

# Program Impacts: MANAGE Extension Educational Program 2018

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Department of Agricultural and Resource Economics



## Introduction

Area Specialists–Farm Management (ASFM) develop and teach educational programs in farm and financial management, marketing, recordkeeping and other economic-based subjects. The intent of this summary report is to provide administration and the public with an annual report of accomplishments and impacts of these educational programs. The report is divided into six sections: contacts; financial planning; production; educational meetings; success stories; and other impacts. Data tables and/or explanations are included with each section.

## Contacts

**Table 1. Direct Contacts**

Direct Mail/Telephone	Extension Office	On-Site Visits	Group Meetings	Total
4,271	436	2,154	13,705	20,566

From Table 1, ASFM contacted over 20,500 people as a part of their educational programming. Strength is noted in group meetings and in on-site visits.

## Financial Planning

**Table 2. Financial Planning**

Farm Financial Analyses	Balance Sheets Developed	Complete Financial Plans Developed	Average Debt/Asset Ratio	Average Net Worth
140	123	119	0.46	\$1,486,398

One of the mainstays of the MANAGE educational program is its emphasis on farm-level financial planning. The financial planning comes in various forms, depending on the needs of the farm families. In 2018, 140 farm-level financial planning educational sessions were held, resulting in 119 complete financial plans (Table 2). These plans include base, or current farm enterprises, compared to potential enterprises which can assist farmers in selecting more profitable farming methods and making better financial decisions. The average debt/asset ratio in Table 2 shows that, on average, farm families owe 46 cents for every dollar of the value of their farm assets. That debt load underscores the value and opportunity of using the MANAGE educational program. The average net worth of \$1.5 million indicates that these farm families have a vested interest in protecting and growing their farm businesses.

## Production

Production data are important in defining the farm situation in Tennessee and in describing the scope of the MANAGE program. The total farm crop acreage included in financial planning in 2018 was 86,052 acres. Gross income from these farms totaled \$68.8 million and net income totaled \$8.9 million. In a very real sense, the ASFM helped manage, through their on-farm financial planning, an enormous amount of acreage and income for Tennessee farm families. The relatively low profit margin between gross and net income reflects the importance of this management function.

## Educational Meetings

ASFMs facilitate or teach in group educational meetings across the state. In 2018, they facilitated or taught in 222 educational meetings, with a total audience of 10,829 people. Through these educational meetings, ASFMs teach such topics as budgeting, financial planning, computerized recordkeeping and other economic and production topics to agricultural producers and other educators. This audience differs from the group meetings' contacts reported in Table 2. Contacts reported in Table 2 also include contacts at meetings where ASFMs weren't facilitating or teaching sessions, such as field days, multicounty meetings, etc.

## Success Stories

**Dairy Benchmarking:** Twelve dairies in southeast Tennessee completed the dairy benchmarking educational program. The dairies produced 179,238,171 pounds of milk in 2018, representing 26 percent of Tennessee milk production. The 12 dairies had a total of 7,100 cows. Each dairy received a summary of its cost structure and a comparison with the group average. Multiple producers in the group stated it was one of the best

programs they have completed. Four dairies decided to meet and compare their cost structure and share cost-saving ideas. The four dairies believe they have reduced expenses by 10 percent. The total direct estimated economic impact is \$837,000.

**Survey:** A survey of farm families using intensive planning and improved fiscal management indicated an average of \$4,800 per farm/business in increased income and/or reduced expenses resulting from implementing improved farm and business management.

**Enterprise Analysis:** By breaking down a whole farm enterprise into individual enterprises, a farm family was able to reduce fixed equipment costs by \$27,000 and improve efficiency of their poultry operation by \$33,000 per year by running cost analysis models for their farm.

**Income Tax Seminars:** Area Specialists-Farm Management assist with teaching and facilitating income tax seminars across the state. Eight two-day sessions were held during 2018. Eight hundred nineteen (819) accountants and tax preparers earned over 13,000 continuing professional education credits by attending these educational training sessions. The seminars provide an excellent opportunity for participants to maintain their knowledge and skills for their profession.

**Cooperative Beef Cattle Marketing:** Area Specialists-Farm Management assisted beef producers in a multicounty cooperative marketing effort to group and market feeder cattle in truck load lots. A total of 4,682 head of cattle were sold by 242 producers in four sales during 2018. Prices received by producers were \$11.52 cwt. higher than state-reported weekly average market prices. This cooperative marketing effort resulted in an increase in feeder calf value (compared to the Tennessee average) of \$378,886 for those producers or \$80.92 per head marketed.

## Other Impacts

Twenty-seven farm families developed financial plans for their farms or businesses, resulting in over \$78,000 in improved cost savings and increased net income of their operations.

Twenty-five farm families increased their potential cash income from their farming and rural business operations by an estimated \$175,000 by implementing a long-term financial plan and analysis.

Work with individual farm families in 2018 produced the following impacts:

- One farmer reconsidered an expansion, saving him nearly \$163,000 in annual cash flow.
- Another farmer evaluated cotton-picker options, saving him \$53,000 in annual cash flow.
- A farmer evaluated a combine upgrade, saving him \$45,000 in annual cash flow.
- Due to debt restructuring and better marketing, one farm family, over a three-year financial planning process, improved from a loss of \$7,022 in 2015 to a net income of \$295,833 in 2017.

## Summary

This annual report provides evidence of the MANAGE educational program's relevance and importance. With the production and financial risks Tennessee farmers face each year, it is imperative to provide these farm families with the ability to make better-informed financial decisions. Area Specialists-Farm Management continue to work in partnership with Extension agents on the county level and state specialists in the Department of Agricultural and Resource Economics to assist farm families in reaching their financial goals.



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