

# May 2011 newsletter

**ACE** Department of  
Agricultural and  
Consumer Economics

NEWSLETTER



## From Dr. Paul Ellinger, Head

Spring is in the air on campus with flowers blooming, students on the quad, and the end of regular classes right around the corner. We are saddened to watch our 2011 graduates leave us but are excited to watch them embark on new adventures, and eagerly await the more than 90 ACE incoming freshmen to arrive next month for summer orientation.

This month's newsletter features expanding relationships with agricultural partners such as Farm Credit Services and the National Soybean Research Laboratory, and renewed longstanding relationships like Dr. Lyons' program tied to the Federal Reserve Bank which she has had for more than 20 years. We're also unveiling our new website this month, that will focus attention on undergraduates and graduate students, as well as highlighting our ongoing research and outreach programs. Our campus is taking a special interest in promoting our programs to prospective students, and new sites like ours we hope will provide much needed information for this generation of information-seeking high school, junior college and graduate students.

Enjoy!

Dr. Paul Ellinger, Head

Department of Agricultural and Consumer Economics.

## Farmdoc and 4-H receive portion of \$2 million gift from Farm Credit Services

Two popular University of Illinois programs will benefit from a \$2 million investment from Farm Credit Services of Illinois and 1st Farm Credit Services. An announcement was made in late December that the two organizations each gave a \$1 million endowment to agriculture programs that educate young people, train future agricultural leaders and support higher education agriculture.

"Farm Credit has supported financial and risk management activities in the Department for the last three decades," said Paul Ellinger, professor and department head of Agricultural and Consumer Economics in the College of ACES. "These gifts will be used to support farmdoc, the department's gateway to farmers, lenders, and agribusinesses. The farmdoc website is an unparalleled source of unbiased, highly relevant information and decision tools used by more than 1 million visitors each year. Financial support is necessary to be innovative and continue to provide easily accessible information and cutting-edge decision tools. We are very grateful for the generous support provided by Farm Credit Services of Illinois and 1st Farm Credit Services."

The \$1 million gift from 1st Farm Credit Services will be dispensed through a donor-advised fund with the Illinois Agricultural Association Foundation.

"Farm Credit Services has been a longtime and strong supporter of programs in the college, and we are most appreciative," said Robert Hauser, dean of the College of Agricultural, Consumer and Environmental Sciences.

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## Resources

[Department Homepage \(http://ace.illinois.edu/\)](http://ace.illinois.edu/)

[College Homepage \(http://aces.illinois.edu/\)](http://aces.illinois.edu/)

[Extension Homepage \(http://web.extension.illinois.edu/state/\)](http://web.extension.illinois.edu/state/)

[ACES Alumni \(http://www.acesalumni.illinois.edu/\)](http://www.acesalumni.illinois.edu/)

[Previous Newsletters \(/about/newsletter\)](/about/newsletter)

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[Facebook \(http://www.facebook.com/home.php?sfm=1#!/pages/ACE-University-of-Illinois/406444220861\)](http://www.facebook.com/home.php?sfm=1#!/pages/ACE-University-of-Illinois/406444220861)

## Research and Outreach

[Consumer & Family Economics \(http://www.ace.illinois.edu/cfe/\)](http://www.ace.illinois.edu/cfe/)

[Farm Analysis Solution Tools \(http://www.farmdoc.illinois.edu/fasttools/index.asp\)](http://www.farmdoc.illinois.edu/fasttools/index.asp)

"During times of dwindling state support, their support is particularly meaningful and important to us as it allows students to get more bang for their buck in the classroom, and faculty to do the type of research and outreach that is useful to the Illinois food and agricultural sector."

The Mahomet-based Farm Credit Services of Illinois serves the state's southern 60 counties whereas the Normal-based 1st Farm Credit Services serves 42 counties in the northern half of Illinois.

## Financial Crisis focus of UI's participation in Money Smart Week

ACE Associate Professor Angela Lyons recently organized the 7th Annual Financial Fitness for Life Training Conference. The event was held in honor of Money Smart Week, a national financial education campaign organized by the Federal Reserve Bank of Chicago that provides free financial education classes and activities to consumers and educators on statewide, regional and local levels.

The "Financial Fitness for Life" event was hosted by the U of I Center for Economic and Financial Education as a training opportunity to those providing financial education throughout the state. Attendees included financial professionals, government agencies, credit counselors and teachers. This year, the theme of the conference focused on teaching educators about the impacts of the financial crisis and what they mean to consumers.

The event was held April 4 in Bloomington, Illinois, with more than 45 professionals attending. With the attention drawn to explaining the financial crisis through movies such as "Inside Job," unemployment continually on the rise and families continuing to struggle, Lyons felt that the focus on the crisis was timely for educational purposes to professionals.

"The more educators know about the financial crisis, and the state of where we are in the crisis, will assist professionals in helping consumers to prepare for what is ahead," said Lyons. "In particular, there are several programs opening up in the near term that can benefit consumers and provide watchdog services for them, including the new Consumer Financial Protection Bureau."

Two students from Lyons' ACE 445 course, Intermediate Personal Financial Planning, participated in the conference, giving feedback on the tools Lyons presented to the professionals. In addition, the students returned to the classroom to present to their peers an educational program based on what they learned. Kylie Cox, ACE senior, said that the variety of perspectives and resources presented were very useful. "By participating in this training and taking the information back to our class I realize how much I love educating others about financial wellness and hope to pursue this career after I graduate in May."

On Friday of Money Smart Week, Lyons took the students from ACE 445 on a field trip to Chicago to meet with the Federal Reserve Bank of Chicago, the organizers of Money Smart Week. In addition, the students went to the Chicago Mercantile Exchange, Money Management International, and the Center for Financial Services Innovation.

For more information on this activity and other related events, see [Center for Economic and Financial Education](http://www.cefe.illinois.edu/) (<http://www.cefe.illinois.edu/>)

[Farmdoc](http://www.farmdoc.illinois.edu/index.html)

(<http://www.farmdoc.illinois.edu/index.html>)

[Farmdoc Daily](http://www.farmdocdaily.illinois.edu)

(<http://www.farmdocdaily.illinois.edu>)

[FBFM](http://fbfm.ace.uiuc.edu/) (<http://fbfm.ace.uiuc.edu/>)

[Illinois Tax School](http://www.taxschool.illinois.edu/)

(<http://www.taxschool.illinois.edu/>)

[International Business Immersion Program](http://ibip.illinois.edu/)

(<http://ibip.illinois.edu/>)

[International Policy and Development](http://ipad.ace.illinois.edu/)

(<http://ipad.ace.illinois.edu/>)

[Market Maker](http://www.marketmaker.uiuc.edu/) (<http://www.marketmaker.uiuc.edu/>)

[Office for Futures & Options Research](http://ofor.ace.illinois.edu/)

(<http://ofor.ace.illinois.edu/>)

[Plan Well Retire Well](http://www.retirewell.uiuc.edu/)

(<http://www.retirewell.uiuc.edu/>)

[Program for Environmental & Resource Economics](http://pere.ace.illinois.edu/)

(<http://pere.ace.illinois.edu/>)

[Rural Health](http://www.ace.illinois.edu/ruralhealth/)

(<http://www.ace.illinois.edu/ruralhealth/>)

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## Programs

[Graduate Program \(/graduate\)](#)

[Undergraduate Program \(/undergraduate\)](#)

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## Contact Us

Department of Agricultural and Consumer Economics  
Dr. Paul N. Ellinger  
Head of Department

326 Mumford Hall  
1301 W. Gregory Drive  
Urbana, IL 61801-3605  
Phone: (217)333-1810  
Fax: (217)333-5538

Email: [ace-aces@illinois.edu](mailto:ace-aces@illinois.edu) (<mailto:ace-aces@illinois.edu>)

## ACE Professor Craig Gundersen named Director of the National Soybean Research Laboratory (NSRL)

As Executive Director, Gundersen will provide leadership and strategic direction regarding soybean research, outreach, and education efforts from production through consumption. He will serve as a liaison between the U of I and industry stakeholders, forming affiliations and alliances that dynamically respond to the evolving technological and marketing conditions of the soybean industry.

Gundersen's priorities will be to expand the scope and size of the soybean industry and the profitability of soybean farmers. His specific goals include continuing and enhancing production and nutrition programs, both in the United States and internationally, expanding the scope of funding sources that support the soy synergies already in existence at NSRL, and working closely with the Illinois Soybean Association to meet their research needs.

See the National Soybean Research Laboratory [website](#)

(<http://www.stratsoy.uiuc.edu/>)

## Comparing two decades of cash rent, share rent, profit and risk

Between the 1990 and 2010 cash-rent levels per acre have increased by about 70 percent and crop revenues for grain operations have more than doubled, largely due to agricultural commodity and energy prices according to ACE Assistant Professor Nick Paulson.

"Significant increases in commodity futures prices throughout this fall suggest that expectations are for cash rents to continue to increase at least over the short-term," said Paulson.

He said the increasing cash-rent levels are an issue of primary concern for farmers in Illinois and throughout the Corn Belt region. According to University of Illinois crop budgets, land costs have represented 30 to 35 percent of total production costs for Illinois grain operations over the past six years. Despite consistent upward trends in cash-rent levels, this actually represents a decline in similar measures from the early 90s.

What's interesting to Paulson is looking at who is assuming the most risk.

"Under a typical share-rental agreement, the farmer and landowner share crop revenues, production costs, and the risk associated with production and input and commodity prices," he said. "Under a cash-rent agreement, the farmer bears all production and price risk. While economic theory would suggest that farmers should earn a premium for taking on additional risk, lower farm returns have been linked to Illinois farms which cash rent a significant portion of their total acreage."

Since 1990, the average cash rent in Illinois has increased by about 70 percent from \$100 per acre to \$169 per acre in 2010 according to USDA's Agricultural Land Values and Cash Rents Annual Summary. Over the same twenty year period, both crop revenues and non-land production costs for grain operations have more than doubled.

## Where are they now? Earl Swanson

Earl Swanson is one of four generations in his family to be educated at the University of Illinois. After earning his Bachelors in General Agriculture in 1943, Swanson served in the Pacific in World War II and then farmed with his father for a year before deciding to pursue higher degrees.

Swanson came to the University of Illinois to teach farm management. His teaching and research dealt with farm management and the economics of

agricultural production. In the early 1970s, Swanson gravitated towards topics related to the environment. This shift in emphasis was occurring throughout the profession. Swanson explains, "I worked on the economic impact of various policies related to soil conservation, fertilizer and pesticide use."

Although it was not his primary research focus, Swanson is well known for his work on minimizing the cost of ingredients in livestock feed. Livestock feed supplements usually contain a long list of nutritional requirements and a long list of possible ingredients. The problem is to find the combination of ingredients that will satisfy the requirements at a minimum cost. In a 1955 article in *Feeds Illustrated*, "'Flexing' Feed Formulas to Produce Minimum Cost Mix—A Fast Operation as Done by Iliac," Swanson introduced the feed industry to a mathematical method called linear programming. Because the calculations were rather complex, the method required a high-speed computer. This procedure was not adopted right away because high-speed computers were not available. Over time, as computer capabilities increased, his linear programming method was gradually adopted. Fifty years later, it is now universally used throughout the feed industry.

During his time as a Professor, Swanson had a variety of experiences teaching and serving abroad. He was a Fulbright Research Scholar at the Royal College of Agriculture in Denmark. He taught summer school in Hokkaido University and participated in the US-USSR Cultural Exchange Program in 1963, lecturing in Moscow and Leningrad. He was a Ford Foundation consultant in India, and a Research Scholar at the International Institute for Applied Systems Analysis in Austria. Within the U.S., Swanson served on advisory committees to the U.S. Department of Agriculture, the U.S. Environmental Protection Agency, the Department of Defense, and the Agency for International Development of the Department of State. At the University of Illinois, Swanson served as Associate Head of the Department of Agricultural Economics from 1968 to 1970, and was awarded many university accolades during his tenure. However, he believes the most prestigious was being named Fellow in the American Agricultural Economics Association in 1977.

Swanson retired from the University in 1984, although he continued to be involved in education. "The first semester after I retired I went to Sweden to teach at the Swedish University of Agricultural Sciences where I taught a course in production economics. Then, for two years, I had a visiting professorship at Auburn University in Alabama during January and February."

More recently, Swanson has spent time on other interests, including genealogy. "I bought a computer and was looking around for something to do with it, so I started with genealogy, the objective of which is finding my place in time and space," said Swanson. He has collected approximately 1200 names put together in four separate reports—one for each set of his great-grandparents.

## Faculty Awards

**Peter Goldsmith**, Service Award to the Soybean Farmers of Illinois, Illinois Soybean Association.

**Nick Brozovic**, NACTA Teacher Fellow Award, North American college and Teachers of Agriculture.

**Angela Lyons, Debra Bartman, and Pat Hildebrand**, Dean Don Felker Financial Management Award, and Florence Hall Award, National Extension Association of Family and Consumer Economics, and the Epsilon Sigma Phi State Team Award for Economic and Financial Education, Epsilon Sigma Phi National.

**Angela Lyons**, Appointed as National Leader of Treasury's National

Evaluation Team for Financial Education, U.S. Department of the Treasury, Office of Financial Education, and Appointed to the Research Advisory Council for the Financial Capability Innovation Fund for the U.S. Center for Financial Services Innovation, U.S. Center for Financial Services Innovation. **Paul N. Ellinger**, ASFMRA Gold Quill Award, The American Society of Farm Managers and Rural Appraisers National Meeting.

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