



Corn Belt Farm Economics



THE FARMDOC PROJECT: THIS IS STILL YOUR FATHER'S EXTENSION PROGRAM

SCOTT H. IRWIN, GARY D. SCHNITKEY, DARREL L. GOOD, AND PAUL N. ELLINGER

The agricultural-economics literature is rich with discussion and opinion relative to Extension programs. Program issues that have received the most attention include program quality, challenges facing Extension, recommendations for content changes, audiences and delivery methods, and predictions about the fate of agricultural-economics Extension programs. This literature is exemplified in the articles by Hildreth and Armbruster, McDowell (1985, 1992), Knutson, and Barry.

Much of the literature from the 1980s and

ducers). However, this does not necessarily imply that the same program models that worked in the past are still effective today. The success of the *farmdoc* project can be attributed in large part to the development of a new program model, sometimes labeled "e-Extension," and perhaps best characterized as "integrated and web-first." The purpose of this article is to present an overview of the *farmdoc* project and draw implications from this experience for Extension programming in agricultural economics.

Irwin, Scott H., Gary D. Schnitkey, Darrel L. Good, and Paul N. Ellinger. "The farmdoc Project: This is Still Your Father's Extension Program." *American Journal of Agricultural Economics* 86(2004):772-777.



What a man hears, he may doubt.

What he sees, he may possibly doubt.

But what he does himself, he cannot doubt."

Seaman Knapp

farmdocDAILY

Department of Agricultural and Consumer Economics, University of Illinois Urbana-Champaign

Weekly Farm Economics: Prevented Planting Decision for Corn in the Midwest

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May 14, 2019

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Permalink: https://farmdocdaily.illinois.edu/2019/05/prevented-planting-decision-for-corn-in-the-midwest html

Continued wet weather and saturated soils over much of the Midwest suggests that many farmers will be facing decisions on whether to take prevented planting. Prevented planting is available for those individuals purchasing the Common Crop Insurance (COMBO) product. Once the final planting date has arrived, the farmer can choose to take a prevented planting payment, plant corn, or plant soybeans or another crop. A cover crop can be planted on prevented planting farmland, but there are restrictions on haying and grazing the cover crop. In many cases, taking the prevented planting payments will have



Prevented Planting Comparison Tool

Budget Year: 2019P State: Illinois County: Champaign



Net returns from prevented planting	Corn	Sov	beans	
COMBO plan	RP		RP	
Coverage level	85%		85%	
APH yield (bu. per acre)	200		60	
Projected price (\$ per bu.)	\$4.00		\$9.54	
Prevented planting factor	55%		60%	
Final planting date	6/5		6/20	
Prevented planting payment	\$374		\$292	
Weed control costs	25		25	
Crop insurance premium	18		15	
Net returns (\$ per acre)	\$331		\$252	
Net returns on plant corn or soybeans	Corn	Soy	beans	
Planting date	6/6		6/6	
Insurance guarantee	673		487	
Maximum yield (bu. / acre)	230		65	
Percent of max	74%		91%	
Expected yield	171		59	
Expected harvest price	\$3.70		\$8.30	
Basis	-\$0.30		\$0.30	
Expected cash price (\$/bu.)	\$3.40		\$8.00	
Crop revenue	\$581		\$475	
Crop insurance payment	41		0	
Revenue (\$ per acre)	\$622		\$475	
Direct costs (\$ per acre)				
Fertilizers	145		46	
Pesticides	75		39	
Seed	114		73	
Drying	18		1	
Storage	15		8	
Cropinsurance	18		15	
Power costs (\$ per acre)				
Machine hire	13		14	
Field cultivate	9		9	
Plant	12		12	
Spray	3		3	
Combine	35		30	
Trucking	12	12	6	
Costs yet to be incurred	\$469		\$256	
Expected net returns (\$ per acre)	\$153		\$219	•





How Did farmdoc Develop?



Back to the 1990's

CERN introduces the World Wide Web to the public. The first audio and video are distributed over the Internet. The phrase "surfing the Internet" is popularized.

The number of websites reaches 600 and the White House and United Nations go online.



Netscape
Communications is born. Microsoft creates a Web browser for Windows 95.
Yahoo! is created

Compuserve,
America Online and
Prodigy begin to
provide Internet
access.
Amazon.com,

Amazon.com, Craigslist and eBay go live.

1991

1992

1993

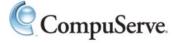
Marc Andreesen develops the Mosaic Web browser at the University of Illinois, Champaign-Urbana.



1994



1995







Extension preparing for multimillion-dollar budget cut from state

illinois public media news

U of I Extension Cuts Mean Major Reorganization, Job Losses



A 3D animation dubbed "The Dancing Baby" becomes one of the first viral videos.

Netflix is founded as a company that sends users DVDs by mail.



1996

1997

1998

1999

The first Harry Potter book is published by author J.K. Rowling.

The United States has a budget surplus for the first time in thirty years. People prepping for Y2K





Strategic tools and resources for the soybean industry. Developed by the College of Agricultural, Consumer and Environmental Sciences at University of Illinois, Urbana-Champaign

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- Isoflavone Database
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Funded by the United Soybean Board

Illinois Council on Food and **Agricultural** Research



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Related Links

C-FAR Strategic Research Initiatives

Information Systems Rural Community Swine Odor And

Development

Waste Management Quality

Illinois Council on Food and Agricultural Research Strategic Research Initiative in Information Systems and Technology (IT-SRI)



The goal of the IT-SRI is to improve the availability, integration, delivery, and use of information throughout the global food and agricultural systems, with special focus on Illinois.

The efforts of the IT-SRI fall into four major categories. Click on a category to learn more about the objectives and progress of IT-SRI projects in each area.

Farmer and Agribusiness Tools

Water Quality and Natural Resources

Community Consumer and General Interest

Research

1101 West Peabody Urbana, IL 61801

Phone: 217/244-4232 FAX: 217/244-8594

cfar@aces.uiuc.edu

Project Sites

C-FAR Home

Evaluation Presentations

Presentations

IT-SRI Fact Sheet

SRI Leader: Sarahelen (Sally) <u>Thompson</u>

Administration

Food Safety | Info Systems | Rural Community Swine | Water | Calendar | C-FAR Home Please send any questions or comments to: cfar@aces.uiuc.edu

farmdoc

farmdoc version 1.0

1999



Farm Decision Outreach Central (FARM.DOC) is a group of sites designed to provide comprehensive risk management information and analysis for producers, lenders, and agribusinesses in Illinois

The site provides a one stop location for up-to-date price outlook information, evaluation of market advisory services, current government reports, historical fundamental data, crop and revenue insurance analysis, farm financial analysis, legal considerations, and instructional material.



Those providing input to this site include <u>Darrel Good, Scott Irwin, Gary Schnitkey, Paul Ellinger, Donald L. Uchtmann, and Chris Hurt.</u> The site is designed and maintained by <u>John Nwoha; please send suggestions, comments, and questions, to him at <u>mailto:%20nwoha@uiuc.edu</u>.</u>

FARM. DOC is produced at the <u>University of Illinois</u>, <u>Urbana-Champaign</u>.

Related sites include:





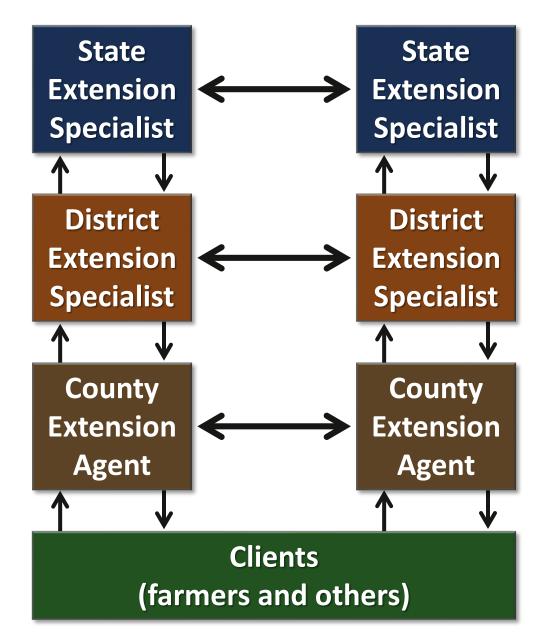
farmdoc version 2.0

2000





Before farmdoc "High Touch" Model

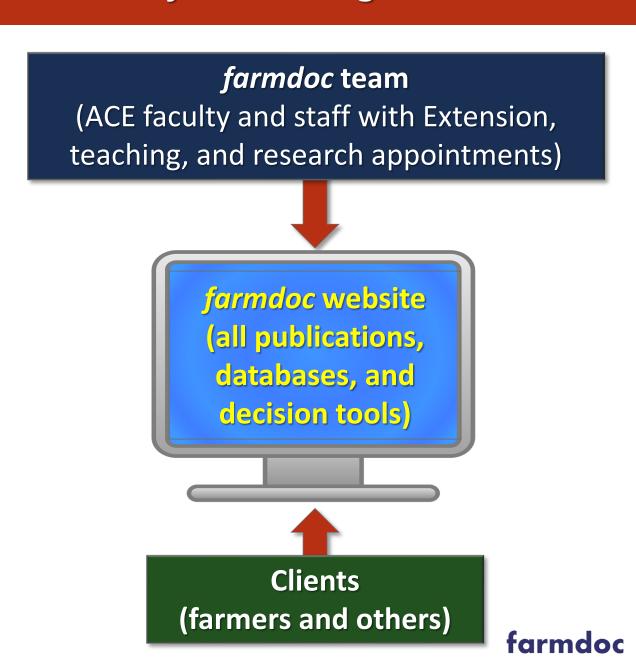




Before farmdoc "High Touch" Model

State State **Extension Extension Specialist Specialist District** District **Extension Extension Specialist Specialist** County County **Extension Extension** Agent Agent Clients (farmers and others)

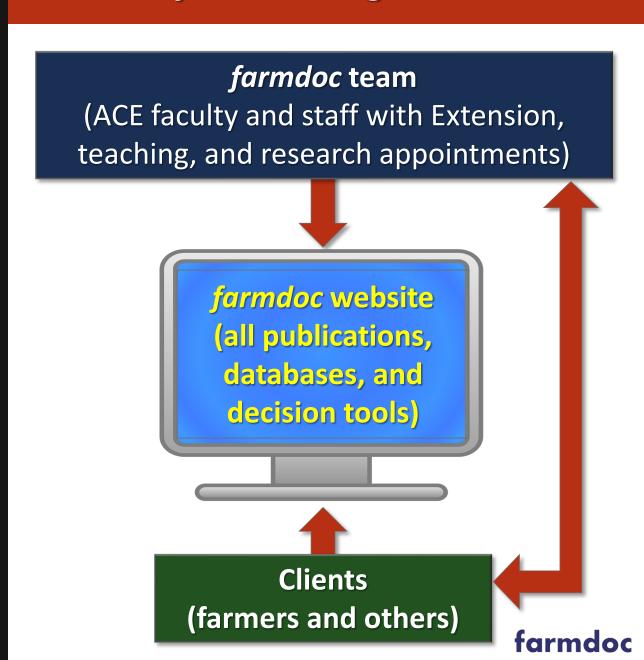
After farmdoc "Digital" Model



Before farmdoc "High Touch" Model

State State **Extension Extension Specialist Specialist District District Extension Extension Specialist Specialist** County County **Extension Extension** Agent Agent Clients (farmers and others)

After farmdoc "Digital" Model







farmdoc version 3.0

2003





Improving farm decision-making under risk through education and research.

Tools

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Publications

Sunshine Replaces Gloom In Pork Outlook (08/28/2004)

How things change. It was just three months ago that the outlook for the pork industry was full of doom and gloom. Not only was the hog price outlook discouraging, but prospects for high corn and soybean meal price had everyone on edge. Just like the passing storms of spring, sunshine has returned to the pork industry. Click here to read the newsletter...

New Rural Policy Digest (08/17/2004)

The Spring Issue of the Illinois Rural Policy Digest discusses the impact of a recent Illinois Supreme Court case on landowner liability. One article by Uchtmann and Endres concludes that new legislation is needed to reduce the liability risk of owners who selectively open their lands to others for recreational uses like hiking, hunting, and fishing. Another article by Endres provides a closer look at the Supreme Court's decision in Hall v. Henn. Click here to read the digest ...

Farmland Prices, Net Rents And Interest Rates Since 1970 (08/11/2004)

Changes in net rents and interest rates suggest that farmland prices should have risen since the late 1980s. However, farmland prices may have increased faster than indicated by net rent and interest rate changes. Click here to read the newsletter ... View All Recent Headlines...

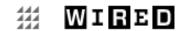












ANDREW SULLIVAN MAGAZINE 05.01.02 12:00 PM

THE BLOGGING REVOLUTION

MUST READ

Weblogs Are To Words What Napster Was To Music.

In the beginning – say 1994 – the phenomenon now called blogging was little more than the sometimes nutty, sometimes inspired writing of online diaries. These days,



Farmdoc version 4.0

2011







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April 5, 2011

A New Era in Livestock Prices?

Our post on March 29 provided updated evidence that nominal crop prices entered a new era beginning about January 2007. The increases in price levels that have occurred in this new era are generally consistent with the increases that occurred in the previous era that extended from January 1973 through September 2006. We have not previously examined livestock prices to determine if a shift in those prices has also occurred recently. Here we examine the average monthly farm prices of hogs; steers and heifers; and milk in Illinois in the accompanying three figures to identify the timing and magnitude of any previous or recent shift in nominal price levels.

Continue reading...

Posted by Site Administrator at 10:46 AM | Comments (0) | Permalink

April 4, 2011

Focus Remains on Corn Demand

Listen to MP3 podcast

The USDA's March 1 Grain Stocks report revealed a surprisingly small inventory of corn. The smaller than expected inventory implies that consumption during the second quarter of the 2010-11 marketing year was larger than expected. It appears that consumption is progressing at a rate that cannot be sustained by available supplies.

Continue reading...

Posted by Site Administrator at 12:23 PM | Comments (0) | Permalink

April 3, 2011

Production of Bioenergy Crops in the Midwest

Listen to the MP3 podcast

The Energy Independence and Security Act of 2007 mandates that 79 billion liters of biofuels must be produced annually from non- corn starch feedstocks by 2022. Perennial grasses, switchgrass and miscanthus,

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Symbol	Last	Chg
Corn	766-0	-0-6
Soybeans	1383-4	+10-2
Soybean Oil (P)	58.85s	-0.03
Soybean Meal	355.9	+2.3
Wheat	787-6	+1-4
Spring Wheat	963-2	+1-0
Kcbt Red Wheat (P)	950-0s	+2-0
Lean Hogs (P)	93.700s	-0.500
Feeder Cattle (P)	137.100s	-0.650
Live Cattle (P)	121.750s	-0.625
Class III Milk (P)	16.54s	+0.02
Ethanol Futures (P)	2.719s	+0.019
Gasoline RBOB	3.1844	-0.0169
Crude Oil WTI	108.13	-0.21
Gold	1,454.4	+1.9

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SOCIAL MEDIA A NETWORK



On Tuesday, the Senate Agriculture Committee held a Farm Bill hearing that focused on commodity, credit, and crop insurance programs. This follows previous Farm Bill field hearings in both Kansas and Michigan, as well as Committee meetings on the farm economy, agricultural research, and conservation issues. Today's update highlights issues that lawmakers discussed at yesterday's hearing, including crop

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Farmdoc 5.0

2016

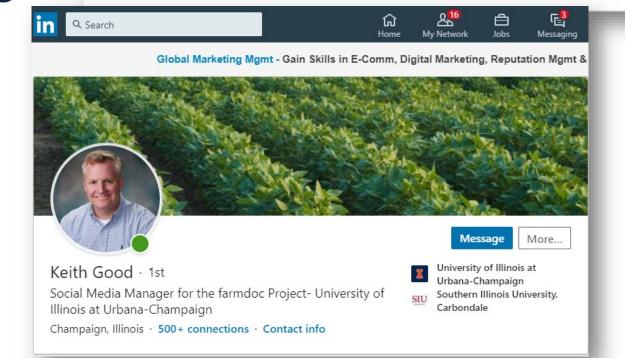
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insurance, payment limits and eligibility for farm programs, and base acres.

Senate Farm Bill Hearing, Risk Management- Crop Insurance, Payment Limits, Base Acres

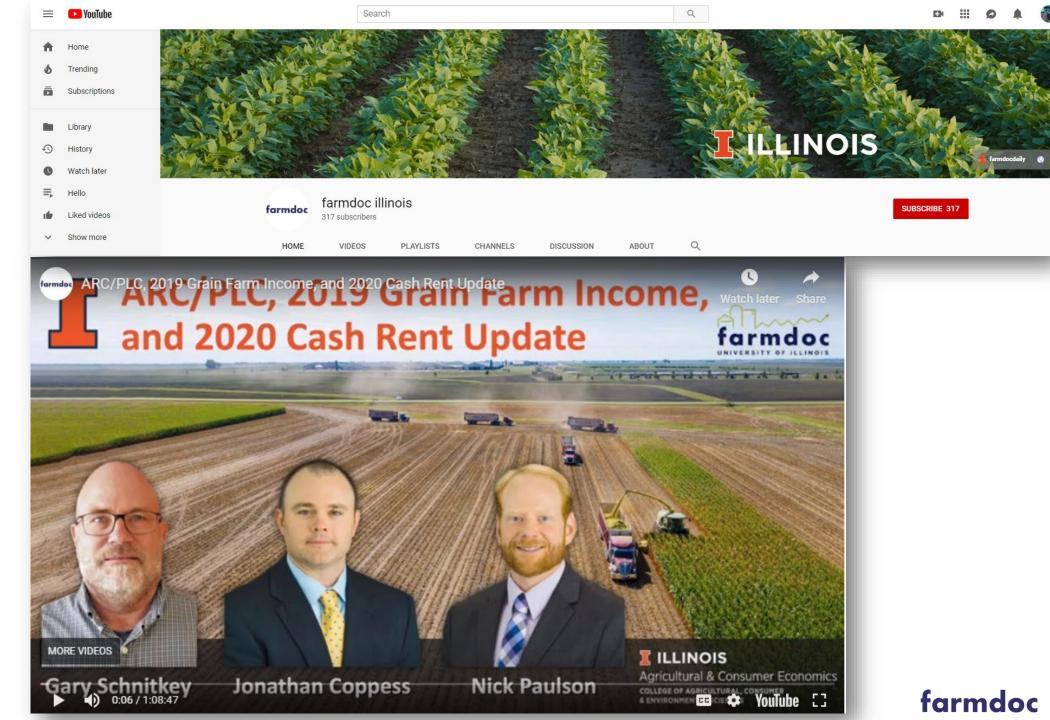






farmdoc 6.0

2019



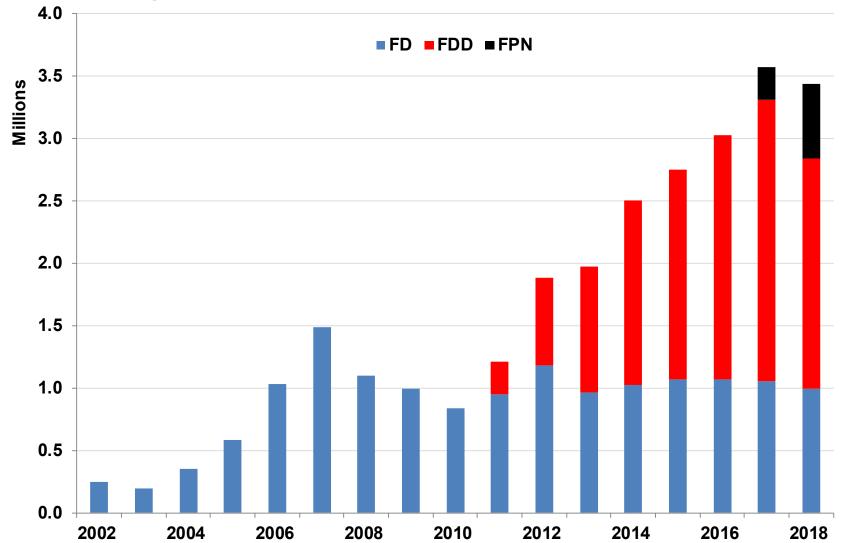


How Do We Measure the Success of farmdoc?



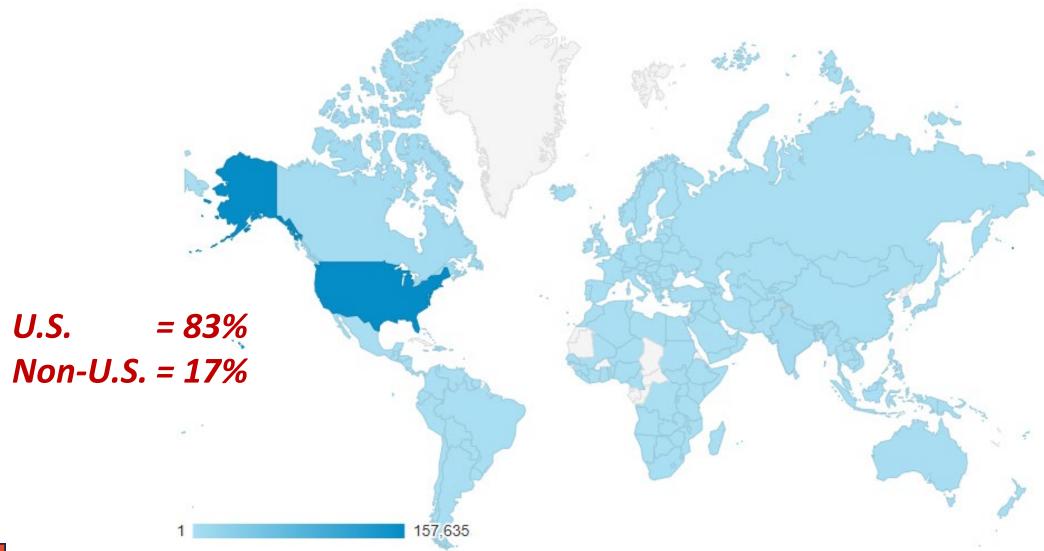


Unique Visits to the farmdoc, farmdoc daily, and Farm Policy News Websites, 2002 - 2018



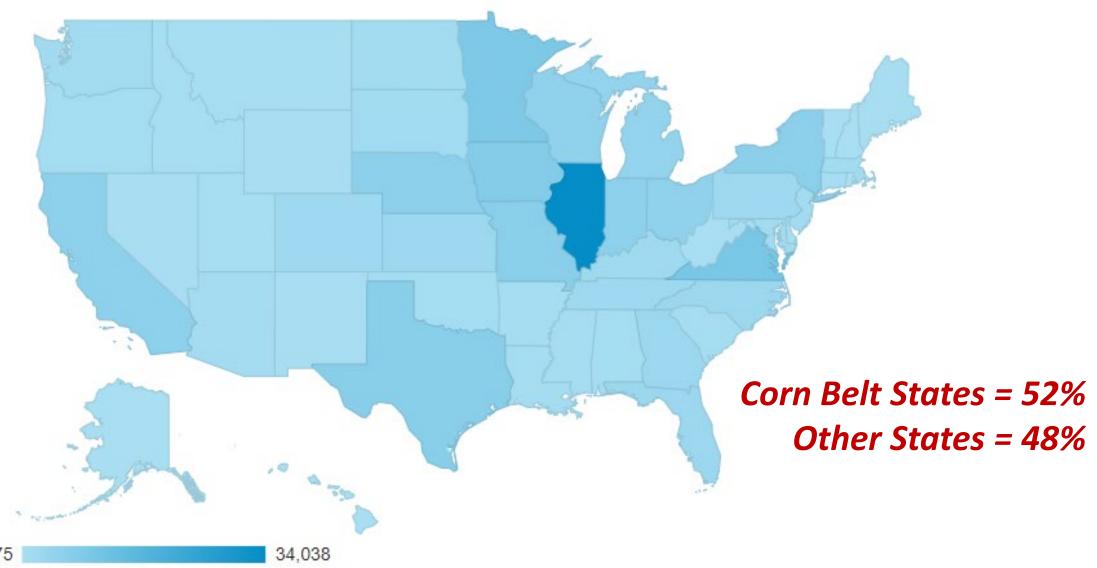


farmdoc daily Unique Visits by Country in 2018





farmdoc daily Unique Visits by State in 2018





Digital Contacts for farmdoc, 2014-2018 (millions)

	Website Page Requests					
		farmdoc	Farm Policy	farmbill	Twitter	
Year	farmdoc	daily	News	Toolbox	Impressions	Total
2014	5.3	6.1	NA	0.4	0.2	12.0
2015	7.3	11.5	NA	0.2	1.8	20.7
2016	5.3	13.5	0.0	NA	3.6	22.4
2017	5.3	9.5	8.0	NA	9.5	25.1
2018	4.4	15.9	6.6	NA	14.4	41.2



YouTube Stats

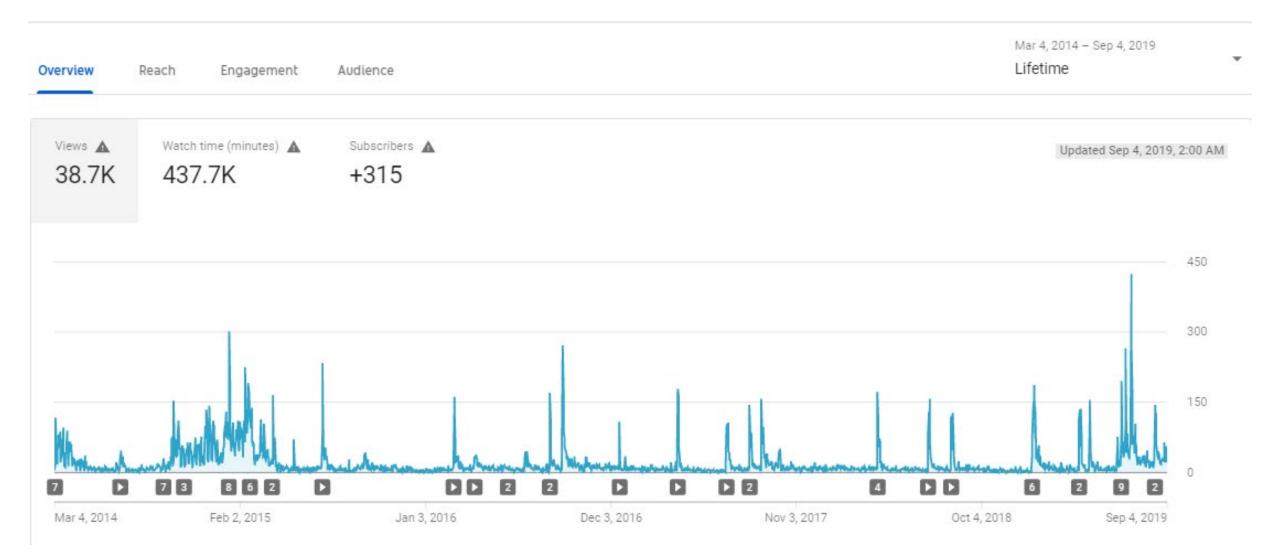




Table 3. Farmer/Landowner Awareness, Use, an		ne To
	NCPE APAS & Farm Bill Toolbox	
Awareness of Tool (%)	64.2% (<i>n</i> =463)	
Usage of Tool ^a (%)	43.3% (<i>n</i> =312)	
Evaluation of Tool ^{ab}		
Not Helpful: Helpful	3.83 (<i>n</i> =312)	
Difficult to Use: Easy to Use	3.58 (<i>n</i> =311)	
Difficult to Understand: Easy to Understand	3.54 (<i>n</i> =311)	
Not Valuable: Valuable	3.88 (n=310)	

^a Usage and Evaluation of Tool questions were only available to respondents who indicated they were aware th ^b Each evaluation criteria was measured on a 5-point scale where 1=Not Helpful and 5=Helpful.

Brenna Ellisona, Nicholas D. Paulson, Mykel R. Taylor, Glynn T. Tonsor, Jonathan Coppess, and Gary D. Schnitkey. "Evaluation of Educational Offerings Associated with the 2014 Farm Bill." *Applied Economic Perspectives and Policy* 13(2017):547-558.

Table 3. Farmer/Landowner Awareness	. Use, and Evaluation of Online Tools (N	V=721
Table 5. I al mel/Landowner 11 wareness	, ese, and Evaluation of Chine 1 ools (1)	, , = 1)

Online Too

NCPE

APAS & Farm Bill Toolbox

64.2% (*n*=463)

43.3% (n=312)

Awareness of Tool (%)

Usage of Tool^a (%)

Evaluation of Tool^{ab}

Mean Willingness-to-Pay = \$7.32

Difficult to Understand: Easy to Understand

3.54 (n=311)

Not Valuable: Valuable

3.88 (n=310)

^b Each evaluation criteria was measured on a 5-point scale where 1=Not Helpful and 5=Helpful.

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Awards and Recognitions

- Distinguished Group Extension Program Award, Agricultural and Applied Economics Association (formerly American Agricultural Economics Association): 2002, 2014, 2016
- Team Award, College of Agricultural, Consumer, and Environmental Science,
 University of Illinois at Urbana-Champaign: 2004, 2010, 2013
- Donald A. Holt Achievement Award, Illinois Council on Food and Agricultural Research: 2008
- Selected as one of two organizations nationwide to develop policy decision tools for implementing the 2014 farm bill
- Team members regularly consulted by government officials regarding a wide variety of policies in agricultural trade, price support, and biofuels
- A team member recently served a term as the agricultural economist on the President's Council of Economic Advisors





What are the Keys
to the Success
of farmdoc?

Key to Success #1: Talented Team



16 member farmdoc team of faculty and staff subject matter specialists

- 12 from Illinois, 3 from Purdue, 1 from Ohio State
- Variety of Extension, teaching, and research appointments
- 1.9 FTE with Extension currently for Illinois team members





Key to Success #3: Funding









Current Budget

5 farmdoc Staff Members

- Full-time web development manager
- Full-time FAST tool & meeting manager
- ½ time assistant web developer
- ½ time social media manager
- ½ time webinar and video manager

\$250k annual budget for farmdoc staff

Sponsorships \$80k

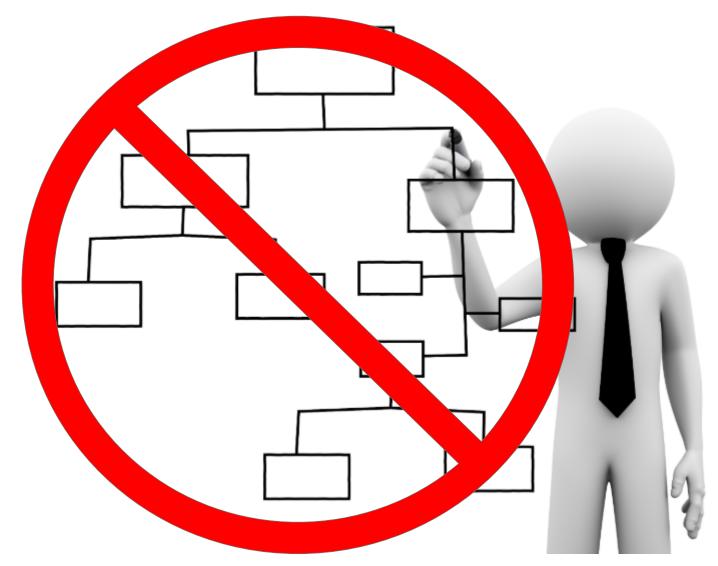
• Extension \$60k

Endowments \$60K

• Grants \$50k



Key to Success #4: Freedom





Key to Success #5: Low Overhead

- Objective: Minimize overhead time costs to team members
- Adopted a decentralized, flat management structure
- Maximize flexibility and speed of response
 Example: No formal editorial review system for farmdoc daily
 - Individual team members 100% responsible for quality control
 - Crowdsourcing review every day
- Group calendar app: Sign up and go!
- Requires high trust level within team





The High Touch Extension Model

Strengths	Weaknesses
Network of professionals ""	Expensive system to maintain
"on the ground"	Large administrative hierarchy
Programming is local "need-oriented"	and overhead costs
 Research results and recommendations can be customized 	 Difficult adjusting to changing structure of agriculture
Feedback from local to the state level	Attracting staff with relevant
and vice versa	knowledge of agricultural business decisions
 Strong network for 	
generating political support	



The Digital Extension Model

Strengths	Weaknesses
Cheap method of disseminating information and analysis	Educational programming is more difficult to deliver
 Not limited by geography or political boundaries 	 Feedback from and to the local level is more limited
Minimal administrative overhead	More difficult to garner in-state
• Extremely fast response to problems as they arise	 political support Less visibility for state
 Promotes flexibility and adaptation; easy "plug and play" 	specialists



Can the Two Models be Blended?

- Digital model is not a natural fit with high touch Extension
- Disruptive of high touch model because digital model is not limited by state borders or Extension hierarchy
- Strength of digital model is flexible and cheap dissemination of information and analysis
- Weakness of digital model is delivering educational programs and local networking
- A blended model will have to emphasize strengths of each model



Challenge #1: Preference for Face-to-Face Meetings

Table 2. Farmer/Landowner Preferences for Extension Education Resources (n=687)

Educational Resource	Average Ranking (5=Most Preferred; 1=Least Preferred)	% Ranking as Most Preferred or 2 nd Most Preferred
In-Person Meeting	3.68	64.92%
Talk with Local FSA Agent	3.16	48.33%
Use Online Tools/Spreadsheets	2.94	36.54%
Read Articles (Online/In Print)	2.89	31.88%
Webinars	2.33	18.34%

Brenna Ellison, Nicholas D. Paulson, Mykel R. Taylor, Glynn T. Tonsor, Jonathan Coppess, and Gary D. Schnitkey. "Evaluation of Educational Offerings Associated with the 2014 Farm Bill." *Applied Economic Perspectives and Policy* 13(2017):547-558.



Challenge #2: Funding for State Extension Specialist Positions

- Tenure-track Extension state specialists are the core of the farmdoc team
- Formal connection to Extension system
- Maintain network of personal relationships with agricultural producers and organizations ("eyes and ears on the ground")
- **ISSUE:** Less visible at a local level under digital Extension model



Challenge #3: Funding Project Infrastructure

- Staff and other project costs now total \$250k/year
- A struggle to piece together this funding on a consistent basis
 - Endowments
 - Extension
 - Sponsorships
- **ISSUE:** Benefits of farmdoc are diffused over a huge geographic area



Challenge #4: Changing Skill Set for State Extension Specialists

High touch Extension model: "Carry the Room"

Digital Extension model: "Obsessive Writer and Analyst"

ISSUE: Digital model state specialists may drift toward too much of an academic focus



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