

MONTANA BOARD OF REGENTS
NEW ACADEMIC PROGRAM PROPOSAL SUMMARY

ITEM 130-201-R0106

Institution: Dawson Community College

Program Title: Agricultural Marketing and Financial Analysis

1. How does this program advance the campus' academic mission and fit priorities?

The institution's mission states that DCC is "committed to creating and continuously improving accessible and effective learning environments for the lifelong educational needs of the diverse communities we serve". The development of this program is a strong example of this commitment. This certificate program will enable producers to accurately evaluate their financial position, costs of production and compare their data to regional benchmark data. Participants will receive classroom instruction and individualized instruction with instructors who will teach them to analyze their financial situation, costs of production and to compare their operations to benchmark data prepared from the University of Minnesota FINPACK program. In addition, students will choose a marketing specialization to pursue. Some participants will receive in-depth instruction of marketing and risk management strategies, including the use of futures, options, forward contracts, hedge-to-arrive contracts, and production contracts. Others will choose to learn value-added marketing strategies and techniques. The ever tightening cost/price squeeze and the perception that producers must enlarge their operations emphasize the need for producers to become astute managers of their financial and marketing risk.

2. How does this program fit the Board of Regents' goals and objectives?

The Mission of the Montana University System is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

- A. To provide a stimulating, responsive, and effective environment for student learning, student living, and academic achievement.
- B. To make a high quality, affordable higher education experience available to all qualified citizens who wish to further their education and training.
- C. To deliver higher education services in a manner that is efficient, coordinated, and highly accessible.
- D. To be responsive to market, employment, and economic development needs of the State and the nation.
- E. To improve the support for and understanding of the Montana University System as a leading contributor to the State's economic success and social and political well-being.

This program delivers higher education services in a highly accessible manner. By offering individualized instruction in the areas of most concern to agricultural producers, DCC provides a unique opportunity for efficient and coordinated higher education to this important segment of our economy. By helping Montana's agricultural producers better understand the business skills needed in today's changing environment, DCC directly affects Montana's economic development for the better.

This program will directly provide students with skills that will be useful to the economic development of their production agricultural businesses. It will be the only program of its type in Montana. Similar programs have been highly successful over many years in other states.

3. How does this program support or advance Montana's needs and interests?

Production Agriculture is a major Montana industry. This program has the potential to further increase net income to Montana's agricultural producers. By teaching the marketing and financial analysis tools needed by today's ever more sophisticated farmers and ranchers, DCC will increase the stability of those family businesses.

Additionally, as this program expands to the other locations served by DCC's Farm/Ranch Business Management certificate program, this program will provide benchmarking data for Montana's agricultural producers. Similar programs in other states, including North Dakota, submit anonymous statistics from producers to a national database. DCC would send Montana's information to be included in this database after a sufficient number of producers become involved. That goal will take approximately two

or three years to accomplish assuming that the AMFA program starts in those other locations in Fall Semester 2006.

Inclusion in this national database (FINBIN) would mean the availability of benchmarking financial and production data for Montana's farmers and ranchers. Such information has been available for years in other states and those states have found it valuable enough to continue their financial support.

4. How will this program contribute to economic development in Montana?

Students will choose to study either commodity marketing or value-added marketing. One of the areas of greatest potential impact on production agricultural operations today is in the arena of marketing. Improvements in marketing of commodities can have a significant impact on net income for Montana farmers and ranchers. For some students, value-added agricultural products can be the best solution to increase family financial stability. Value-added marketing requires skills not commonly practiced among producers and education is the best means of developing those skills.

Financial analysis is important in any business and is becoming increasingly important in agriculture. This program will provide skills in financial analysis that are critical to improving the long term success of family farms and ranches in Montana. In addition to the benefits of benchmarking data, FINPACK software also provides producers with a framework for cash flow planning and analysis of major changes to the business.

If this program were able to teach producers new skills that would allow them to increase their net income by an average of only \$5,000 - \$10,000 per year, the economic impact for those Montana areas served could be very significant. Such estimates are reasonable.

5. What is the program's planned capacity?

• Break-even point?	4.5 FTE students
• Enrollments / year?	10-15 half time students
• Graduates / year?	10-15 starting S08
• MT jobs / year?	N/A as all students are active agricultural producers

The above table outlines expected capacity per instructor involved, since that will be the relevant measurement for breakeven points. Currently, DCC has six instructors. Three or four are expected to start this program in the Fall of 2006 and the remaining instructors would be adding this program in Fall of 2007 or 2008. Because instructors will be balancing their workloads between students involved in this program and those enrolled in the FRBM program, it will be difficult to project exactly how many students will be enrolled in each program at each location. The attached budget includes estimates that assume the program expanding to DCC's other FRBM locations.

6. Resource Allocation:

• Total program budget?	\$ 84,215
• Faculty FTE?	1.58
• Staff FTE?	None

Unlike item 5, these amounts are taken directly from the first year of the 5 year budget document that has been submitted with this program proposal.

7. Does this program require new resources? Yes No

If yes, what is the amount? \$ 3,000

8. How will the campus fund the program?

Funding for ongoing expenses will continue through existing resources. Initially, DCC's in place full time FRBM faculty would divide their time between students enrolled in the FRBM program and students enrolled in the AMFA program. Enrollment in the two programs should combine to result in reasonable full time work loads for those instructors that will range between nine and ten month contracts. DCC's experience to date with the FRBM program indicates that providing more options for potential students and for instructors is needed to maximize our return on faculty resources.

It is not anticipated that the program will require new, ongoing faculty resources within the first few years because the faculty resources are in place and available. However, approximately \$3,000 will be budgeted for startup costs for training for instructors. Funding for the initial training for instructors will be provided by the institution's Ullman Trust Fund.

9. If internal reallocation is necessary, name the sources.

The college's very successful Farm and Ranch Business Management program currently employs two well qualified faculty members on campus and four in field locations. These instructors will have time available in their loads to begin this related program starting Fall of 2006. Therefore, these resources can be reallocated without causing hardship in the existing program. It is anticipated that the two programs will compliment each other because they will provide a more comprehensive offering to potential students and because they will more easily accommodate the management of faculty work loads, including the possible additions of tenth months to contracts that will strengthen faculty recruitment opportunities for DCC.