



Future of the Agricultural Sector: Purdue Extension and Financial

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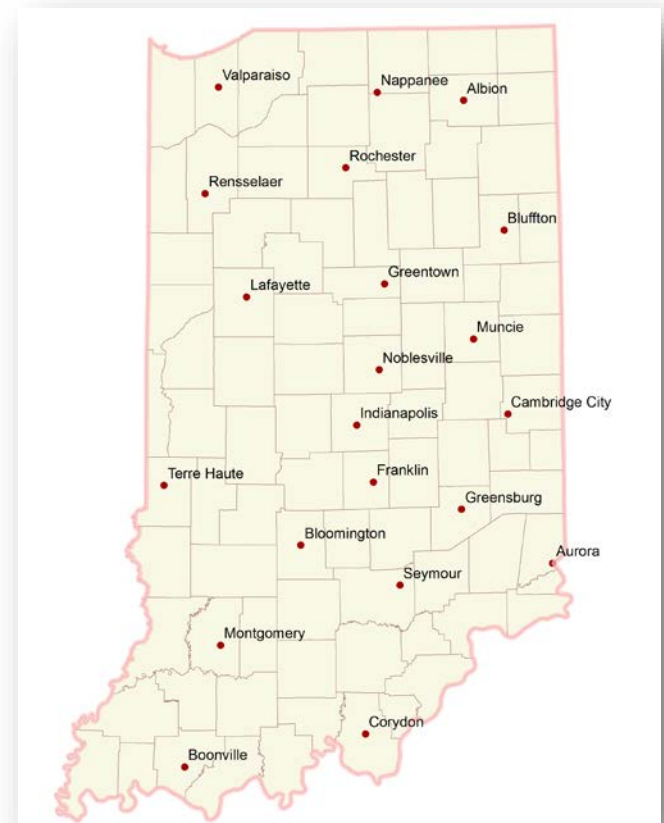
July 7, 2015

Community Forums: Spring 2015

- Nearly 800 attendees
- 21 Community Forums
- 6 Dean's Listening Sessions



2015 Community Forums



Communicating Results

Children, Youth & Family

Community, Economy, Agriculture & Natural Resources

TWO POWERFUL, OVERARCHING THEMES EMERGED

1 Education for all ages

2 Enhancing the quality of life

TOP FIVE PRIORITY ISSUES & ACTION ITEMS



Strengthening Families

- Establish a firm, positive sense of communication and connectedness.
- Encourage families to make time for meals and activities together.
- Promote the benefits of family engagement and family stability.
- Ensure that entire families understand the economics involved in supporting themselves.



Promoting Healthy Living

Revitalize and reinforce the importance of healthy living through education that addresses:

- Physical wellness
- Proper nutrition
- Mental wellbeing
- The importance of hygiene



Building Effective Parenting Skills

- Teach youth about the importance of responsibility and a strong work ethic
- Provide education in a wide range of parenting skills, including:
 - » Strong family communication
 - » Help to reinforce children and family goals
 - » Childcare
 - » Budgeting for healthy home nutrition
 - » How to be an effective role model



Enhancing Positive Life Skills

Provide education that facilitates:

- Conflict resolution
- Respect
- Decision-making
- Strong work ethic
- The importance of leadership
- Role modeling
- Mentoring



Supporting Career Preparation

- Equip and empower to engage for life after high school.
- Emphasize the importance of vocational skills and help all ages prepare for those skills.
- Offer education for all ages on successfully finding jobs by addressing applications, resumes, and interviews.
- Assert the value of entrepreneurship and facilitate it through education whenever possible.
- Educate all ages on how to facilitate, and leverage, finances for education.

These forums and sessions helped Purdue Extension and the College of Agriculture strengthen ties to current stakeholders, meet fresh faces to reach new audiences, and guide forthcoming five-year strategic plans for both Extension and the College.

TOP FIVE PRIORITY ISSUES & ACTION ITEMS



Strengthening Workforce, Business, and Economic Development

- Convey a continuum of the economic system — from employees to employers to the economy.
- Enhance job readiness skills such as soft skills, résumé writing, landing the job, and work ethic.
- Strengthen workforce development opportunities, such as occupational training and talent retention.
- Foster opportunities for local business development and entrepreneurship.



Expanding Agriculture-Related Opportunities

- Create programs that help improve the public's perception of agriculture.
- Embrace opportunities in diversified agriculture, such as sustainability, new crops, urban agriculture, local foods systems, small farms, beginning farmers, and agritourism.
- Continue and expand farm succession planning efforts.



Fostering Responsible Land Use and Conservation of Resources

- Improve education in zoning regulations and ordinances to enhance community understanding.
- Boost awareness of natural resources and how they relate to conservation and the environment.
- Create programs to help maintain or improve soil health and the quality and availability of water resources.



Creating Quality Communities

- Design and deliver educational programs that emphasize the importance of quality places.
- Focus on necessary infrastructure for quality places, such as trails, recreation, healthcare, roads, and policy options.



Increasing Civic Participation and Local Government Education

- Build strong partnerships to advance civic engagement, community pride, community collaboration, and leadership development.
- Design educational programs that address property taxes, government regulations, and government finances.

PURDUE EXTENSION ACTIVITIES / INITIATIVES TO CONSIDER

- Establish new programs — or strengthen existing programs — to encourage mentoring, internships, apprenticeships, and role modeling.
- Create a series of classes, workshops, or other education outlets to specifically address these issues — whether at group or individual levels of instruction.
- Actively pursue collaborative partnerships with agencies, businesses, educational institutions, and nonprofit organizations to bring communities together and make programs available to all who need them.
- Encourage and equip residents with skills and techniques so they can advocate for systems or policy changes within their communities.
- Enhance marketing and communications efforts so the public is aware of new or existing programs.

PURDUE EXTENSION ACTIVITIES / INITIATIVES TO CONSIDER

- Focus on the tools or skills communities need to acquire resources (e.g. grant-writing programs).
- Create tools that address career exploration and mentoring.
- Partner with agencies, businesses, educational institutions, and nonprofit organizations.
- Encourage networking and connecting people to resources and resource centers.
- Bolster social media presence to connect more consistently, naturally, and consistently with clientele.
- Facilitate community forums to encourage public deliberation on these issues.
- Leverage existing Extension programs (i.e., Master Gardeners or 4-H) in ways that address these issues.
- Pursue a role in incubating innovations and create / expand programs on marketing.
- Promote field trips and tours related to both agriculture and jobs / economic opportunity.
- Look beyond Purdue University's colleges of Agriculture, Health & Human Sciences, and Veterinary Medicine to connect more broadly — and as strongly — with additional Purdue University partners.

The Future of Purdue Extension: *Integration*

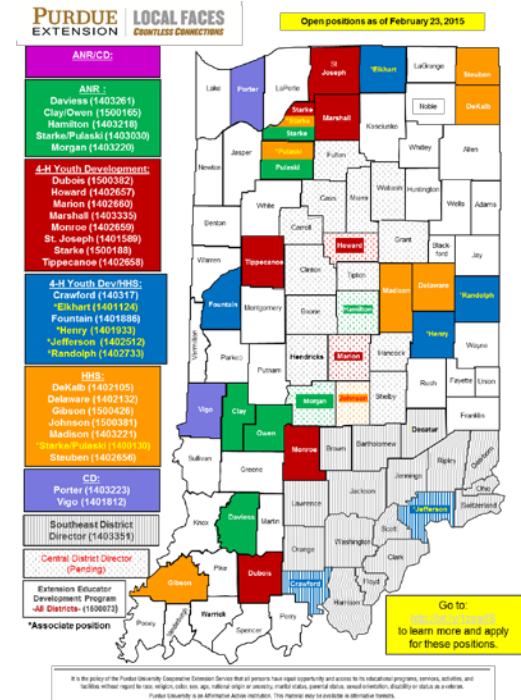
- How do we strengthen integration of Extension?
 - The original land grant mission
- Integration with other College missions
 - Research: Discovery with impact
 - Teaching: Co-curricular activities
- Integration with other colleges: nursing & engineering
- Integration of campus and county
- Integration of community partners

***NEED STRONGER COLLABORATIONS
DURING INITIAL STAGES OF DEVELOPMENT***

The Future of Purdue Extension

- Integration with other College missions
- Workforce for Extension
 - Salary challenges
 - Work/life balance
 - Master's requirement
 - Timing of hiring

County Openings February 2015



The Future of Purdue Extension

- Integration
- Workforce for Extension
- Reporting and Communication
 - Purdue Extension needs to tell its story better
 - We need different metrics
 - We need stronger impacts and evaluation
 - We need soundbites

Did You Know?

“What is your bumper sticker?”

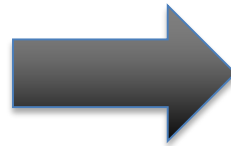
Comment from participant at Hendricks County listening session, Spring 2015



Your Educational Partner for *Life*

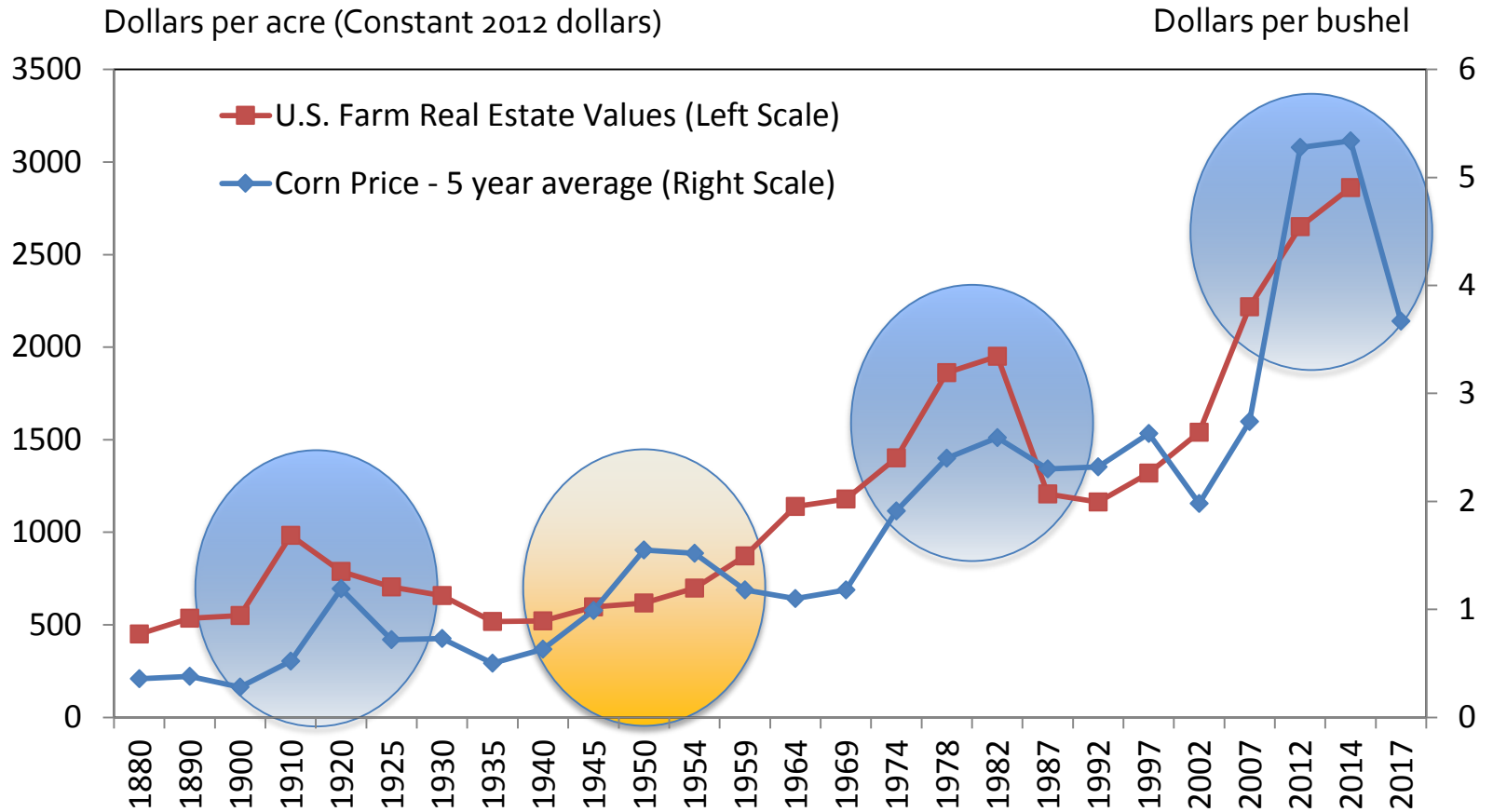
Agriculture is Facing An Opportunity of a Lifetime, But

How does this Farm Boom End?



A Century of Farm Booms

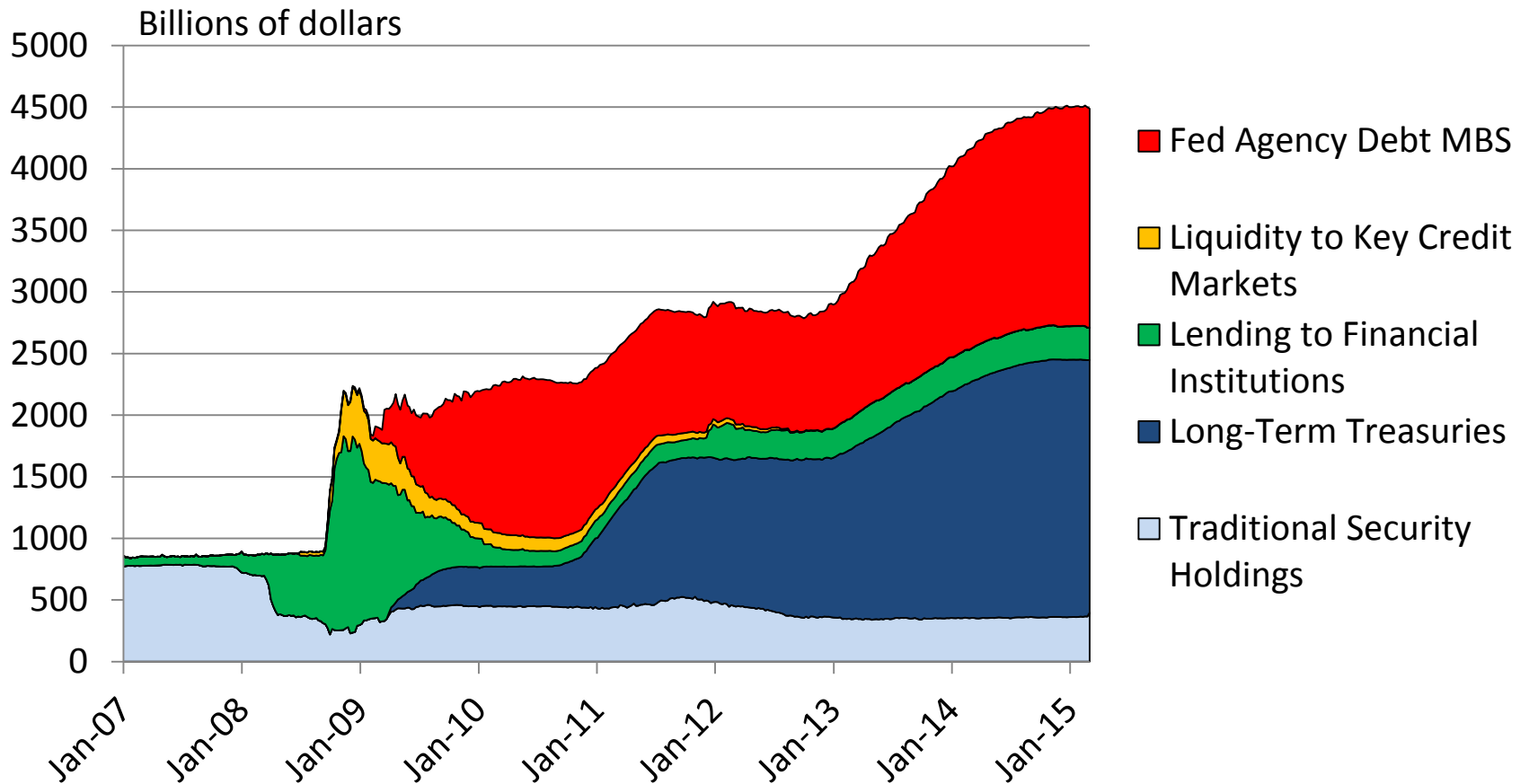
U.S. Corn Prices and Farm Real Estate Values



Source: USDA

Today's Challenge: Shrinking the Balance Sheet

Federal Reserve System Balance Sheet: Assets



Source: Federal Reserve Bank of Cleveland

What Leads to Higher Interest Rates?

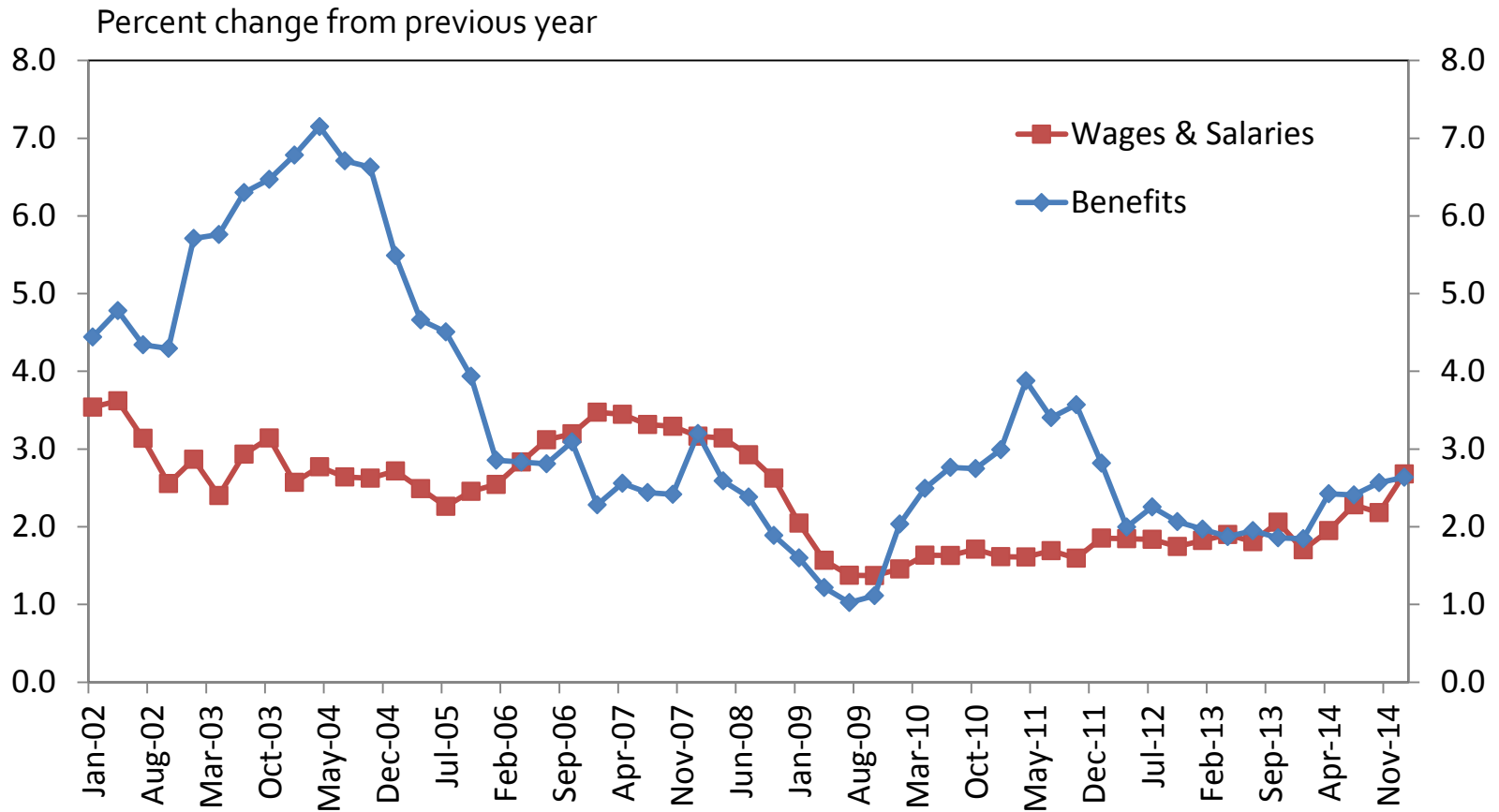
INFLATION

- Drivers of Inflation
 - Cost-push: Will retirement of boomers push up wages?
 - Demand-pull:
 - How will Millennials and Boomers spend money?
 - Where will international growth emerge?



Worker Compensation is on the Rise.

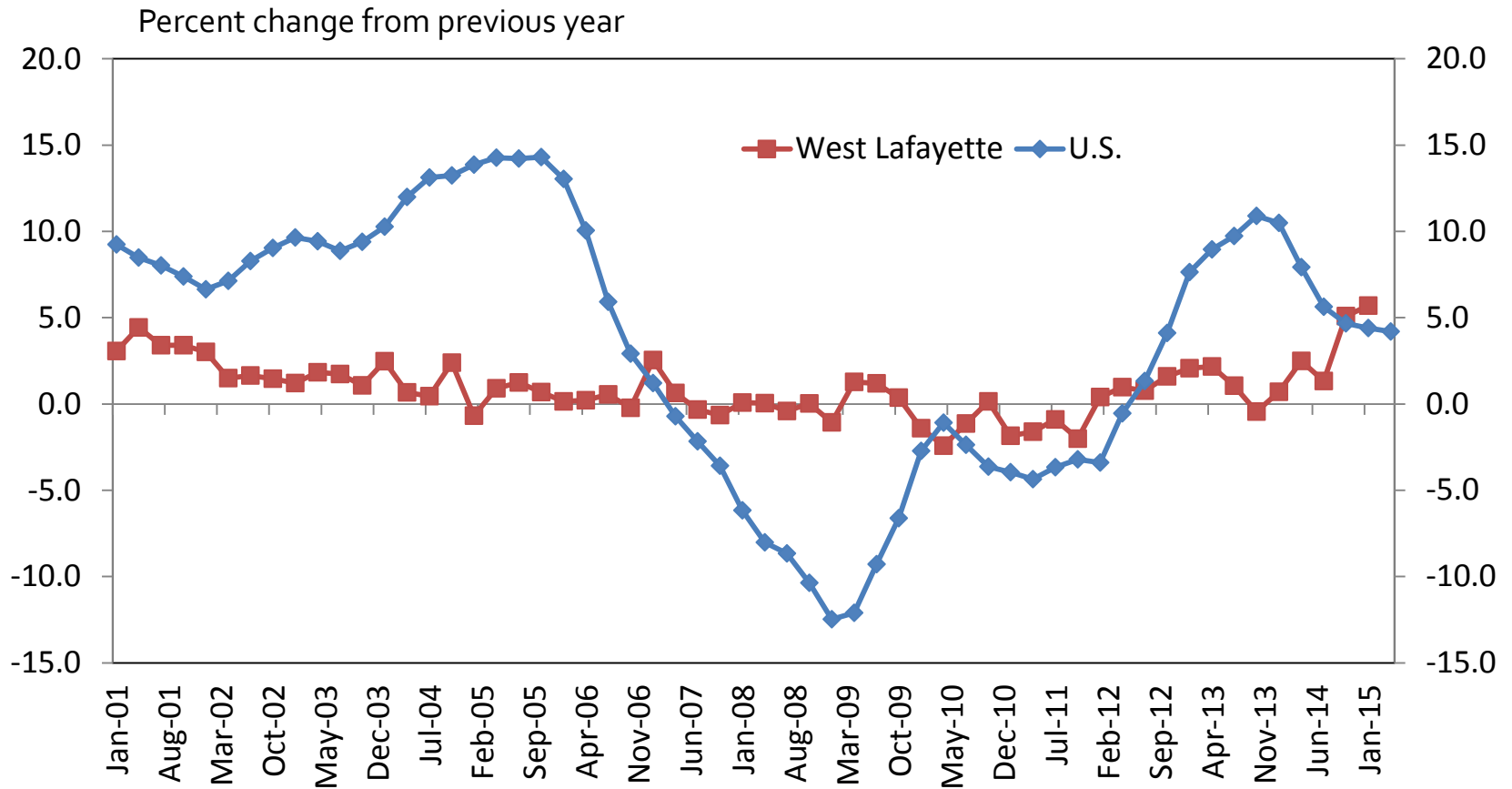
Employment Cost Index: Private Industry Workers



Source: Federal Reserve database (FRED)

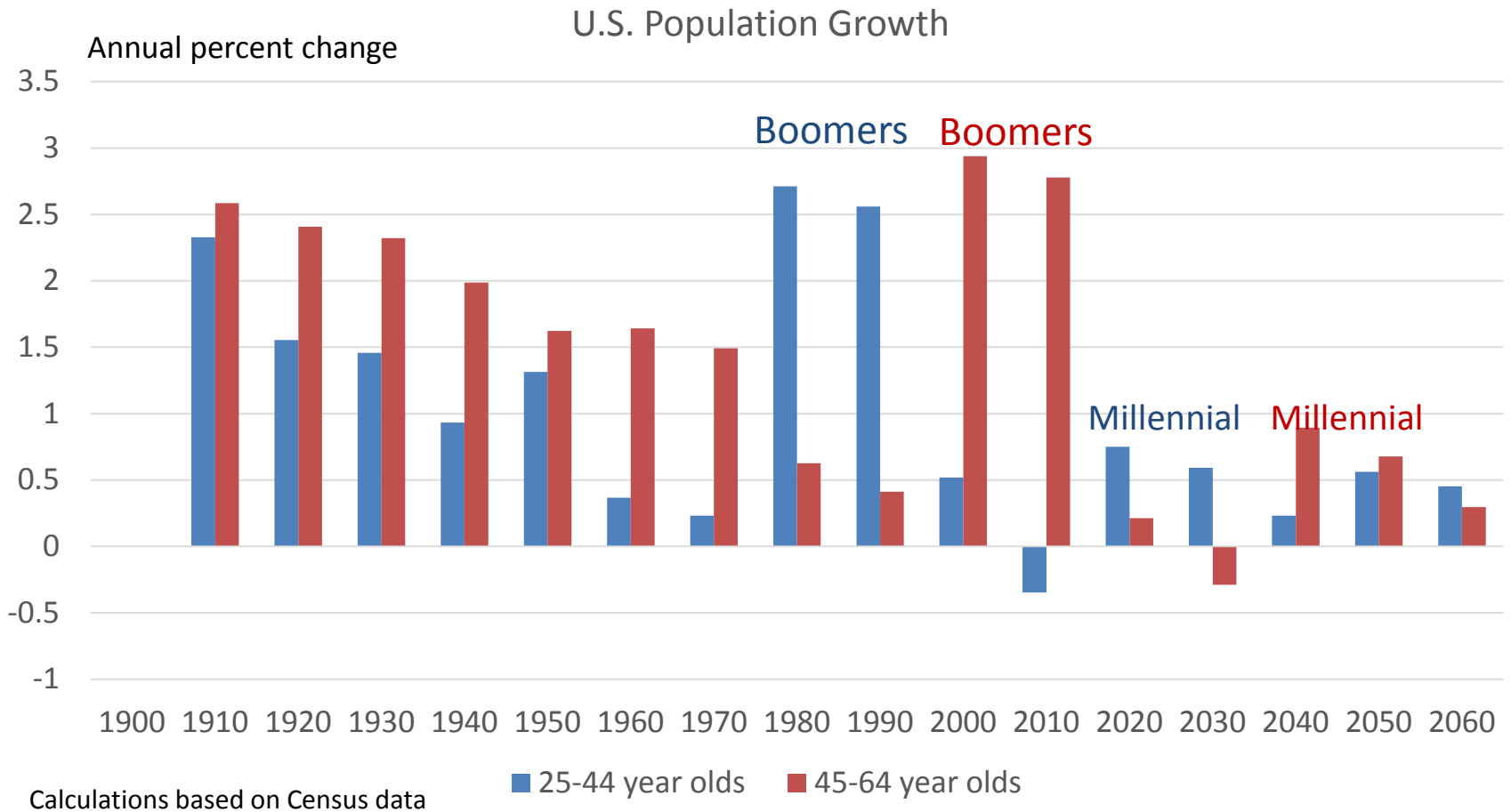
Home Prices will Shape Inflation

U.S. Home Prices



Source: FHFA and Case-Shiller

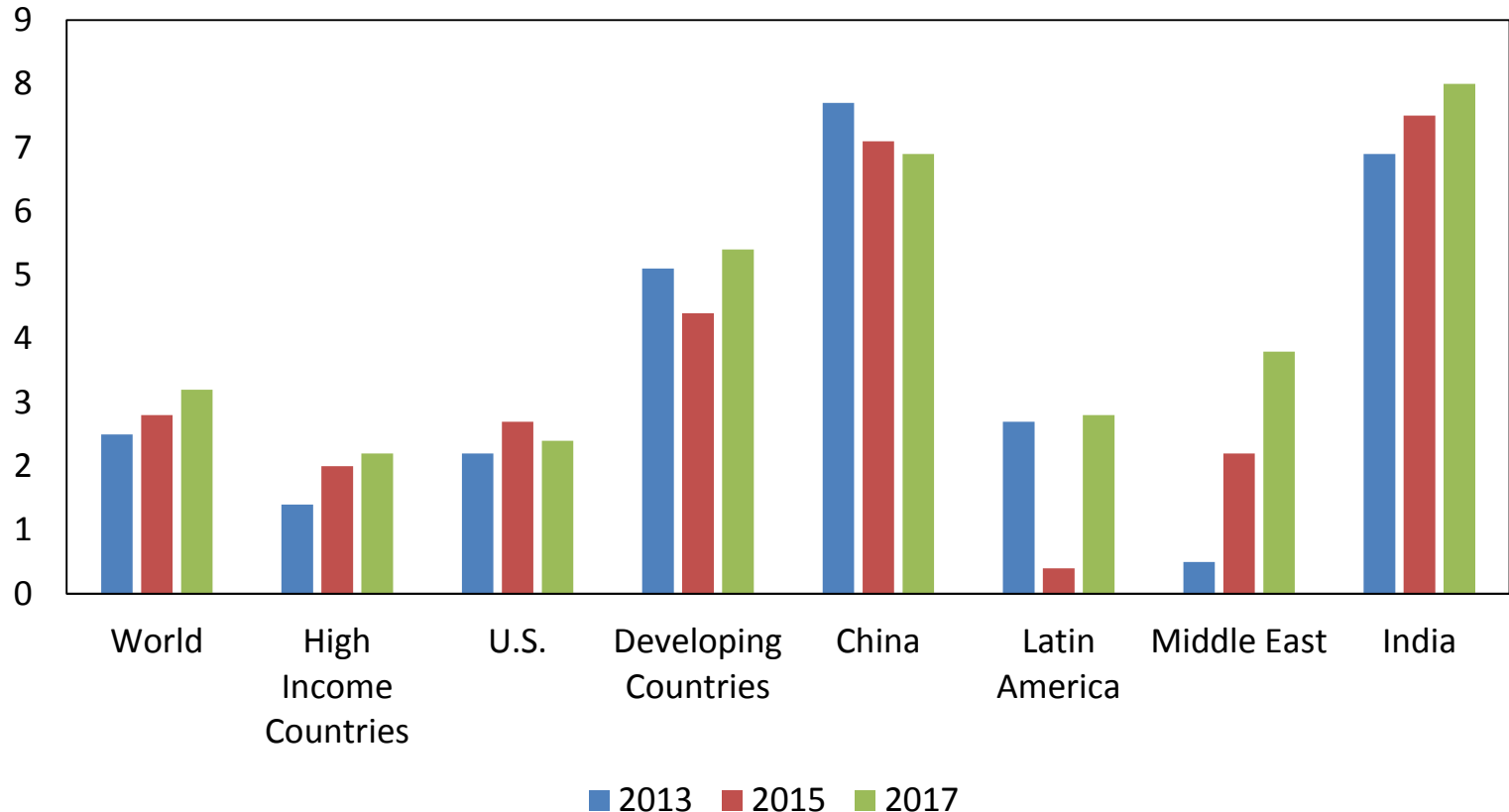
Demographics are a Major Driver.



World Growth: Where is the Next China?

World GDP Growth

Percent change from previous year

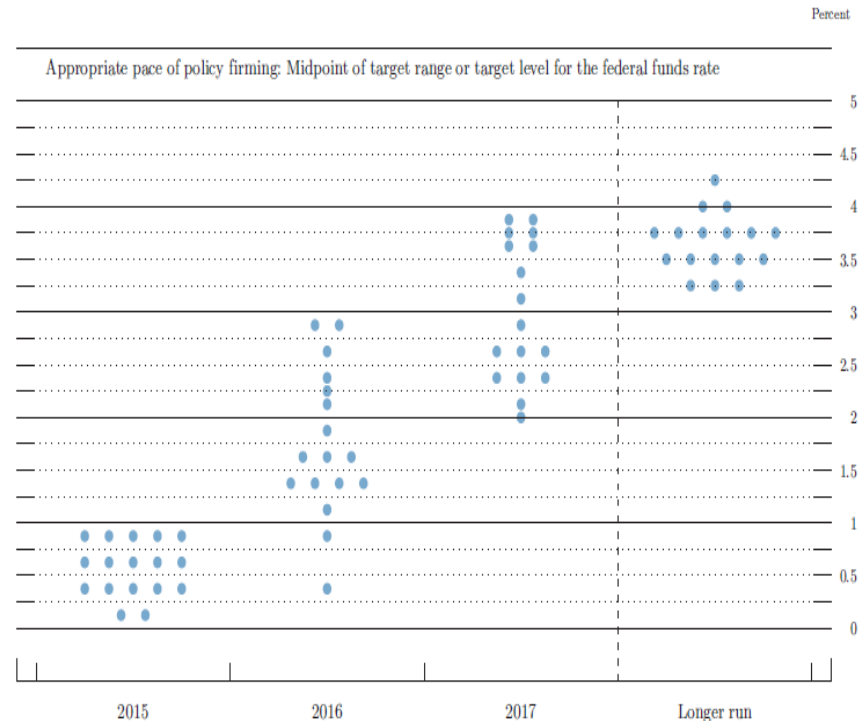


Source: World Bank

The Monetary Policy Environment is Shifting

- The Federal Reserve indicates that rates could rise in 2015
- In the long run, normalization would add 3 basis points to interest rates?
- Will interest rates simply rise to long run norms, or will they rise higher before settling back to long run norms?
- How would a 3 to 4 percent increase in rates affect the financial health of your customers?

Appropriate Pace of Policy Firming: Fed Funds Rate



The Stages of Farm Investment

Land
Investments



Equipment
Investments

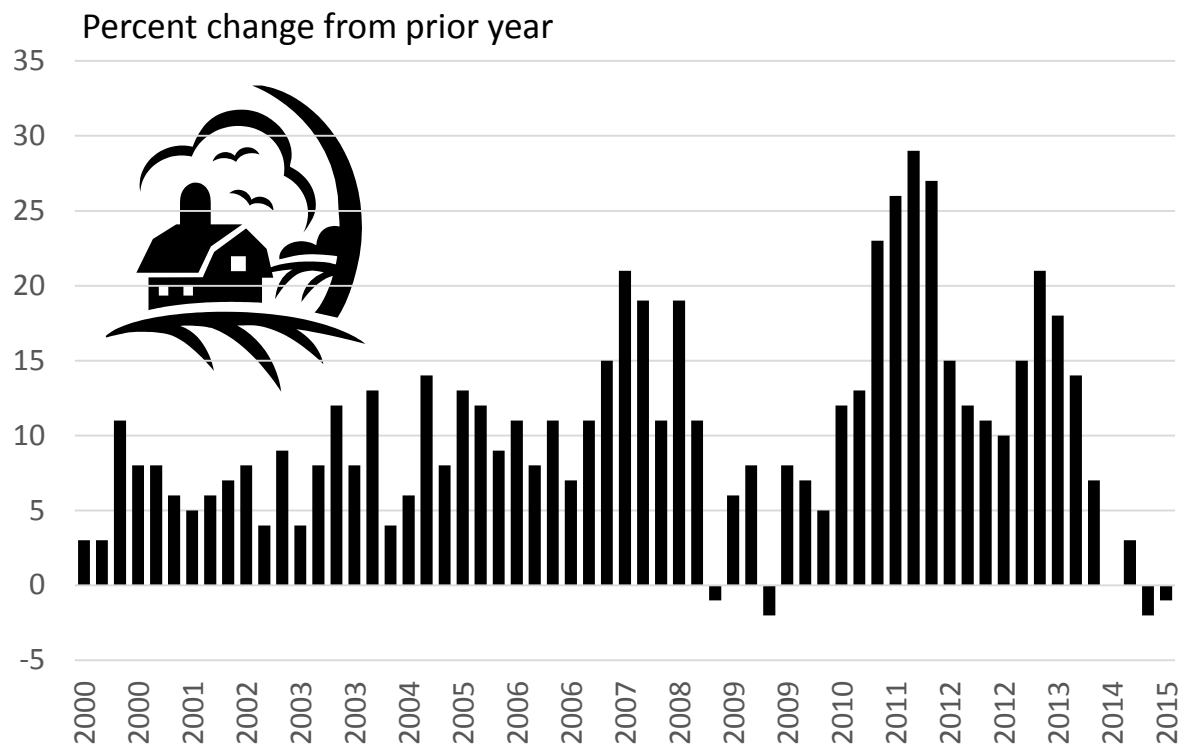


Lifestyle
Investments



Farmland Values Dip in 2015.

Indiana Farmland Values – Good Quality Land



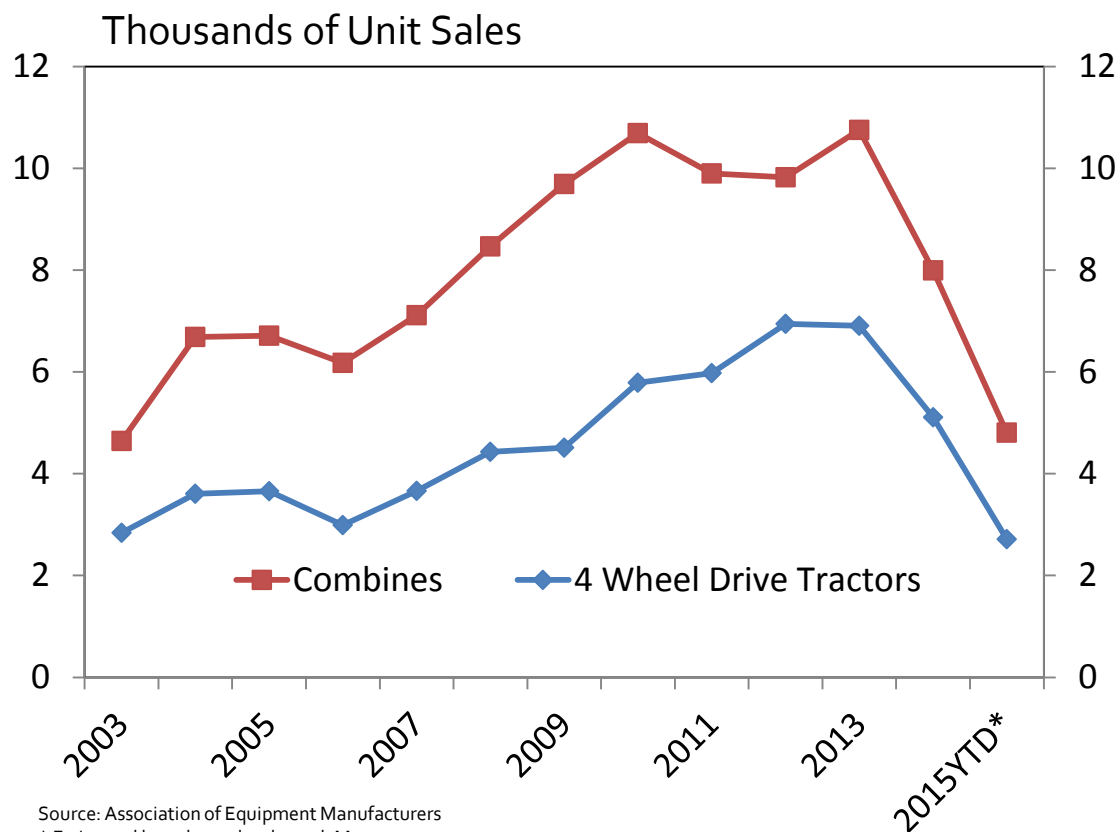
Source: Federal Reserve Bank of Chicago

Farm equipment sales begin to fall, but remain historically high

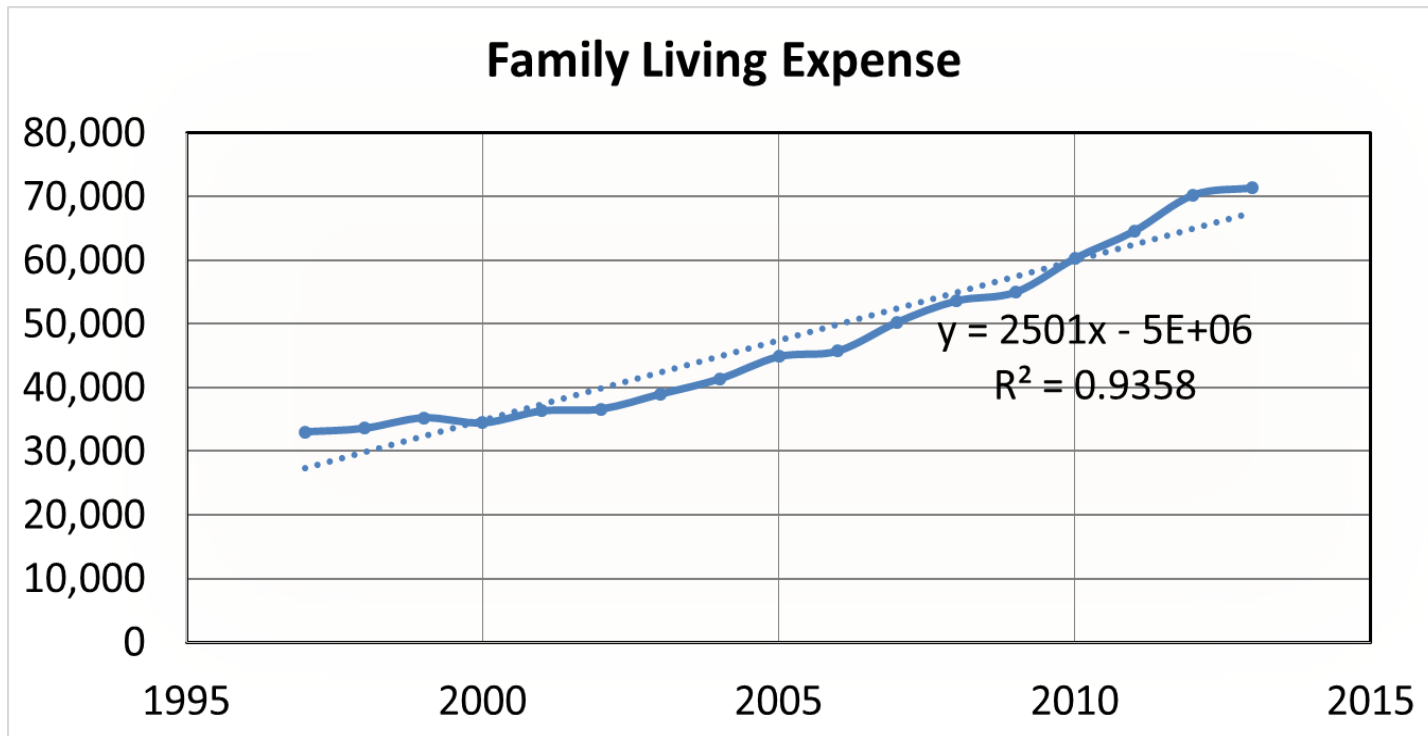
U.S. Tractor and Combine Sales



Through May 2015, combine sales are down 39% and tractor sales plummeted 47% below 2014 levels



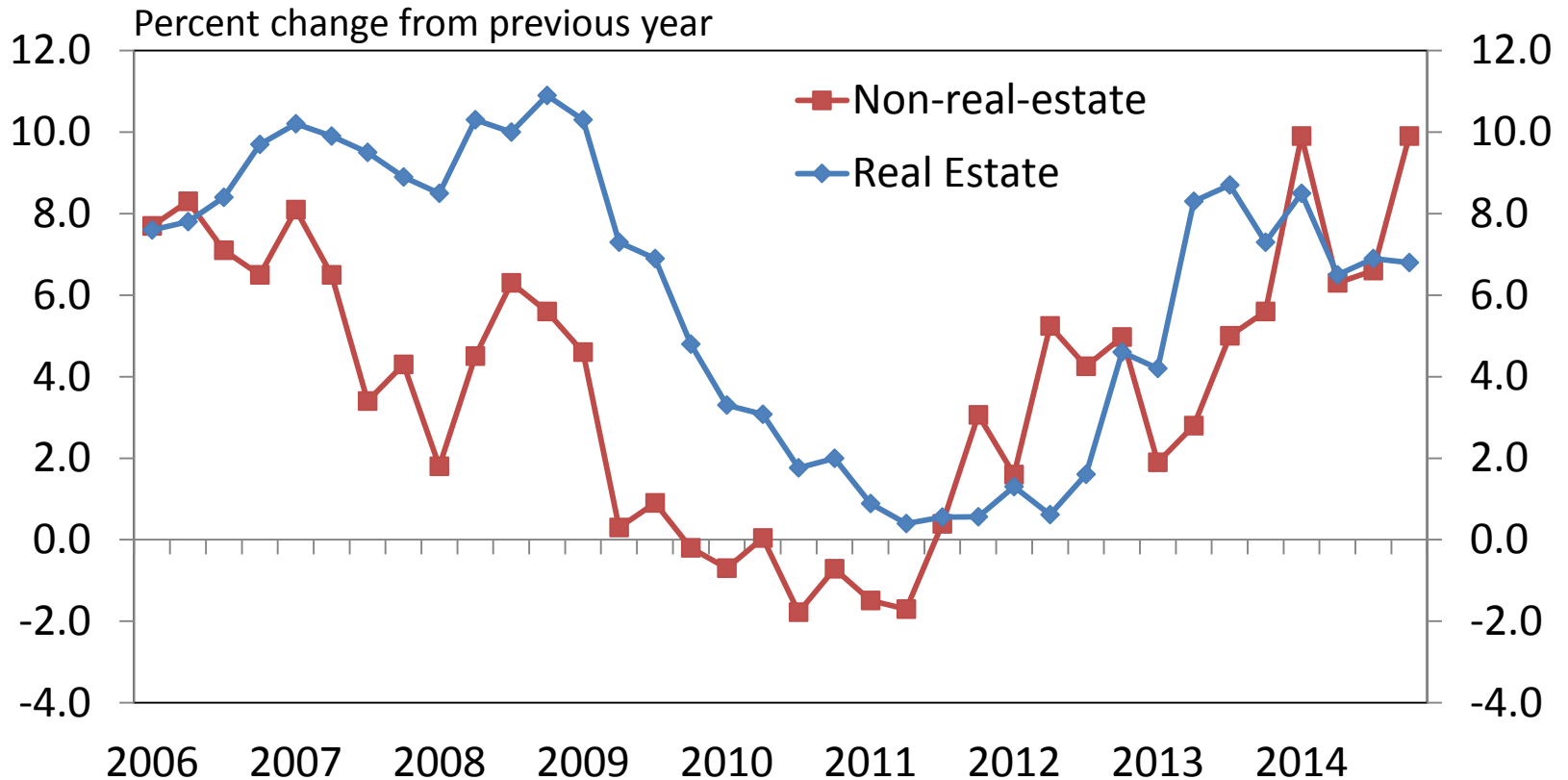
Family Living Expenses Have Increased Substantially



Source: Compiled from Kansas Farm Management Association Executive Summaries

How Strong are Farm Finances?

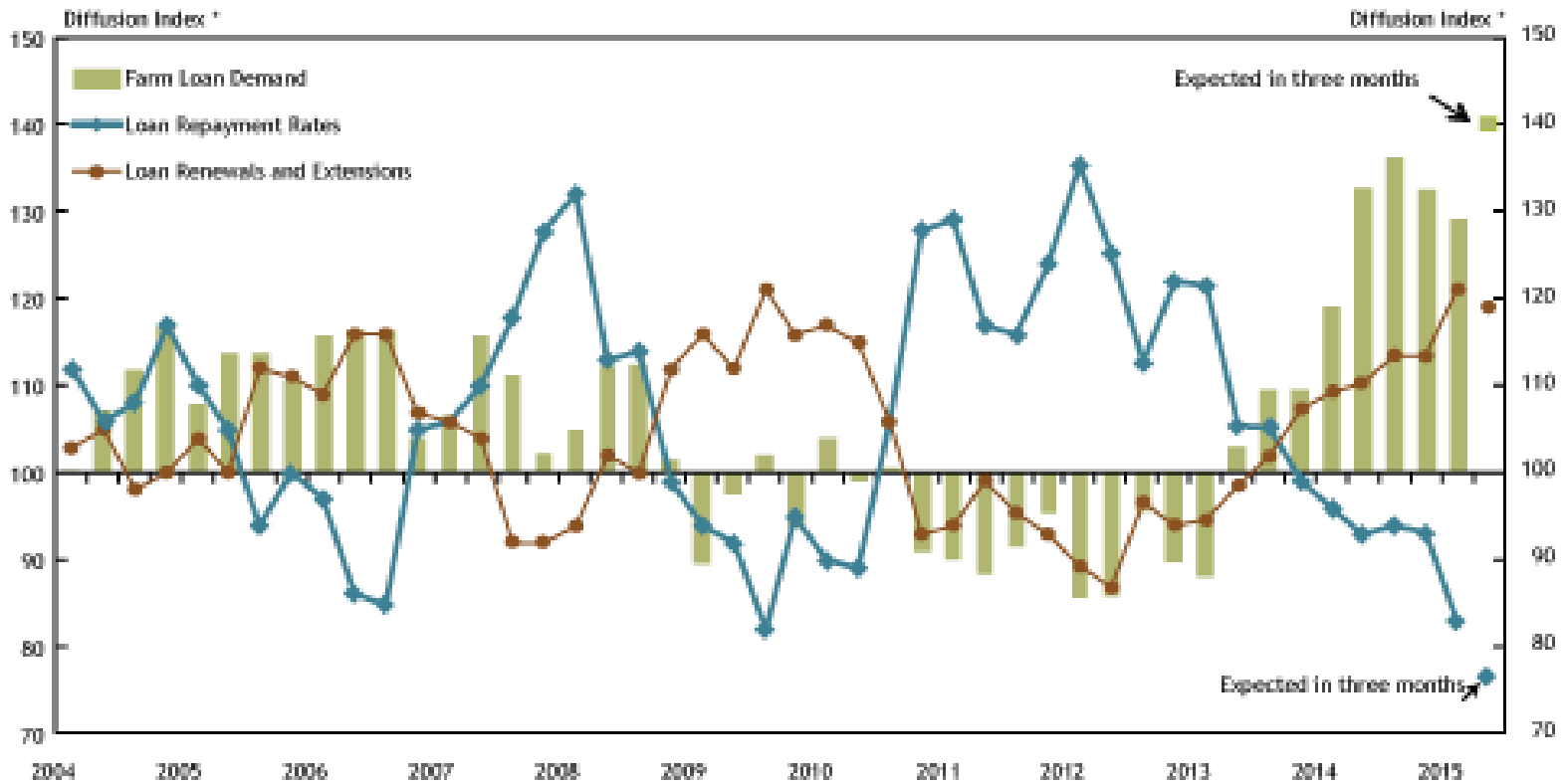
Farm Debt Outstanding at Commercial Banks



Source: FDIC, Call Report data

What is the Future of Farm Finances?

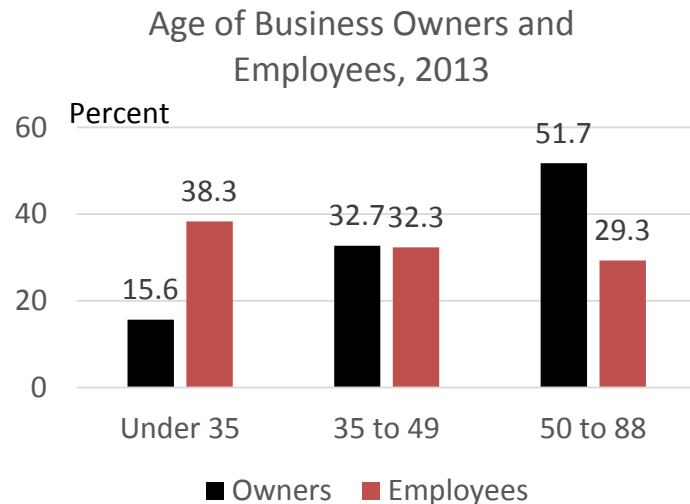
Credit Conditions in Tenth Federal Reserve District



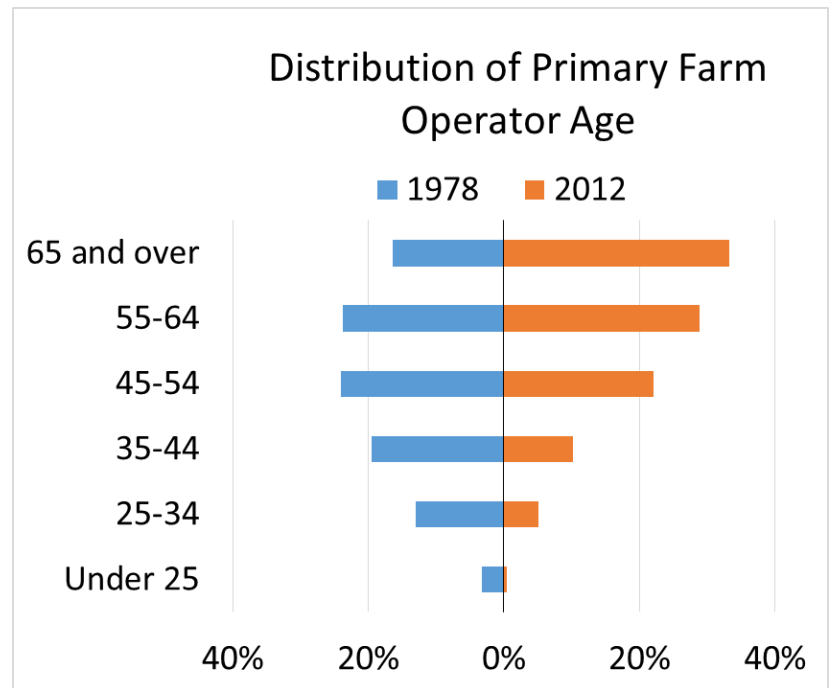
Source: Federal Reserve Bank of Kansas City

What do we know about age demographics?

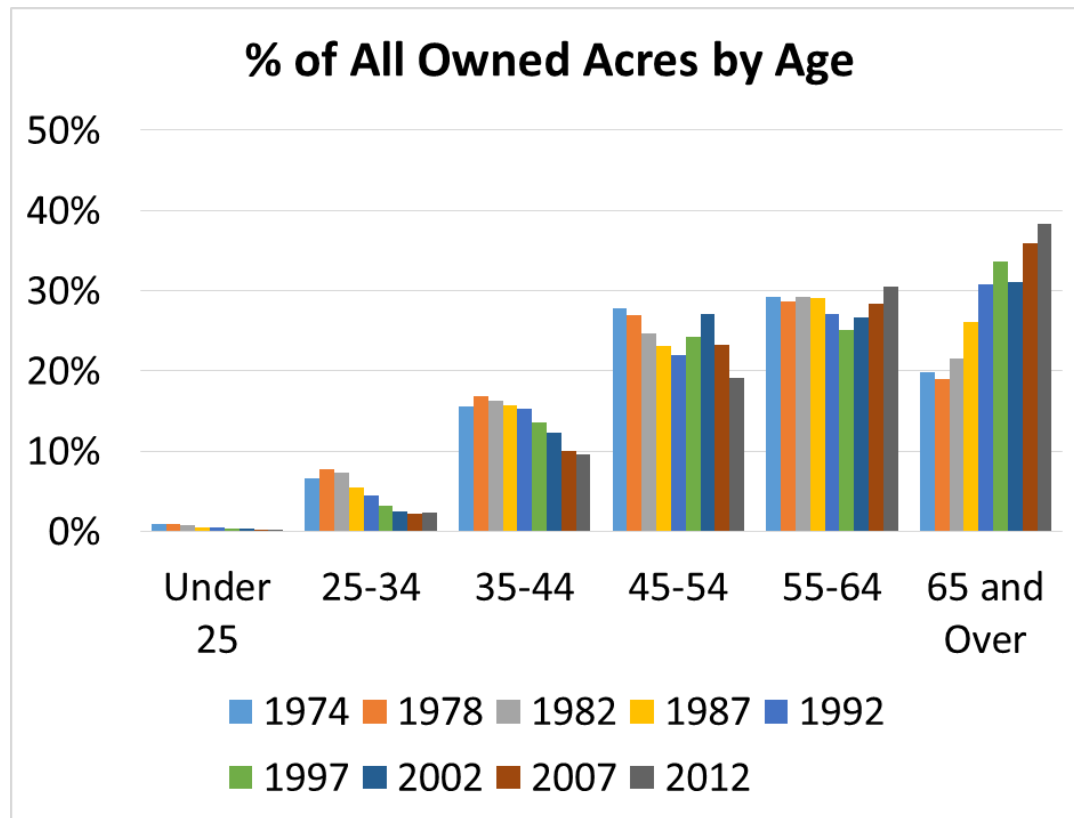
- Farm owner's are getting older.
- So are small business owners.



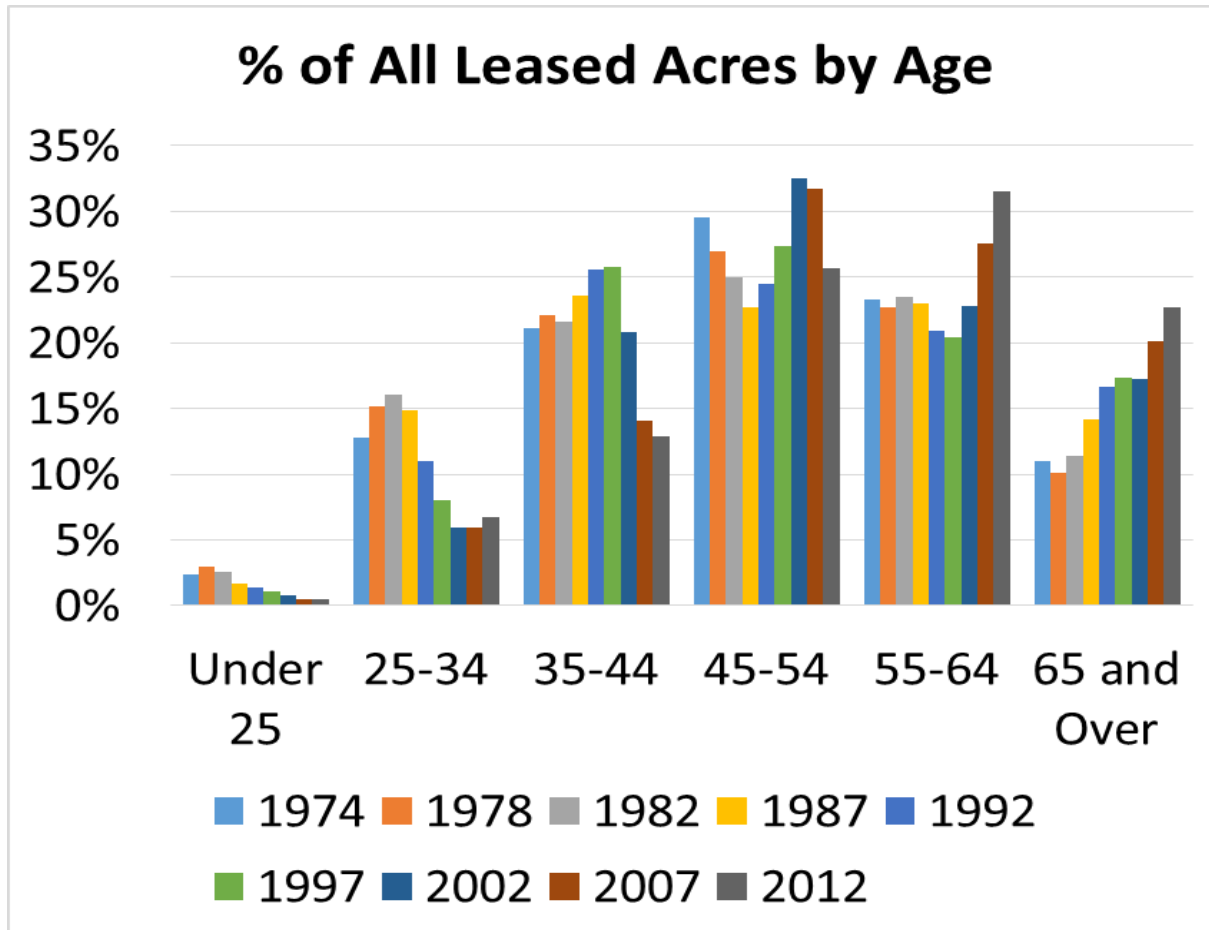
Source: SBA



Not surprisingly, experienced farmers own more of the farmland.



But, they are also renting more land.

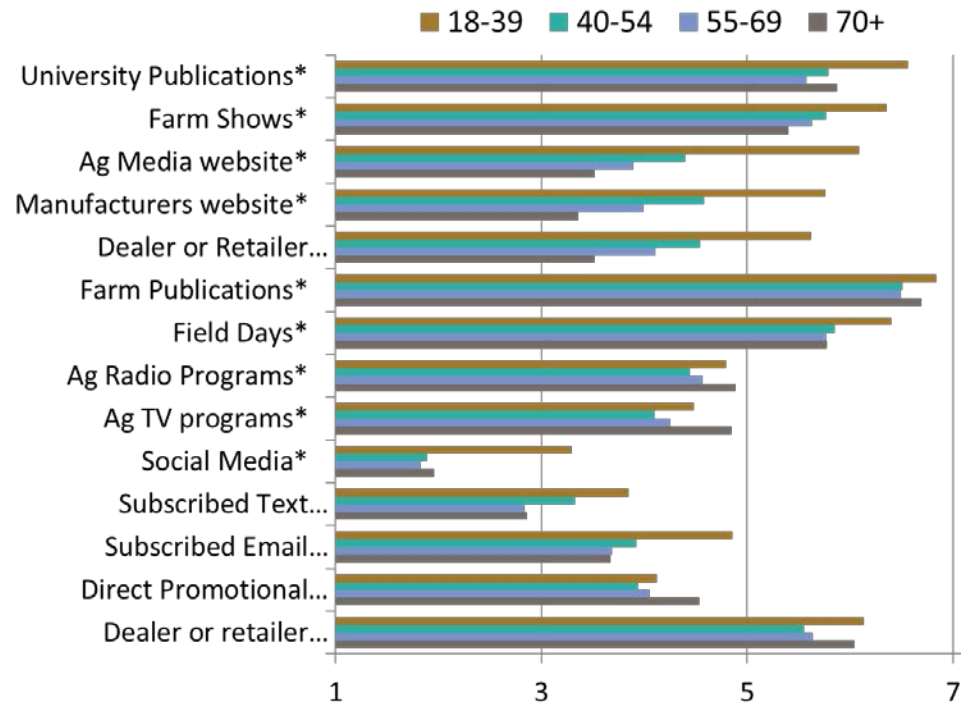


Management of Boomers vs Gen X vs Millennials

- How do they use information?
- Where do they get their information?
- How do they communicate with you?



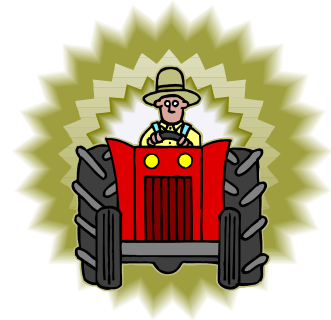
Mean Rating of Media Source Importance by Age



Conclusion

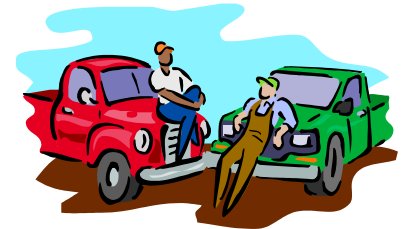
- Low interest rates typically benefit debtors, not creditor.
- Inflation tends to benefit debtors, not creditors.

What are farmers? Asset rich, cash poor.



- **But ...**

- Rising inflation will ultimately trigger higher interest rates and a new stage in agricultural cycles.
- Is agriculture prepared for this stage of the ag cycle?
- Will it have the liquidity it needs?



Additional Resources to Follow

1) Federal Reserve System:

<http://www.federalreserve.gov/monetarypolicy/>

- FOMC Policy Normalization Principles and Plans
- FOMC Longer-Run Goals and Monetary Policy Strategy
- Recent FOMC statements, especially projection materials

2) Federal Reserve Bank of Kansas City

<https://www.kansascityfed.org/research/agriculture>

- Ag Credit Survey (Tenth Federal Reserve District)
- Agricultural Finance Databook (National information)

3) World Bank: Prospects

<http://worldbank.org/>

Home>Data & Research>Prospects