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Applied Economics at the University of Minnesota

@ApEcMN



FROM THE DEPARTMENT HEAD

Spring seems to be a time of departures. Our students are completing their degrees and moving on to new challenges and adventures. We're delighted that all the energy and dedication has paid off, and that the end of their time in the Department of Applied Economics marks a beginning in a new job or a new program. As sad as it is to see students leave, I know that there will be opportunities to reconnect—at professional meetings, through the CFANS Mentor program, at gatherings on campus.

Three of our faculty members are making the transition to emeritus status. Glenn Pederson earned his undergraduate and Master's degrees in the department, returning in 1985 as an assistant professor. Glenn has been a popular and dedicated supervisor of dissertations and theses, with over 45 to his credit. His innovations in teaching have always focused on helping students become better prepared for careers. Ben Senauer came to Minnesota in 1975 after earning his PhD at Stanford. Ben has also been an active mentor and adviser to graduate students, particularly those with interests in consumer economics applied to USDA programs and to health and nutrition outcomes in developing countries. Ben was named an AAEEA Fellow in 2008. Terry Roe has been in the department since 1969, starting as a USDA economist housed at the University of Minnesota. Terry's career is marked by extraordinary dedication to students, with over 20 MS theses and over 50 PhD dissertations supervised—including the dissertations of two of our current faculty members, Jay Coggins and Donald Liu. It's hard to imagine the department without these three who have shaped us through years of research, teaching and supervision. We are grateful for the gifts they have left for us, and we will always be glad to see them back in Ruttan Hall.

Our most difficult farewells were to Eliza Herman and Jason Beddow. Eliza passed away after a long illness in October, Jason suddenly

this April. Eliza grew up in Saint Anthony Park, went to Macalester College, and worked for the Center for Farm Financial Management. She lived with wisdom—aware of the inevitability of her departure, she lived believing in the grace of day-to-day kindness. Jason came to the department ten years ago as a PhD student. At the time of his passing, Jason was an assistant professor working to develop integrated approaches to secure a safe, abundant, nutritious, and sustainable global food supply. His research was recognized for its excellence, and we were excited about his future in our department as a scholar, teacher, and adviser. Jason's life was cut short before he could say his goodbyes, but one of the privileges of writing a dissertation is the opportunity to reflect on your journey when you write your acknowledgments and dedication. Jason's dedication speaks to the bedrock that gave him the freedom to spend countless hours following his passions during his graduate work, and which I'm sure was even more important in the years following completion of his degree:

I thank my wife, Lucy Angelis, who sacrificed much so that I could pursue this work, and whose support and love were unwavering.

Let us all take this opportunity, in honor of Jason, to tell those who have sacrificed for us just how grateful we are for their love and support. And, in honor of Eliza, let us find grace in a simple act of kindness.

Frances Homans

Department of Applied Economics



The Economics of Childcare

Neuroscience has confirmed what parents have always known: the first five years of a child's life is a period of enormous growth and development. It is amazing to watch a child start to crawl and then walk, begin using language, and learn to engage with others. What has also become clear is that the skills developed early in life, both cognitive skills and socio-emotional ones, are critically important for later development and continued learning.¹ Supporting the healthy development of children is important for families, certainly, and also has important economic consequences as the foundation for future human capital. Because most mothers work outside the home and most children live in households with working parents, child care is important both as a work support and as an early learning environment.



Several of my research projects have studied the Minnesota child care assistance program (CCAP), which provides subsidies to help make child care affordable for low-income families. Eligible families who participate in the child care assistance program select a child care

provider, who is then paid by the county for authorized care. In 2015, nearly 16,000 Minnesota families per month received assistance to help pay for care for over 30,000 children.

In partnership with Child Trends, a non-profit research organization, and the Minnesota Department of Human Services, I have conducted several studies of the families and children receiving child care subsidies through this program.²⁻⁶ CCAP has a dual purpose to both provide support to families, helping them pay for child care while parents are working, and to help ensure that children are cared for and enter school ready to learn. My goal is to study CCAP in order to help policymakers design programs to better achieve these goals.

We began by conducting surveys of parents to ask about their experiences with the child care assistance program as well as their use of child care. We then re-interviewed the families over time so that we were able to track changes in an individual child's care arrangements both when the family received a subsidy and when they did not. We also analyzed program data to investigate the stability of participation in the subsidy program.

Child care subsidies help parents pay for child care while working, and indeed, many parents say that without the assistance they would not be able to work. Our study found that receiving a child care subsidy significantly increased the probability of employment and especially of full-time employment among low-income parents. These findings suggest that expansions of the child care subsidy program could lead to increased employment among low-income parents with young children.

We also analyzed several outcomes related to the stability and quality of care that likely will influence children's development and school readiness. Children receiving child care assistance in Minnesota averaged about eight

BY LIZ DAVIS



months of continuous participation, longer than the median of six months reported in a study of 35 states.⁷ About one-quarter of children in Minnesota received child care assistance again within three months of leaving the program, and half returned within two years. Children who received assistance because of parental employment tended to have longer subsidy periods than those whose parents were in a training or education program. Nonetheless, receiving a subsidy did not change the stability of child care arrangements. Frequent turnover of arrangements was common in the sample, regardless of whether the family was currently receiving a child care subsidy or not.

The results also indicate that, in the absence of a subsidy, cost constrains parents' choices to lower-quality options. Because we observed the same children repeatedly over time, both when they were and were not receiving child care subsidies, we estimated child fixed-effects models to address the selection problems that otherwise would bias the relationships among subsidy, stability, and quality. We found that, when children received child care subsidies, they experienced higher quality care as reported by parents. When receiving a subsidy, parents were more likely to select center-based care, and reported that more quality-related features were provided. Overall, subsidy receipt influenced the quality of care children experienced by allowing families to access and select higher quality types of care.

The quality, availability and affordability of child care have important implications for families, employers, and schools. Programs such as CCAP can increase employment and access to child care. Other programs and policies in Minnesota also support access to high quality early care and education, including public preschool programs such as Head Start and early learning scholarships for low-income children attending high

quality programs. Young children who start school less well prepared in terms of social-emotional and pre-academic skills carry that disadvantage forward, leading to poorer outcomes in school and later in adulthood.^{8,9} Research has demonstrated the short- and long-term public benefits of programs that provide high-quality early care and education to low-income children.¹⁰

End notes

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Elizabeth (Liz) Davis is a Professor in the Department of Applied Economics. She currently teaches graduate courses in econometrics and labor economics. Her research program focuses primarily on public policy related to low-income families, child care and early education, and low-wage and rural labor market issues in the U.S. Liz enjoys the outdoors year-round in Minnesota. In summer, you'll find her rowing on the Mississippi River and, in the winter, training for long-distance cross-country ski races.

RUTTAN LECTURE: DECENTRALIZATION, EMPOWERMENT AND RURAL DEVELOPMENT

Hans Binswager-Mkhize, Professor Extraordinaire in the Department of Agricultural Economics, Extension and Rural Development at the University of Pretoria, South Africa and an Adjunct Professor in the School of Economics and Management, China Agricultural University, joined us as the honored presenter for the 2016 Vernon W. Ruttan lecture on Science and Development Policy.

The lecture, entitled “*Decentralization, Empowerment and Rural Development*” and delivered on February 23, was attended by students, faculty, emeritus, alumni and staff.

Binswanger-Mkhize spent time exploring the department and sharing research and information with students and faculty alike.

Hans P. Binswanger-Mkhize has had more influence on contemporary agricultural policy worldwide than perhaps any other economist. He has spent decades in the international agricultural policy arena, including as a senior policy analyst and advisor at the World Bank and in the CGIAR system. With undergraduate and master's degrees from Paris and Zurich, Hans completed a PhD from North Carolina State University in 1973. His first professional job was in the Department of Agricultural and Applied Economics at the University of Minnesota working with Vernon Ruttan on a line of research that culminated in the classic volume *Induced Innovation: Technology, Institutions and Development*. Hans' published research covers the economics of technical change, behavior under risk, land policy and land reform, supply and demand of agricultural commodities, natural resource management, and community-driven development.



GLENN PEDERSON

Glenn earned a Bachelor of Science degree in resource economics and a Master of Science in agricultural economics - both here at Minnesota. He returned as an associate professor after his PhD from Michigan State University and an early academic stint at North Dakota State University. Glenn's enduring interest in agricultural finance animated his research, teaching, and international engagement throughout his career. A persistent theme in his work is the use of credit institutions to improve productivity and profit for those with limited access to resources, from farmers in the Red River Valley during the financial crisis to communities in transition economies after the dissolution of the Soviet Union. In his teaching career, Glenn maintained focus on equipping students for their post-college careers; his well-structured and relevant coursework, along with his high standards, have pushed generations of students to achieve beyond their expectations.

TERRY ROE

Terry arrived in Minnesota in 1969, after earning his PhD from Purdue University. In his career, Terry sought to provide policy-relevant research applied to real problems in U.S. agriculture and those confronting countries in the developing world. He seamlessly integrated this work with his supervision of 61 Ph.D. dissertations. In recent years, Terry concentrated on macroeconomic modeling; he focused his attention on macroeconomic policy impacts on agricultural and rural households, water resources, and health outcomes. Terry speaks of the tremendous fun he has had over the years; international travel and collaborations provided sparks of joy, as did those long hours he spent working through mathematical intricacies.

BEN SENAUER

Ben dedicated his professional career to the University of Minnesota, starting as an assistant professor here in 1974 after earning his PhD from Stanford University. His research focused on consumer behavior and welfare, the U.S. food programs and policy, and global poverty and hunger. He received numerous awards for his research, and was named a Fellow of the Agricultural and Applied Economics Association, the Association's highest honor. In the department, he served as Director of the Center for International Food and Agricultural Policy and Co-Director of the Food Industry Center. Ben is deeply grateful to the Department and the many wonderful people in it for providing a great academic home for over 40 years. In retirement, Ben and his wife Donna plan to live in Santa Barbara, California.

GLENN
PEDERSON

TERRY ROE

BEN
SENAUER

FACULTY
EMERITUS

CARMEN KRYZER

UNDERGRAD STUDENT SPOTLIGHT



Carmen Kryzer is a multi-talented undergraduate student, planning to graduate in December of 2016 with a degree in Agricultural and Food Business Management. Growing up on her family's crop and beef farm in Lewiston, Minnesota ignited her passion for the agricultural industry. Eventually, this lead her to the University of Minnesota and CFANS, where she discovered that she loved not only agriculture, but business related items as well, leading her to select a degree within the Department of Applied Economics.

"My favorite part about the U," Carmen relays, "is the ability to network with many peers, professors and professionals. I enjoy the small campus feel while on the St. Paul Campus...and my first classes really piqued my interest in Agricultural and Food Business Management."

Besides serving as one of the Department's Student Activity Coordinators, Carmen has been involved with the Gopher Crops & Soils Club, the CFANS Mentor Program, and her sorority: Lambda Delta Phi.

She has completed two internships, one with Christensen Farms and one with Monsanto. "[My internships] are where I have been able to apply my classroom knowledge in real-world scenarios. I hope these will help me start a career where I can utilize my skill set, such as managing and leading with strong communication skills."

As dedicated as Carmen is to her academic life, she does well to balance her personal interests and hobbies like water skiing, hiking and spending time with her friends as well. She is looking forward to getting married next summer and continuing her engagement in agricultural learning activities for youth through organizations such as 4-H and FFA.

Gianna Short just finished her second year as a Ph.D. student in Applied Economics. She holds a graduate degree in Food and Resource Economics from the University of British Columbia and a B.S. in Environmental Studies/Land Use from the University of Kansas. Gianna was the president of the department's Grad Club in 2015-2016 and recently created a new interdisciplinary group funded by the Institute on the Environment.

"I'm very proud," Gianna stated. "The goal is to build leadership skills in the realm of food systems by connecting interested students with research opportunities and working together to develop and implement actual policy solutions based on that research."

Gianna's interest in food economics, consumer choice and diversified food systems all stem from one common theme, her love of food!

"I love everything about [it]. Growing it, cooking it, eating it. I want to do work that enables everyone to have access to delicious food without sacrificing our environment or health. Applied Economics is central to making this happen."

Gianna hopes to use economics to influence food policy, so that every person is given the food access and security they need to thrive. For her, this means setting smaller, short term goals in order to accomplish a long term vision: finishing her Ph.D., continuing to learn diverse ways to influence policy, and translating economic research to a broader audience.

Currently, Gianna is working on projects studying the economic impacts of farmers markets and aquaponic production systems in the Twin Cities. She will be conducting her own research at the UMN Driven to Discover building at the State Fair this summer, so please stop by for a quick lesson and to say hello!

For more information on the opportunity to work with Gianna's interdisciplinary group, contact short097@umn.edu.

GIANNA SHORT

GRADUATE STUDENT SPOTLIGHT



DEPARTMENTAL FAREWELLS



DR. JASON M. BEDDOW

JULY 8, 1974 — APRIL 14, 2016

Jason Beddow joined the University of Minnesota Department of Applied Economics faculty in 2013 after completing his Ph.D at Minnesota and several years of post-doctoral work focused on the HarvestChoice initiative for InSTePP. Earlier in 2016, he was one of a dozen early-career faculty featured in the “The Future is Now” edition of CFANS Solutions magazine. Jason was leading the development of new spatial bio-economic analytical methods to address key global food security challenges. He was a rising star with a broad professional reach around the college, the campus and internationally. He was also one of the first MnDRIVE Fellows, selected to be a key leader in discovering new paths to solving the problems of food insecurity.

Jason was kind and went the extra mile for all who engaged with him. He will be deeply missed.

In honor of Jason, CFANS has established the Jason Beddow Memorial Fund. Contributions may be made out to “University of Minnesota” and mailed to Jason Beddow Memorial Fund, Univ of MN Foundation, P.O. Box 860266, Minneapolis, MN 55438.



ELIZA HERMAN

Eliza Herman was a valued member of the Center for Farm Financial Management team since 2004. She was integral to every aspect of CFFM: organizing conferences, responding to customers, and keeping track of innumerable details.

Eliza was the kind of person that enjoyed helping people and received great satisfaction in assisting others to overcome their challenges. She loved traveling, especially to London, where she returned often. She loved books, too. One colleague noted: “talking books with Eliza was like a trip to places I had never considered.” Throughout her long and difficult illness, she maintained her sense of humor and her positive attitude. She left us too soon, and we will not forget her.

Sandeep Mangaraj and Nisha Lima met as MS students in the department, earning their degrees in 2001 and 2003. During his time in the department, Sandeep worked at the Food Industry Center with Ben Senauer and Jean Kinsey. Nisha's MS thesis on Red River Valley farmers was supervised by Glenn Pederson.

Now living in Manhattan with their two small children, Nisha and Sandeep consistently give to the University.

"The mentoring we received from our professors provided us with career opportunities and helped guide our futures," they explain.

These thoughts echo Sandeep's thoughts as he finished his degree: "I would like to take this opportunity to express my gratitude to Professor Jean Kinsey and Professor Ben Senauer for their valuable help and guidance during my thesis work." "Professor Glenn Pederson helped me in finding my footing not only in the applied economics department but also in my career and for that I shall always be grateful." Sandeep specifically credits Professor Pederson for helping him get his first job in the financial sector.

Now that Nisha and Sandeep have children of their own, they are becoming increasingly passionate about public education and the role it plays in keeping the American dream within reach for everyone.

"We would like to pass down gratitude and a pay-it-forward attitude to make sure that [public education] is accessible to all. Giving is our small way of repaying the debt."

Sandeep is currently a Principal at Ernst & Young, where his position focuses on capital management and credit solutions for large banking and capital market clients. When they aren't running, biking or testing out their green thumbs, Sandeep and Nisha enjoy exploring the food and culture of New York.



NISHA LIMA

SANDEEP
MANGARAJ

DONOR
SPOTLIGHT

Sandeep Mangaraj and Nisha Lima graciously agreed to share why they choose to give to the University of Minnesota. If you would like to be featured in one of our upcoming reports, please contact Sadie Brendalen at will1945@umn.edu.

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