K-STATE Research and Extension
Kansas State University
Department of Agricultural Economics

WHAT DO YOU THINK? PARTICIPANT SURVEY RESULTS: 2004 K-STATE RISK & PROFIT CONFERENCE

by Molly Brant, Dustin L. Pendell, and Glynn T. Tonsor

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What Do You Think?

Participant Survey Results:

2004 K-State Risk and Profit Conference

Molly Brant, Dustin L. Pendell, and Glynn T. Tonsor*

September 2004

Department of Agricultural Economics Staff Paper

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Kansas State University hosted its ninth annual Risk & Profit Conference on August 19-20, 2004 at the Kansas State University Alumni Center in Manhattan, Kansas. The conference provides an opportunity for agriculture producers, educators, lenders, consultants, farm managers, and other agriculture stakeholders to interact with each other and the Agricultural Economics faculty from Kansas State University. The 2004's conference theme was "Advancing Ag Management with Economics." This year's conference was attended by 143 individuals. Participants could choose from 22 different presentations over the two-day conference (Appendix B). Participants were surveyed on their personal demographics, business operations, and perceptions on the current state of agriculture. This paper summarizes the results of the survey, a copy of which is included as Appendix A.

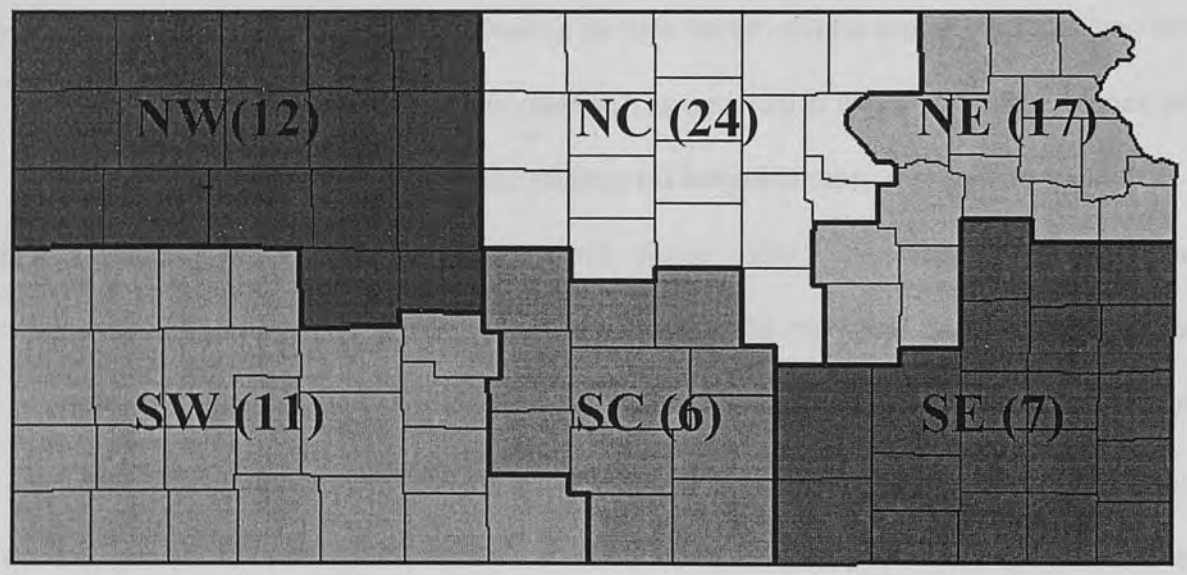
Ninety-one surveys were collected for a return rate of 63.6% (91/143). Of the respondents, 82 were male and 9 were female. The average respondent was 42 years old, held a college degree, and had 16.4 years of experience in his/her current profession. Twenty-nine individuals (31%) indicated farming or ranching was their primary occupation. Thirty-one percent were bankers, 18% were educators or in extension, and the remaining 20% were consultants, agribusinessmen, or in other occupations. Thirty-three percent of the respondents' total household income came from farming or ranching while 67% was from non-farm employment or investments. These results are summarized in Table 1.

Table 1. Demographics

Average age	42 years
Average education	College degree
Average experience	16.4 years
Income from farm/ranch	33 %
Income from non-farm	67 %

Of the conference participants who returned surveys, 78 were from Kansas. Four other states were represented; six participants were from Nebraska, three from Missouri, two from Wyoming, and one individual was from Oklahoma. Using the Kansas Farm Management Association districts as a guide, Kansas participants represented various parts of the state as follows: NE – 17 participants (22%), NC – 24 participants (31%), NW – 12 participants (16%), SW – 11 participants (14%), SC – 6 participants (8%), and SE – 7 participants (9%). Figure 1 outlines the districts.

Figure 1. Kansas Farm Management Association Districts



Participants were asked to rank their top five concerns about the future of agriculture over the next 3-5 years. The greatest concern to this year's conference attendees was market prices. Weather, government programs, international competition, and environmental issues came in at numbers two through five, respectively. Other issues indicated to be of lesser importantance were cash flow or financial issues, lack of family interested in taking over operation, food safety issues, and bioterrorism.

Given the interest in *value-added agriculture*, participants were asked about their outlook on the impact on farmers' net income from participating in value-added activities. Twenty-nine percent of the survey respondents were neutral on this outlook. Furthermore, 47% of the respondents answered positive and 11% responded as being negative. An additional question (#17) was included in the survey inquiring on which aspect of value-added agricultural the participants believed would be most successful. The most frequent response was producing a product using a verified process for a well defined market with 44% choosing this aspect. The next three most common responses, in order of highest frequency, were producing a new high-value product, performing an activity that has traditionally been done beyond the farm gate, and buying a processing facility.

When asked about land values, overall, participants expressed an expectation for them to increase over the next year. All occupational groups, except for the agribusiness group thought land values will increase. The expected increase ranged from five to seven percent. When asked about rental rate expectations over the next year, the group as whole indicated a rise in rates. Agribusiness was the only occupational group to suggest rates would remain constant. The other groups believed rental rates would increase from six to nine percent. In comparing the land value and rental rate expectations, there was a slightly higher expected increase in rental values.

Given six alternatives: biotechnology, precision farming/ranching techniques, technology, increased record keeping and financial planning, improved marketing skills, and more risk management, participants were asked to rank the top three options that would increase producer profitability over the next 3-5 years. Farmers and those in agribusiness suggested more risk management would be the greatest aid to profits. Bankers, those in extension, and

consultants preferred technology as the most likely to increase profits. Individuals in the other occupational category thought improved marketing skills would be the best option.

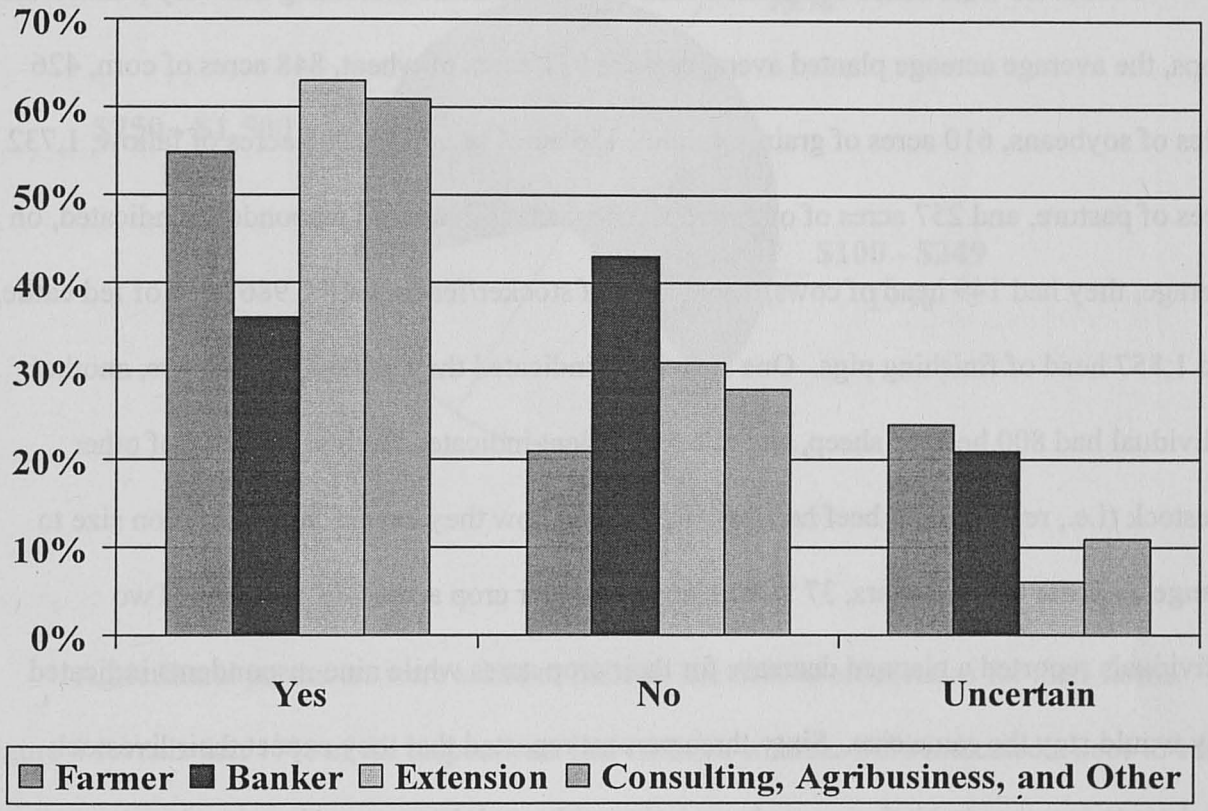
Due to the increased concern surrounding the 2003 BSE outbreak and the looming mandatory animal identification implementation, three questions were asked regarding these issues. Agribusiness participants indicated that the U.S. did not take appropriate actions following the BSE discovery while as a whole, the rest of the group thought proper action was taken. Installing consumer confidence was an underlying reason as to how appropriate action was taken while unnecessarily worrying consumers was noted as a reason for inappropriate action. The majority of participants indicated consumers and producers would benefit from mandatory national animal ID, but agribusiness thought producers would suffer. The participants were asked if they were in favor of mandatory national animal ID. The results are shown in figure 2. Farmers, extension, consultants, agribusiness, and those in other occupations said they were in favor while bankers were not in favor. Pros for having mandatory national animal ID system included quality control, records, accountability, faster traceability, and opening of international markets. The noted cons were records, accountability, and costs and efficiency of the system.

Participants were asked where they obtained most of the information they use in making business management decisions. Farmers, bankers, consultants, and agribusiness said they received an even mix of free and fee based outlet information. Those in extension used mostly free outlets while the other occupation group used fee based or subscription outlets.

Participants were asked their opinions of whether or not university research being funded more and more by the private sector is good for U.S. agriculture. Farmers and those in extension thought this was bad. Bankers, consultants, and agribusiness were okay with this situation and

the other category was uncertain or had no opinion as to whether this was good or bad. Biased results and conflict of interest were the main reasons noted by those viewing this as a bad funding source. More available funding was the most frequent response as to why this was a good funding source.

Figure 2. Mandatory Animal ID Support



Participant outlook on the farm economy over the next five years was inquired upon. Consultants indicated that they foresaw a worse farm economy. All other groups thought the farm economy would be better. Reasons for the better outlook were no drought, government program and price supports, and international markets. Noted reasons for having a worse outlook were international market concerns and volatile markets.

The participant survey included a specific section of questions targeted toward agricultural producers. Only those participants with their primary source of income coming from

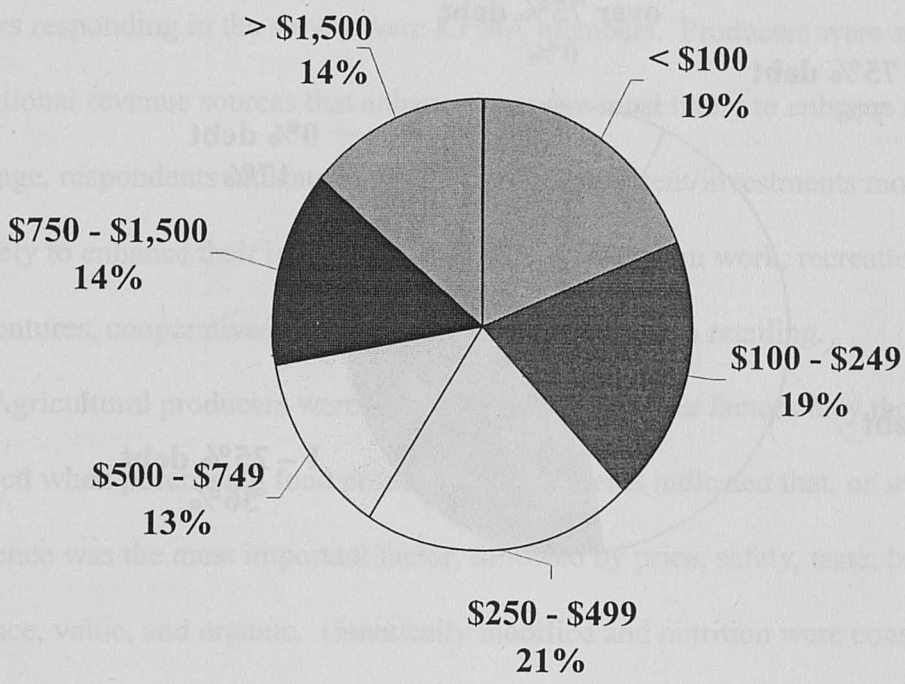
farming or ranching were asked to provide responses to questions in this segment. First, producers were asked to rank management objectives. On average, respondents indicated that maximizing profitability was the most important objective, followed by obtaining sufficient income, maintaining the quality of lifestyle, practicing environmental stewardship, and passing the farm on to the next generation.

Producers were asked to describe their farms. Of those indicating that they planted these crops, the average acreage planted averages were 931 acres of wheat, 848 acres of corn, 426 acres of soybeans, 610 acres of grain sorghum, 156 acres of alfalfa, 793 acres of fallow, 1,732 acres of pasture, and 257 acres of other crops. Regarding livestock, respondents indicated, on average, they had 149 head of cows, 1,996 head of stocker/feeder cattle, 986 head of fed cattle, and 1,857 head of finishing pigs. One individual indicated they had 6 head of sows, another individual had 800 head of sheep, and one respondent indicated having 250 head of other livestock (i.e., replacement beef heifers). Regarding how they expect their operation size to change over the next 10 years, 37 % indicated that their crop acres will increase. Two individuals reported a planned decrease for their crop acres while nine respondents indicated they would stay the same size. Sixty-three percent reported that they expect their livestock numbers to increase, with three people reporting a planned decrease and ten staying the same size.

Producers were requested to report their annual gross farm income (3-5 year average). These responses are illustrated in Figure 4. Nearly 15 % had gross farm income between $750,000 and $1,500,000 and another 14% over $1,500,000. Approximately 20% reported annual gross income between $250,000 and $500,000 while 13% were in the $500,000 to

$750,000 range. Additionally, 19% had gross farm income less than $100,000 and another 19% between $100,000 and $250,000.

Figure 3. Annual Gross Income or Sales ($1,000)

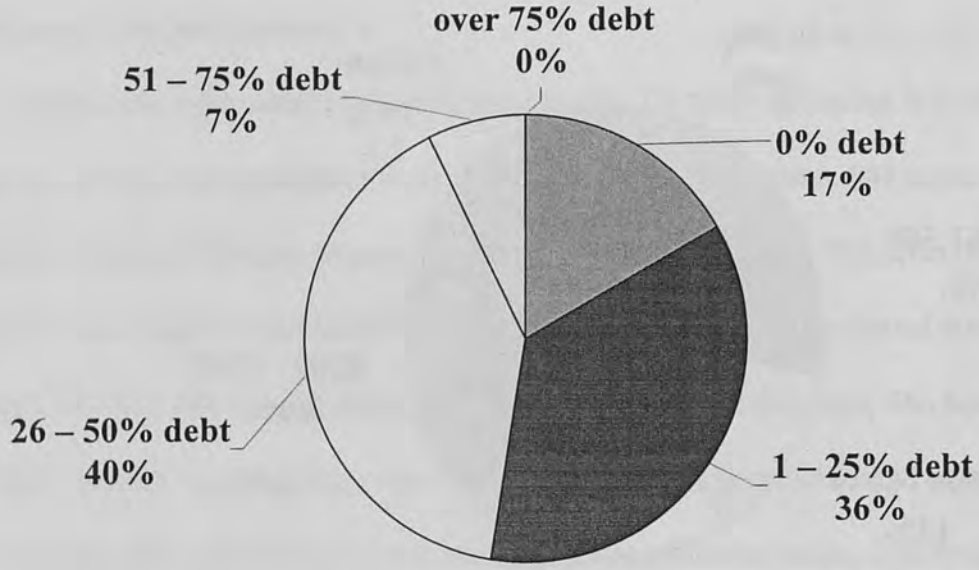


Agricultural producers were asked to indicate the debt-to-asset ratios for their farms. Figure 4 reveals that 17% of the respondents had no debt, whereas 36% indicated a debt-to-asset ratio between 1 and 25 percent, 40% had a debt-to-asset ratio between 26-50 percent, 7% possess a debt-to-asset ratio between 51 and 75 percent, and no one indicated they had a debt-to-asset ratio over 75 percent.

Producers were asked to indicate what percentage of their cropland was planted to varieties with a biotechnology feature this year and the percent expected for next year. Respondents indicated that 35% of corn planted this year (2004) and next year (2005) had a biotech feature. Individuals reported 30% of soybeans planted in 2004 and planned to plant in 2005 had a biotech feature. Sixteen percent of milo varieties planted this year had a biotech

feature with no change expected for 2005. Twenty percent of wheat varieties planted this year had some biotech feature compared to 19% that was reported to be planted next year.

Figure 4. Producers' Debt-to-Asset Ratio



Survey respondents were asked what precision agriculture technologies were currently being used in their operation. Site-specific soil sampling, on average, was the most prevalent technology being used, with 18% of producers using it. Thirteen percent reported that a yield monitor with Global Position System (GPS) was being used and 8% used a yield monitor without GPS. Producers indicated that GPS assisted steering and lightbar currently were being used in 4 and 16% of their operations, respectively. Twelve percent were using variable rate fertilizer while 4% were using variable rate planting. The most common response to these questions was that no technologies currently were being used in their operations. If their response was no technologies were currently being used, respondents were asked how likely they were to adopt precision farming practices in the next three years. On average, 44% of the

respondents indicated they were somewhat likely to adopt precision farming practices, whereas 33% were not likely and 23% were very likely to adopt these technologies.

The producers also were asked whether they were members of the Kansas Farm Management Association (KFMA) or similar state organizations. Approximately 33% of the producers responding in the survey were KFMA members. Producers were asked to rank the nontraditional revenue sources that enhanced or were most likely to enhance their farm incomes. On average, respondents indicated that off-farm employment/investments most enhanced or was most likely to enhance their income, followed by custom farm work, recreational sales, value-added ventures, cooperative/group marketing, and direct farm retailing.

Agricultural producers were asked to rank the top four factors they thought consumers considered when purchasing food products. Respondents indicated that, on average, convenience was the most important factor, followed by price, safety, taste, brand or label, appearance, value, and organic. Genetically modified and nutrition were considered to be the least important factors consumers consider when purchasing food products.

Producers were asked how the recent discovery of BSE in December 2003 has affected their management of their farm/ranch operations. Producers indicated that 88% have not changed their management practices.

The producers were asked how many hours per year they, or members of their farm/ranch operations, spend at the local Farm Service Agency (FSA) office. On average, the respondents indicated they spent 11 hours at the local FSA office, with one respondent writing in an answer of "Too Damn Many."

Overall, results from the survey of participants at the 2004 Risk and Profit Conference indicate that attendees represented a variety of geographic areas and farming enterprises, but held

similar views toward agriculture. Individual responses and perceptions on questions repeated over the last four years have remained fairly consistent.

Appendix A: Survey

AG ECON
KSU Risk & Profit Conference

2004 Conference Survey

Please take a few minutes to complete this survey. The purpose of this survey is to provide feedback to those attending this conference. Individual responses are confidential. A summary of the results will be presented during lunch on Friday. Therefore, we need your completed survey **today.** Return boxes are located on the registration table and in each session room. Thank you.

1. Age _____ 2. Sex: Male____ Female____

3. Years of formal education _____ **(12=high school graduate, 16=college graduate, etc.)**

4. Years of experience in current profession (since the age of 18) _____

5. My primary occupation is **(please check only ONE)**:

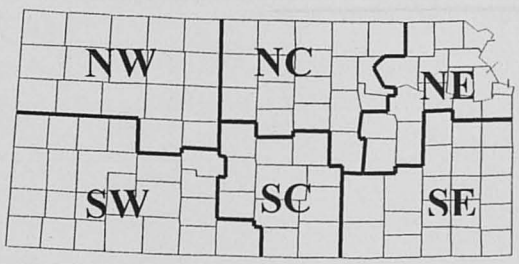
   A. ____Farming/Ranching
   B. ____Banking/Lending
   C. ____Education/Extension
   D. ____Real Estate Broker/Appraiser
   E. ____Consulting
   F. ____Agribusiness (e.g., elevator manager, farm supplier, etc.)
   G. ____Other:_____

6. Please indicate the percentage of your total net household income (including spouse) that comes from farm and off-farm sources. For example, if your net farm income is $30,000 and you have $20,000 in off-farm income (i.e., total income of $50,000), please indicate 60% in "Farming/Ranching" and 40% in "Non-Farm Employment".

   A. ____% from farming/ranching

   B. ____% from non-farm employment or investments

7. The district in which your primary business activities lies within **(place an X in your district)**



if not Kansas, which state?

_____

8. What are your expectations of land values and rental values in 2005 compared to 2004?

Land values: A. Increase by_____% B. Decrease by_____% C. Stay the same

Rental rates: A. Increase by_____% B. Decrease by_____% C. Stay the same

9. Please rank the **top three** (1-3) options that will most increase producers' profitability over the next 3-5 years.

A. ____Biotechnology (e.g., herbicide resistance, embryo transfer, etc.)
B. ____Precision farming/ranching techniques (e.g., auto-steer, individual animal identification, etc.)
C. ____Technology (no-till, retained ownership, etc.)
D. ____Increased record keeping and financial planning
E. ____Improved marketing skills
F. ____More risk management (e.g., insurance, diversification, etc.)

10. Do you think the U.S. government took appropriate actions following the discovery of BSE in December 2003?

A. Yes _____ B. No _____ C. Uncertain/No opinion _____

(Please list reasons why)

1. _____
2. _____

11. Would mandatory national animal identification benefit U.S.:

Consumers

A. Yes _____ B. No _____ C. Uncertain/No opinion _____

Producers

A. Yes _____ B. No _____ C. Uncertain/No opinion _____

12. Are you in favor of mandatory national animal identification?

A. Yes _____ B. No _____ C. Uncertain/No opinion _____

(Please list reasons why)

1. _____
2. _____

13. What best describes the information you use in making your business management decisions?

A. ____Primarily comes from free outlets (e.g., university extension services, internet, etc.)
B. ____Primarily comes from fee based or subscription outlets (e.g., consultants, etc.)
C. ____Even mix of free and fee based or subscription outlets
D. Other:_____

14. What are your thoughts on university research being increasingly funded by the private sector?

A. ____Overall, I believe it is good for U.S. agriculture
B. ____Overall, I believe it is bad for U.S. agriculture
C. ____Uncertain/No opinion

(Please list reasons why)

1. _____
2. _____

15. Rank the **top five** (1-5) concerns you have about agriculture in the next 3-5 years **(1 = most important)**:

A. ____Weather (drought, blizzard, flood, hail, etc.)
B. ____Government farm programs
C. ____Environmental concerns
D. ____Labor issues
E. ____Market prices
F. ____Cash flow, financial
G. ____Inability to keep up with technology
H. ____Lack of family interested in taking over operation
I. ____Competition from corporate agriculture
J. ____Competition from urban encroachment
K. ____Competition from international agriculture
L. ____Bioterrorism
M. ____Food safety issues
N. ____Other:_____

16. Do you think the farm economy going to be better, worse, or the same in 5 years?

A. Better B. Worse C. Same

(Please list reasons why)

1. _____
2. _____

17. What aspect of value-added agriculture will most likely succeed **(check one)**?

A. ____Producing a new high-value crop or livestock
B. ____Performing an activity that has traditionally been done by others beyond the farm gate
C. ____Producing a product using a verified process for a well defined market
D. ____Buying a processing facility (individually or as a member of a group)
E. ____None of the above
F. Other:_____

18. On a scale of 1-5 (with 1 being very positive and 5 being very negative), what is your outlook for value-added agriculture in Kansas or in your respective state (i.e., how will it affect farmers' net income) **(check one)**?

1. ____ 2. ____ 3. ____ 4. ____ 5. ____
(Very positive) (Very negative)

If your primary source of income is ***farming or ranching***, please answer the remaining questions. **Otherwise**, please return completed survey to marked boxes.

19. Rank the following management objectives in order of importance to your operation (with 1 being the most important and 5 being the least important).

A. ____maintain the quality of lifestyle
B. ____obtain sufficient income to cover family living expenses
C. ____maximize profitability
D. ____environmental stewardship
E. ____passing the farm to the next generation

20. Please describe your farm:

_____ acres of wheat
_____ acres of corn
_____ acres of soybeans
_____ acres of milo
_____ acres of idled/fallowed crop land
_____ acres of pasture/range
_____ acres of alfalfa
_____ other crops:_____

_____ head of cows
_____ head of stocker/feeder cattle
_____ head fed cattle
_____ head of sows
_____ head of finishing pigs
_____ head of sheep
_____ other livestock:_____

21. By what percentage do you expect your operation to change in size over the next 10 years?

Crop Numbers: A. Increase by_____% B. Decrease by_____% C. Stay the same

Livestock Numbers: A. Increase by_____% B. Decrease by_____% C. Stay the same

22. Your annual **gross** farm income or sales typically is (3-5 year average):

A. ____less than $100,000
B. ____$100,000 to $249,999
C. ____$250,000 to $499,999
D. ____$500,000 to $749,999
E. ____$750,000 to $1,500,000
F. ____over $1,500,000

23. Your farm operation debt-to-asset ratio [(total debt / total assets) × 100] is:

A. ____0 (no debt)
B. ____1 – 25%
C. ____26 – 50%
D. ____ 51 – 75%
E. ____ over 75%

24. For each commodity, indicate what percent of your acres was planted or will be planted to varieties with a biotechnology feature (e.g., Roundup Ready, Clearfield, BT corn, etc.):

	Current year:	*Next year:*
Corn	_____%	_____%
Soybeans	_____%	_____%
Wheat	_____%	_____%
Milo	_____%	_____%

25. What precision ag technologies do you currently use? **(check all that apply)**

A. ____Yield monitor without yield mapping
B. ____Yield monitor with yield mapping
C. ____ Lightbar
D. ____ GPS assisted steering (e.g., auto-steer)
E. ____Site specific soil sampling (e.g., grid, zone sampling, etc.)
F. ____Variable rate fertilizer
G. ____Variable rate planting
H. ____None

If none, how likely are you to adopt some precision farming practices in the next 3 years? **(check one)**

Very Likely ____ Somewhat Likely ____ Not Likely ____

26. Are you currently a member of the Kansas Farm Management Association or a similar association in other states?

Yes ____ No ____

27. Which nontraditional revenue source most enhances or is likely to enhance your farm income? Rank those that apply. **(1 = most important)**

A. ____Cooperative/group marketing
B. ____Value-added ventures
C. ____Recreational sales (e.g., agritourism, fee hunting or marketable hunting permits, etc.)
D. ____Off-farm employment/investments
E. ____Custom farm work
F. ____Direct farm retailing

28. Rank the **top five** (1-5) factors you think consumers consider when purchasing food products. **(1 = most important)**

A.	____Nutrition	F.	____Convenience
B.	____Safety	G.	____Price
C.	____Organic	H.	____Genetically Modified
D.	____Appearance	I.	____Brand or Label
E.	____Value	J.	____Taste

29. Following the discovery of BSE in December 2003, have you changed the management of your farm/ranch operation?

A. Yes _____ B. No _____

30. How many hours per year do you or members of your farm/ranch operation spend at the local Farm Service Agency (FSA) office? _____

Thank you for your time. Please return completed surveys to us today.

Appendix B: Presentations

1	Visiting Farmer Impressions of Brazil	A Farmer Panel
2	Ten Years after NAFTA: How Has Traded Stacked Up?	Vincent Amanor-Boadu
3	Current Issues in Livestock and Crop Insurance	Art Barnaby
4	Agritourism: If We Build It, Will They Come?	Dan Bernardo
5	Branding Value-Added With Geography	Michael Boland
6	What Causes Communities to Prosper?	David L. Darling
7	Marketing Grain – Things to Think About	Kevin Dhuyvetter
8	What's with These Steel Prices?	Troy Dumler
9	Compensating, Motivating, and Managing Family Labor	Sarah Fogleman
10	Consumer Reaction to BSE	Sean Fox
11	Comparing Kansas Ag to Other States	Sam Funk
12	What Are Your Water Rights Worth?	Bill Golden
13	Cattle Price Grids	Orlen Grunewald
14	Current Cattle Issues: EPD Value & Economies of Size	Rodney Jones
15	Soil Sampling – Does It Pay?	Terry Kastens
16	Crop Profitability and Water Quality	Michael Langemeier
17	Pollution Trading: Water Quality = $	John Leatherman & Jeff Peterson
18	The Economics of Political Economy	Brad Lubben
19	Biotechnology: Imperative for Low-Income Countries	Leslie Small & David Norman
20	Animal Traceability: The Australian Experience	Ted Schroeder & Glynn Tonsor
21	The Low-Carb Craze: Back to the Future?	Ann Sanders & Dave Mace
22	Organic Farming in Kansas: Beef, Cotton, and Grains	Andrew Barkley