



## Fall 2007

If you have not received an invitation to our **75th Anniversary Celebration**, please go to the Department's home page at <http://www.ace.uiuc.edu/> and click on the anniversary logo. Look forward to seeing you on **Friday, November 30**.

This Newsletter features a long-standing program of the Department – the U of I Tax School, led by **Terri Kobel** – and our newest faculty member, **Nick Paulson**.

Robert J. Hauser  
Head of Department

## Personnel

- The Department is now searching for four faculty positions – two in agribusiness management, one in agricultural marketing, and one in financial planning. The financial planning position is new, while the other three replace recent departures.

## Awards and Recognitions

- The Gladys Bahr Award from the Illinois Consumer Education Association was awarded to **Angela Lyons** for outstanding dedication to the area of consumer education in the state of Illinois. This is the highest honor that can be awarded in the state for consumer education.
- **Mary Arends-Kuenning** has done a wonderful job of getting our graduate students involved in the Illinois Economic Association Meetings, where **Monica Yanez-Pagans** won second prize in the graduate student paper competition for her paper "Ethnicity, Gender, and Human Capital Investments in Bolivia: Evaluation of an Old-Age Cash Transfer Program." **Julieta Frank** won third prize for her paper "Measuring Liquidity Costs in Agricultural Futures Markets: Conventional and Bayesian Approaches." Nine other students or recent graduates presented papers or served as discussants.
- **Madhu Khanna** was selected to the USEPA's Science Advisory Board Environmental Economics Advisory Committee for 2007 – 2010. Madhu is also leading a very large socioeconomic program through the BP-funded Energy Bioscience Institute.

## Gifts

- **The Clearing Corporation Charitable Foundation** has given \$2 million to the College to establish an Endowed Chair in Derivatives Trading in the Department. This generosity helps us build on one of our traditional strengths, dating back over 40 years when Tom Hieronymus was establishing the University of Illinois as a premier university in the futures industry.

## Academic Program

Congratulations to the following faculty who were named to the "Incomplete List of Teachers Ranked as Excellent" for Spring 2007.

- **Mary Arends-Kuenning** ACE 474: Economics of Consumption
- **David Bullock** ACE 503: Equilibrium and Welfare Economics
- **Paul Ellinger** ACE 199: Undergraduate Open Seminar
- **Bryan Endres** ACE 403: Agricultural Law  
ACE 592: Special Topics
- **Alex Lo** ACE 161: Microcomputer Applications
- **Mike Mazzocco** ACE 499: Seminar
- **Urvi Neelakantan** ACE 445: Financial Planning and Counseling
- **Carl Nelson** ACE 502: Demand/Supply/Firms/Households
- **Hayri Onal** ACE 565: Modeling Dynamic Economic Systems  
ACE 567: Advanced Programming for Applied Economics
- **Paul Stoddard** ACE 232: Management of Farm Enterprises
- **Ron Warfield** ACE 199: Undergraduate Open Seminar
- **Alex Winter-Nelson** ACE 254: Economic Systems in Africa  
ACE 454: Economic Development of Tropical Africa

## Nationally Acclaimed U of I Tax School Continues to Grow

The University of Illinois Tax School is the leading tax outreach program in the country. Sponsored by U of I Extension and the Department of Agricultural and Consumer Economics, the program offers up-to-date tax education and training for certified public accountants, enrolled agents, tax preparers, attorneys, bankers and financial planners.

"We are probably best known for our Fall Tax School," said Terri Kobel, program director. "We offer the school as a two-day session in 34 locations across the state, and there are continuing professional education (CPE) credits available for accountants and enrolled agents that need to maintain their license."

The seminars run from the end of October to mid-December each year. Three teams of instructors teach around the state; all of the teams include practitioners, and each team has at least one IRS agent.



Approximately 6,000 people attend the popular seminar annually. "We always have six or seven locations fill up," Kobel noted. "We have to close them because we just can't fit any more people in."

Preparation for the next tax school begins the first week of January and the process is intense and in-depth.

"The material for the *Federal Tax Workbook* (used at the tax school) is rewritten every year," said Gary Hoff, senior editor for the workbook and taxation specialist for U of I Extension. "That's about 700 pages of new content. First we determine what major topics we want to address," he said. "We have some standard ones, like retirement and ethics, and the content within those chapters changes from year to year. Then we include three or four special topics that are oriented to a specific issue."

"For instance," Kobel said, "this year we have a chapter entitled 'Death of a Taxpayer.' This chapter answers questions such as: What are some of the issues in terms of estates and trusts? What forms need to be filled out? What's the process and how long does it take?"

Kobel said the special topics are often determined by feedback they receive from participants of the previous year's school.

"If we see topics that are brought up repeatedly, we look at putting a chapter together," she said. "Since most of our instructors are practitioners, they know the hot issues."

Kobel said they produce a companion CD that contains the current workbook plus the past four years. In the past, the CD was sold to interested participants. This year, Tax School decided to include the CD with course materials.

"Even though the book is created new every year, some of the content remains unchanged from year to year, unless the law changes," she said. "Practitioners will often have workbooks from 10 years past on their shelves. Now they can pop a CD in and do a search by topic."

Finally, Kobel said, "Because the book is a federal tax law book, it goes out across the nation. Last year we sold 15,000 copies, and we used 6,000 of them. About 19 states purchased the workbook to use in seminars conducted in their respective states."

Although the Fall Tax School is "our bread and butter," said Kobel, "we also offer a number of seminars on single issue topics. The Fall Tax School paints with a broad brush. A lot of information is packed into two days. Our single-topic seminars drill down deep, but don't go as wide."

Examples of those seminars include "Successful College Funding: A Tax Professional's Guide" and "Agricultural Taxation Symposium."

"We wanted to teach the tax professional what kind of questions to ask their clients regarding their plans for college funding," said Kobel. "There are a lot of strategies a practitioner can use to help clients maximize their options."

"But many of the practitioners don't have college-age kids, so they're not familiar with those strategies," Hoff added. "This seminar gave them a background to help their client, or at least know enough to send that client to someone who's an expert in that area."

The ag tax symposium was also a very successful one-day program, Kobel noted.

Discussion topics included current developments in farm estate planning; tax implications for the anticipated 2007 Farm Bill; common tax traps for farmers; and recent court cases and IRS rulings affecting farmers.

Other offerings from the U of I Tax School include a seminar on limited liability companies taxed as partnerships. A few years ago, the Tax School designed and implemented an on-line self-study course to address the need for annual regulatory ethics training. Future plans include developing on-line instruction for small firms that need a formal education process to help them prepare new practitioners for tax season. Kobel also plans to have the Tax School host 'webinars.' Webinars are live, hour-long discussions held on-line that will cover a variety of tax issues.

As if all that was not enough to keep the Tax School staff busy, Hoff believes there is legislation coming that will have a significant impact on their workload.

"Right now, anyone can prepare a tax return for money," Hoff said. "There is no licensing requirement. But there is pending legislation that could change all that. When it does, anyone who prepares taxes is going to need continuing education. Because we're established, we'll probably be the ones they'll look to for that education. That could take our numbers through the ceiling."

Kobel agreed. "Yes, I think we've got some job security, at least for a while. The tax business will always be changing."

## **Paulson is Newest Member of ACE Faculty**

When Nick Paulson took an ag econ course his senior year of college, his education took an unexpected turn.

"I went to Iowa State in 1998 and majored in ag engineering," said Paulson. "In my senior year I took an ag econ course. The professor was impressed with a term paper I wrote, and he somehow convinced me to go to graduate school for a master's in ag econ."

So Paulson switched out of ag engineering, still with no intention of getting a PhD.

"I did think a master's in ag econ would probably help me get a better job," he said. "Then I ended up really liking it, so after a year I upgraded to the PhD program. Once I got through my course work and started to do research, I was really drawn to it. I was working very hard, but I was working on interesting problems that I wanted to work on."

Today Paulson is an assistant professor in Agricultural and Consumer Economics, with an appointment in teaching and research. This fall he is teaching one undergraduate course, Agricultural Finance.



"I've found that when you're teaching, there's not a whole lot of extra time," Paulson said. "I have one teaching assistant and 119 students. It's a lot of work managing that many students."

Paulson's research focuses on risk management. "I've done work in biofuels research - ethanol and biodiesel topics - and I've also done a lot of work in crop insurance."

Paulson grew up on a corn and soybean farm in southern Minnesota, near the town of Albert Lea. The farm has been in his family for almost 100 years, and he has nothing but praise for the job his father does.

"My dad is an amazing farmer. He's got just a little under 3,000 acres. He hires a few laborers for planting and fall harvest, but most of the time it's just him. It would have been tough to follow in his footsteps."

However, Paulson doesn't rule out the possibility of someday returning to the family farm.

"I never wanted to when I was younger, but as I got older, it became something I wanted to do," he said. "I'm not anticipating it for the next 20 years or so, but at some point, who knows? I don't want the farm to end."

Paulson's outside interests include hockey and golfing. He hopes to participate in "a little unorganized hockey league" this winter, and as an avid golfer, he's looking forward to checking out all the area golf courses.

"I've been playing golf for about 15 years, and I love it. I don't get to play enough to be good," he said, "but I don't embarrass myself."

He's also adjusting to the life of a first-time home-owner.

"Since I came from a one-bedroom college apartment, I'm trying to accumulate a little furniture," he said. "I hope to have some people over soon to show off my cooking skills, but so far I've mainly been mowing the lawn."

For his part, Paulson is very pleased to be a part of the faculty in the Department of Ag and Consumer Economics.

"I have an amazing opportunity to work in my area with people who are established experts," he concluded. "It's a really good fit for me."

Newsletter Credits: Robert J. Hauser, Senior Editor. Leanne Lucas, writer, Pam Splittstoesser, coordinator. Unless otherwise indicated, photos are courtesy of College of ACES staff photographers David Riecks and Brian Stauffer.

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