

APPENDIX D

SAES-422

Format for Multistate Research Activity

Accomplishments Report

Note: This report is submitted each year of an activity's duration and is due 60 calendar days following the annual meeting. The SAES-422 is submitted electronically by AAs into NIMSS. Annual Reports for MRF projects are available to CRIS and CSREES through NIMSS.

Project/Activity Number: NC-1177

Project/Activity Title: Agricultural and Rural Finance Markets in Transition

Period Covered: October 2014 to September 2015

Date of This Report: Nov. 25, 2015

Annual Meeting Date(s): October 13-14, 2014

Participants: Linked to pdf of minutes and participant list.

Brief summary of minutes of annual meeting:

The 2015 NC-1177 meetings were held October 13th and 14th in Chicago, Illinois. A part of the meeting was held jointly with the National Agricultural Credit Committee (NACC). The NACC is comprised of agricultural lenders from throughout the U.S. The meeting allowed members of NC-1177 to interact with these representatives and better understand how the group's research intersects with the issues faced by agricultural and rural lenders. NC-1177 members Scott Irwin (University of Illinois at Urban-Champaign) and Pat Westhoff (University of Missouri) presented some of their current research on biofuels and agricultural economy update during the joint NACC sessions.

The joint component also included presentations on the agricultural lending markets, agricultural risk management, Competition in Local Agricultural Lending Markets, and U.S. & China Investments in Innovation and Technology. Speakers represented Federal Reserve Bank of Kansas City, USDA NASS, Farm Credit System, Farmer Mac, and the President of the Federal Reserve Bank of Kansas City. During the NC-1177 portion of the meeting, members discussed the group's research projects and progress and presented completed and ongoing research.

The NC-1177 business meeting included updates on the formation of the Agricultural Finance and Management (AFM) Section of the Agricultural and Applied Economics Association (AAEA), member publication activity in the *Choices*, and the international conference on finance and risk to be held in the near future. The meeting concluded with discussion of the location and dates for the 2016 annual meetings. The group agreed to continue to hold the meetings jointly with the fall meeting of the National Ag Credit Committee. Joseph Janzen (Montana State University) was unanimously elected as the new Secretary on the executive committee for 2015. Continuing members are Ashok Mishra (President) and Joleen Hadrich (Vice President).

The complete 2015 meeting minutes are attached.

NC-1177 Agricultural and Rural Finance Markets in Transition 2015 Business Meeting Minutes

Federal Reserve Bank of Chicago

Chicago, IL

October 13th and 14th, 2015

Executive Committee: Ashok K. Mishra, Joleen Hadrich, and Joseph Janzen

During the NC-1177 portion of the meeting, members discussed the groups research projects and progress and presented completed and ongoing research. Presentations and sessions were organized in multiple sessions aligned with the following objectives:

1. Investigate capital structure, financial performance, and investment strategies of firms producing renewable energy in context of long term climate change. Implications of these findings for agriculture and rural communities will be delineated.
 - “Option Value of Financial Flexibility for Agricultural Firms” Ryan Larsen, *North Dakota State University*.
 - “Farm Financial Performance under ARC, PLC and Previous Farm Bill Programs” Pat Kelly, Gary Schnitkey, Nick Paulson, and Jonathan Coppess, *University of Illinois Urbana-Champaign*.
 - “The Relationship between Cash Rent and Land Values in Kansas” Mykel R. Taylor, Allen M. Featherstone, and H.N. Gibson, *Kansas State University*.
 - “Biofuel Update: The future is Brighter than You Think” Scott H. Irwin, *University of Illinois Urbana-Champaign*.
2. Identify financial institutions and services that benefit farmers and rural communities and expand agricultural markets, promote growth and trade in developing countries.
 - “The Role of the Farm Credit System in Farm Sector Downturns” Jennifer Ifft and Calum Turvey, *Cornell University*.
 - “Agricultural Credit Risk and the Macro Economy: Determinants of PD Migration” Andrew Johnson, *Purdue University*.
 - “Are Financial Institutions Changing with the Times? The Case of Agricultural Federal Credit Programs” Bruce Ahrendsen, *University of Arkansas* and Charles Dodson, *Farm Service Administration, USDA*.
 - “Institutional investments in Farmland: Why? What? And How?” Bruce Sherrick, *University of Illinois Urbana-Champaign*
 - “Agency Costs of Debt for Kansas Farms” Brady E. Brewer, *University of Georgia* and Allen M. Featherstone, *Kansas State University*
3. Examine the impact of recent fluctuations in capital and commodity markets on the financial performance, credit availability, real estate values, and capital structure of farms, agribusinesses, and lenders in urban and rural communities.
 - “Probability of Default Rating Methodology Review” Lance M. Zollinger, Allen M. Featherstone, Christine A. Wilson *Kansas State University*.
 - “A Credit Migration Analysis of Farm Service Agency Borrower Categories According to Business Maturity, Experience, and Size” Hofner D. Rusiana, Cesar L. Escalante, Brady E. Brewer, *University of Georgia*.

- “Modeling Debt Choice in Agriculture: The Effect of Endogenous Asset Values” Charles B. Moss, *University of Florida*, Ashok K. Mishra, *Arizona State University*, Maria Bampasidou, *Louisiana State University*.
 - “The Use of Solvency Ratios to Predict Long-Term Profitability” Greg Ibendhal, *Kansas State University*.
4. Evaluate the management strategies, capital needs, and policy impacting the financial performance and long-term sustainability of firms in the food and agribusiness sector.
- “Policy Implications of US Dairy Farm Wealth and Income Distributions” Joleen C. Hadrich, *Colorado State University*, Christopher A. Wolf, and Kurt K. Johnson, *Michigan State University*.
 - “Canadian Farm Exits: More than Operator Retirement” David Freshwater, *University of Kentucky*.
 - “Farm Entry and Exit from U.S. Agriculture” Ani Katchova, *The Ohio State University*, and Mary Ahearn, *USDA-ERS*, retired.
 - “Farm returns and the broader economy” Todd Hubbs, *Economic Research Service*, USDA and Todd Kuethe, *University of Illinois Urbana-Champaign*.
 - “Heterogeneity and Inter-Dependence of Risk Preferences and Probability Weights: Evidence from Field Elicitations” Thomas W. Sproul and Clayton Michaud, *University of Rhode Island*.

Following the research sessions and joint meetings with NACC, the NC-1177 annual business meeting was held. The following summarizes issues discussed among the members:

1. Ashok Mishra: Update on Agricultural Finance and Management Section of the Agricultural and Applied Economics Association
The AFM Section will hold organized track sessions at the 2015 AAEA annual meeting in San Francisco, CA. There will continue to be a significant amount of synergy between the NC-1177 and AFM Section activities given the overlap in membership, strengthening the reach and impact of both groups within the agricultural economics profession and society as a whole.
2. Mary Ahearn: Update on *Choices*
Choices is the general audience outlet of the Agricultural and Applied Economics Association. The publication is working to extend its reach and grow its prominence in research and policy circles. The members of the section are invited to contribute. A potential theme of articles related to agricultural finance was discussed.
3. 2016 Meeting Location
The members voted unanimously to continue meeting in conjunction with NACC. The meetings will be held in October 2016 in Denver, CO and cohosted by the Denver Fed.
4. Election of new Secretary
Joseph Janzen (Montana State University) was nominated and unanimously elected as the new Secretary of the Executive Committee for 2016. Ashok Mishra and Joleen Hadrich will serve as President and Vice-President, respectively for NC-1177.

NC-1177 Participants

Name	Organization	City	State
Mary Ahearn	Choices Magazine and Retired ERS	Silver Spring	MD
Damona Doye	Oklahoma State University	Stillwater	OK
Maria Bampasidou	Louisiana State University	Baton Rouge	LA
Brady Brewer	University of Georgia	Athens	GA
Ani Katchova	Ohio State University	Columbus	OH
Valentina Hartarska	Auburn University	Auburn	AL
Gregg Ibendahl	Kansas State University	Manhattan	KS
Mykel Taylor	Kansas State University	Manhattan	KS
Ashok K Mishra	Arizona State University	Tempe	AZ
Calum Turvey	Cornell University	Ithaca	NY
Glenn Pederson	University of Minnesota	Twin City	MN
Loren Tauer	Cornell University	Ithaca	NY
Jennifer Ifft	Cornell University	Ithaca	NY
Ryan Larsen	North Dakota State University	West Fargo	North Dakota
Bruce Ahrendsen	University of Arkansas	Fayetteville	AR
Jaelyn Kropp	University of Florida	Gainesville	Florida
Charles Moss	University of Florida	Gainesville	Florida
Charles Dodson	FSA, USDA	Washington DC	DC
Jeremy D'Antoni	Farm Credit Administration	Mclean	VA
Steve Koenig	Farm Credit Administration	Mclean	VA
Nick Paulson	University of Illinois	Urbana	IL
Christopher Wolf	Michigan State University	East Lansing	MI
Bruce Sherrick	University of Illinois	Urbana	IL
David Freshwater	University of Kentucky	Lexington	KY
Allen Featherstone	Kansas State University	Manhattan	KS
Joseph Janzen	Montana State University	Bozeman	MT
Thomas Sproul	University of Rhode Island	Kingston	RI
Clayton Michaud	University of Rhode Island	Kingston	RI
Gary Schnitkey	University of Illinois	Urbana	IL
Paul Ellinger	University of Illinois	Urbana	IL
Nathan Kauffman	Federal Reserve Bank—Omaha Branch	Omaha	NE
Todd Hubbs	ERS, USDA	Washington DC	DC
Joleen Hadrich	Colorado State University	Fort Collins	CO
Cody Brandt	Graduate Student, Univ. of Illinois	Urbana	IL
Scott Irwin	University of Illinois	Urbana	IL
Kevin Kimle	Iowa State University	Ames	IA
Todd Kuethe	University of Illinois	Urbana	IL
Ryan Kuhns	ERS, USDA	Washington DC	DC
Kevin Patrick	ERS, USDA	Washington DC	DC

Blane Nelson	Graduate Student, Univ. of Illinois	Urbana	IL
Andrew Johnson	Graduate Student, Purdue University	West Lafayette	IN