness Program Director

WAEA Award

For the second year in a row, a professor from the Kansas State University department of agricultural economics received an international award for teaching. Dr. Aleksan Shanoyan received the “Undergraduate Teaching Award with ten or less years of experience” from the Western Agricultural Economics Association, or WAEA.

The award recognizes outstanding teaching within a strict set of guidelines. The criteria for the award include student engagement, mastery of subject matter, creativity and innovation, learning evaluations and peer review, and the amount of impact on the entire departmental teaching program.

The head of the Department of Agricultural Economics, Dr. Allen Featherstone, says, “Dr. Shanoyan continues the tradition of excellence in our undergraduate instruction here within the department.”

Shanoyan is an expert in agribusiness management and agricultural-food supply chain economics. He has extensive experience with developing economies, biofuel production, dairy, meat and international food chain industries. He teaches courses in agribusiness management at the undergraduate and graduate levels.

The WAEA organization promotes agricultural economics and human welfare solutions, and houses over 600 professional economists, government officials, agribusiness executives and nongovernmental organization members.



New Report Points to Challenging Conditions

According to the recently released Kansas Farm Management Association (KFMA) 2016 net farm income report, the average 2015 net income for Kansas farms was \$4,568. That is a 95% decrease in income levels when compared to the 2014 fiscal year. Producers are also facing the first net worth loss on Kansas farms since 2002 as net worth fell by an average of 2.4% across the state. Tightening cash position for farms is a direct result of lower commodity prices and decreased profitability across both crop and livestock operations.

As an example, Northeast KFMA economist Clay Simons says some of the livestock operations within his region were hit hard by the recent downturn “everything they gained in 2014, if they weren’t hedged up, they gave it all back and then some in 2015.”

KFMA Executive Director and Kansas State University department of agricultural economics professor, Kevin Herbel, says the current agricultural environment means efficient operations will be key as producers move forward, “During the tougher financial times, it becomes very important for farmers to make decisions based on careful planning, good communication and a quality set of records.”

Herbel stressed that clear communication with everyone involved in the farm production, including agricultural lenders, will make it easier to get in front of any problems the operation may face. Farmers are also in a better financial state in general due to the recent high profitability in agricultural markets in previous years. This provides a greater buffer during this downturn than was seen in the 1980s.

The KFMA annual net farm income report is generated from over 2,000 farms broken down region by region within the state of Kansas. The data from the report can be found on www.AgManager.info. The site features tools and current research on livestock and crop production from the Kansas State University department of agricultural economics. The department of agricultural economics is offering a Risk and Profit conference on August 18th through the 19th to offer producers insight into the current research and management techniques to help producers mitigate losses during the current fiscal downturn. Visit www.AgManager.info/events for more information about the conference.

2016 Risk and Profit Conference

Agricultural economists will conduct a comprehensive seminar for Kansas producers, lenders, crop insurance agents, agribusinesses, county extension agents, and faculty from surrounding institutions August 18–19 at the K-State Alumni Center. The focus of the 21st annual 2016 Risk and Profit Conference will be navigating in a struggling farm economy.

The two days will be jam-packed with breakout sessions and talks from many keynote speakers. There are seven breakout sessions throughout the conference and 20 topics led by agricultural economics faculty and graduate students.

William Tierney Jr., chief economist for AgResource Company a domestic and international agricultural advisory/research firm, will give a talk on the “Long-term View on the Current Price Situation.” Tierney, a former K-State agricultural economics professor, has more than 35 years of experience as an agricultural economist. He has also worked for the USDA, Cargill, Doane Advisory Services, an international agribusiness consulting firm, a national brokerage firm, and served as a senior agricultural advisor for the U.S. government.

Lee (‘72 agronomy) and Margaret Scheufler will lead the general session, “A Conversation with a Kansas Producer.” They currently live on a no-till farm near Sterling, Kansas, where they grow nonirrigated crops in a five-year rotation.

John Floros, dean of the College of Agriculture and director of K-State Research and Extension, will address “Agriculture at K-State: Driving the State and the University Forward.” Floros has led the development of the College of Agriculture strategic plan for Vision 2025 and has led the college to record undergraduate and graduate enrollments.

Allen Featherstone, agricultural economics department head, and Mykel Taylor, assistant professor, will be discussing the Farm Financial Situation. Featherstone is recognized as a leading scholar in agricultural finance and has more than 120 articles published. Taylor focuses primarily on crop marketing and farm management. Some of her current research areas include measuring the basis risk for commodity grains, implications of certain labels on the meat demand, and Kansas land values.

For more information on the 2016 Risk and Profit Conference please visit AgManager.info

There and Back Again... Featuring Dr. Mykel Taylor

Growing up as a rancher's daughter in Montana, Dr. Mykel Taylor never imagined she would have a degree in agriculture, let alone a Ph.D.

"I was going to be a high school science teacher and a girls' basketball coach, that's what I wanted to do," said Taylor. "When I thought of a degree in agriculture, I just assumed that meant you were going to be a farmer or a rancher."

After an inspiring international experience, Taylor realized that there was a completely different side to agriculture involving science,

Taylor says she was an animal science student at Montana State University and eventually switched into ag business., "I loved the whole Econ thing, it was about people. It wasn't about math or money. I find explaining why people do what they do, pretty darn fascinating."

After a couple of internships and receiving funding, Taylor was on her way to Kansas where she worked as an extension assistant. It was here that Taylor really discovered the power of extension. She knew she wanted to be an extension economist, which required a Ph.D., so off to North Carolina she went.

"That was four years of hell in graduate school, but it was worth it because I knew I wanted to do extension," said Taylor. "I just thought it was so cool that we would work on questions or issues, go out into a meeting and you would be talking to people and they actually cared. They would engage and ask you questions and they would call you on your stuff. It was a hard job but it was very satisfying to be impactful in people's lives."

Upon graduating, Taylor took an extension position at Washington State University. However, Kansas still held a special place in her heart and the Taylor family moved back to Kansas where they've lived for the past five years.

"I think it was just one of those things, I call it my apprenticeship in extension at K-State, and it was very influential. To get to come back here, and do it was so cool," said

The majority of the Taylor's extension work Taylor involves land and leasing, understanding and tracking the land market and then helping people with those issues. Kansas land values and the cost of leasing is a hot topic when discussing the current farm crisis.

"When I got here, we were in the middle of these good years, with a lot of money floating around and it was a question of how much could you pay to rent ground and were you paying enough. That was what we were talking about in 2012 and 2013," said Taylor. Commodity prices started to drop in 2014 and stayed low throughout 2015, with that drop, came the decrease in profit margins.

"One of the big outputs that I put out is an estimate of what somebody could afford to pay if they were renting, and it is based on a budget. That budget has both revenue and cost, and all of a sudden we went from having this huge profit margin to having a very tiny profit margin," said Taylor. "I was looking at numbers that were half or a third of what those other numbers were." The question was, could people keep renting with land prices being as competitive as they are? The small profit margins and high land prices are what pushed Taylor to really look at the issue.

"I got a phone call from a land owner who was upset with his tenant, because the tenant charged him to haul his grain and I think we will see more of that, this is people's livelihood," Taylor said. "If I can do anything to help them make the best decisions, my job is not to help people keep farming, my job is to help people make the best decisions that they can... The challenge that comes with helping people make decisions, is not knowing everyone's situation and remembering that the decision is ultimately up the farmer and the other people involved in running their business. I think it is recognizing that there are limits to what economic analysis can do."

A small part of Taylor's extension work includes the Women in Agriculture program facilitated by the department. Women in Ag is designed to deliver information and training on a variety of topics specifically for farm women.

"If I get asked to do a Women in Ag event, I hardly ever say no if I can make it," said Taylor. "It's so much fun because we have some great conversations, occasionally we get off topic, but there's always great stories and ideas. The learning dynamic is different and I enjoy it very much. There is the element of personal relations, what I call soft skills, that is part of my extension program and I think it's made more interesting. I am interested and passionate about it and I think that has definitely helped me."





KSU football game group priced tickets through Agricultural Economics for the October 8th game against Texas Tech.

If you are interested in purchasing tickets to the KSU vs Texas Tech football game and want to sit with others from Ag Econ, we have reserved group tickets. Deadline to purchase these specially priced tickets is July 29th. You will need to follow these directions to purchase yours.

TICKETS: K-State vs. Texas Tech

Bill Snyder Family Stadium

Saturday, October 8

\$30.00 per ticket

Deadline: Friday, July 29

To purchase tickets please use the following instructions:

1. Visit www.kstatesports.com/grouptickets
2. Enter the promo code: **AGFB16**
3. Click on 'Find Tickets' to purchase tickets. Please ignore all messages and make sure to click **Find Tickets**.
4. Use the pick your seat map to select your seats. Click the purple sections to view available tickets. Available tickets will be shown in green. Click on the green dots to select your tickets. After selecting your seats click 'add to cart'.
5. Enter the word verification and click 'continue'.
6. Select 'Print at Home' (\$5) for your delivery method.
7. On the next screen click 'checkout' to purchase. The deadline to order tickets at this price is Friday, July 29. If you have issues using the promo code please contact the K-State Ticket Office at 785-532-7606.

The Agricultural Economics Department will also be hosting our annual tailgate before the football game.