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Charles H. Dyson School of Applied Economics and Management
in the College of Agriculture and Life Sciences
Cornell University, Ithaca, New York 14853-7801 USA

History of the Farm Credit Fellows Program

by Eddy LaDue

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In the spring of 1971 the College of Agriculture and Life Sciences at Cornell University, under the leadership of Director of Resident Instruction Earl Brown, was developing an undergraduate internship program. One of the institutions asked to participate in this program was the Farm Credit Banks of Springfield. After giving the request careful thought, the Farm Credit Banks of Springfield responded that the confidential and personal nature of their business did not lend itself well to short term student internships. However, if the College would like to make a different proposal that would improve the practical training and exposure of students with less focus on confidential information; they would give support of such a program careful consideration.

Professor Robert Smith, with assistance from Eddy LaDue, Arthur Bratton , Clifton Loomis, Bernard Stanton, George Casler and others, developed a proposal for the Farm Credit – Cornell Study Program. The Farm Credit Banks of Springfield agreed to fund and support the program. Participants in the program were known as Farm Credit Fellows, and the program became known as the Farm Credit Fellows Program.

Original Program Activities

The Farm Credit Fellows program included several activities designed to provide an opportunity for students with a strong interest in farm management and finance to gain a better understanding of the agricultural credit system and study special topics in the area of agricultural finance. The intent was to include the entire agricultural credit system from source of funds to use of the funds on farms. The intent was to provide exposure and experiences that would not be possible in the normal classroom setting.

<u>Two day trip to the Farm Credit Banks of Springfield</u>

During the last few weeks of their junior year Fellows participated in a two day trip to the Farm Credit Banks of Springfield offices. They left early on a (usually) Thursday morning and returned late the next afternoon. Travel was by state cars driven by faculty members and graduate students with an interest in farm management and finance. The program in Springfield started with lunch on the first day and ended with lunch on the second day. The program was conducted by Farm Credit personnel and designed to provide an understanding of the Farm Credit System.

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[1] This publication covers the period from the inception of the Fellows program up to the time of retirement of the author.

[2] W. I. Myers Professor of Agricultural Finance, Emeritus, Dyson School of Applied Economics and Management, Cornell University. The author would like to thank Roger Murray and the officers of Farm Credit East for comments and suggestions relative to an earlier draft, and Bernard Stanton and George Casler, Emeritus Professors, Dyson School of Applied Economics and Management, for their helpful suggestions on the almost-final draft.

Although the program varied somewhat from year to year, topics generally covered included:

1. Organization and structure of the Farm Credit System.
2. A tour of the Bank and a discussion of the role of the various working groups within the bank (research, marketing, funding, records management, etc.)
3. Role of the Federal Farm Credit Banks Funding Corporation and the flow of funds from the Funding Corporation through the Banks and Associations to the farmer.
4. The role and activities of the Bank for Cooperatives
5. The organization and role of the Associations
6. The types of farm businesses that Farm Credit could lend to and the various loan programs available
7. The job of a loan officer.
8. Review and discussion of a typical farm loan, often including some level of role playing.

The evening included a dinner, at the hotel where the Fellows were housed, that was attended by a number of Farm Credit personnel. This allowed informal discussions of personnel backgrounds, experiences and topics raised earlier in the day. Dinner was followed by a speaker on some topic not covered earlier, often by someone who was going to be unavailable during the time the students were at the Bank.

<u>Internships at Farm Credit Associations</u>

During the summer between their junior and senior years Fellows spent one week in each of two different association offices. The objective of this program was to give the students an introduction to Association business under the tutelage of Association managers. Farm Credit selected the offices that each student was to attend based on the student's interests and a desire to provide a breadth of exposure to Farm Credit Associations and Northeast Agriculture. No student was assigned to his home Association. Each student received a grant (check) at the beginning of the week to cover expenses and partially compensate for lost income during the weeks they were at the Association offices.

The exact activities undertaken at each Association office varied depending upon the student's interest, what was happening at that Association during that week and the characteristics of the personnel in that Association. Activities that were often undertaken include:

1. Familiarization with the manuals, spreadsheets and (in later years) computer programs used by loan officers and Association managers.
2. Traveling with a loan officer to observe/participate-in cold calls, loan reviews, responses to loan requests, loan security updates, public relations visits, data collection and typical or unique farm visits.
3. A visit to the County Clerk's office to do UCC and mortgage checks
4. A day with the appraiser conducting appraisals
5. Time with a loan officer or loan analyst reviewing or putting together the data/spreadsheets for a loan assessment.
6. Observing the Association Credit Committee as it decides on various loan requests/proposals.

7. Time with a loan officer visiting a type of business prevalent in the area (orchards, poultry, vegetable, fishing etc.)

Associations from throughout the Springfield District (New York, New Jersey and the New England states) participated. This provided students an opportunity to see an entirely different type of agriculture and/or a significantly different economic environment.

Summer Employment

Participants were urged (but not required) to accept summer employment related to farm finance between their junior and senior years. Employment by any financial institution would qualify, as well as employment by an agricultural supply or agricultural marketing firm. Field work as a research assistant on a research project in farm management or finance would also qualify, as would employment on a commercial farm other than the student's home farm.

The objective of this activity was to improve Fellows exposure to agricultural finance and to give them normal employment experience. The experience of most Fellows had included only work on the home farm. No attempt was made to interfere with Fellows prior summer employment commitments.

The Fellows program committee agreed to assist the students in finding employment related to finance, but did not guarantee such employment. Only a small number of the students sought summer employment and opportunities were limited.

Farmers Home Administration Field Trip

During the Fall of their senior year Fellows participated in a one afternoon and evening field trip led by Farmers Home Administration (FmHA) personnel. The objective of this trip was to expose Fellows to this major government lender to agriculture and to see the activities of this lender through the eyes of the people administering the programs and the people receiving the loans.

The visits for this field trip were selected and led by county and district FmHA personnel. Since FmHA is a government lender, the perspective changed somewhat depending upon which political party was in power, but the basic programs were similar over time. The visits generally included:

1. A beginning farmer who had received either or both an operating loan and a real estate loan.
2. A farmer who had received an emergency loan.
3. A low income person who had received a housing loan. These were usually home construction loans, so that the specifications required by FmHA were discussed and the Fellows got to see a nearly completed or new house that met those specifications.
4. A low income housing project. Often these were low income elderly housing projects where students were often surprised at how neat, clean and undamaged they were kept.
5. A rural municipal water or sewer facility funded by FmHA.

The evening program included dinner at a restaurant near the last loan visit location. The Fellows program paid for dinner and FmHA provided the program. The program usually included a presentation by the State Director of FmHA, a discussion of the programs that had been seen during the day or important programs that they had not been able to see, a discussion of employment with FmHA and a time for questions.

New York City Trip

In January, between the Fall and Spring terms of their senior year, a trip to New York City was conducted by a Department of Agricultural Economics faculty member. For 30 of the first 32 years of the program that faculty member was Professor Eddy LaDue. The purpose of this trip is to introduce students to elements of the monetary and fiscal system, which cannot be seen on campus. The first trip included the following visits:

1. The Butter and Egg exchange (commodities exchange). For nearly all the Fellows this was their first exposure to futures markets. At the time, information was displayed on tall message boards where Exchange personnel physically changed the numbers displayed. Exchange leaders explained the activity on the Exchange floor and discussed the role of the Exchange in commodity markets.
2. The Federal Reserve Bank of New York. Fellows got to see the gold vault, the currency operation (counting, checking for counterfeit, bundling, and destroying damaged bills), the Open Market Desk, the security features of the building and police force guarding it all. This was followed by an education director discussing the organization of the Federal Reserve Banks and the role of the Federal Reserve in monetary policy, particularly the actions of the Board of Governors and the Open Market Committee.
3. The Federal Farm Credit Banks Funding Corporation. Officers of the Funding Corporation[3] discussed how they funded the Farm Credit System. This included their periodic surveys of the entities of the System to obtain their estimated needs for funds, translation of those needs into bonds that they could offer, their interaction with securities dealers (mostly primary dealers) to determine specific bonds and interest rates to offer, and their continuing study of the bond market.
4. Securities Dealer -nonbank (such as Solomon Brothers, Paine Webber, Merrill Lynch). The Funding Corporation arranged meetings with two securities dealers, a bank securities dealer and a nonbank securities dealer. Basically, a nonbank securities dealer could trade securities for itself and its customers and a bank securities dealer was largely restricted to trading for customers. The Fellows met with a fixed income trader who handled the sales of Farm Credit bonds and the firm’s interaction with the Funding Corporation on the term of bonds that the Funding Corporation should sell and the interest rates they should agree to pay. They generally discussed primary market sales (the original sale for the Funding Corporation), secondary market purchases and sales, and their role in “making a market” in Farm Credit bonds. This was followed by a tour of the “trading floor” and explanation of the roles of the various traders, salespeople, etc.
5. Securities Dealer – bank (such as J.P. Morgan, Citigroup). The visit to the bank securities dealer also involved meeting with the fixed income person who dealt with Farm Credit securities. Topics discussed were similar to those of the nonbank dealer, but from a bank

[3] There were seven officers of the Funding Corporation during the first Fellows visit in 1973. That number changed dramatically over the next 30 years.

perspective. The trading floors were often very different and by the time the students had visited the second dealer they started to understand what they were seeing.

6. Chase Manhattan Bank. This visit was organized and led by Jon Tobey a former professor of Agricultural Economics at Cornell who was then the director of agricultural lending for Chase. This discussion focused on the worldwide lending to agriculture by a large commercial bank, how they identified, evaluated and monitored loans in other countries and large loans in the United States.   This visit ended with lunch in the Bank Board room on the 60th floor of the Chase Manhattan building – always an impressive lunch!
7. City Bank of New York (now Citibank). At the time (1973) City Bank of New York was also a large bank that made loans to agriculture, though with a somewhat more commodity focus. They discussed worldwide and US funding to agriculture (mostly large loans) and the process of funding international trade in commodities.
8. Aetna Life insurance company. At the time Aetna made agricultural loans and had two people in New York City who oversaw that loan activity. Although life insurance companies were an important real estate lender to agriculture nationally (Table 1), no insurance companies were very active in the Northeast. Thus, this visit provided exposure to a source of lending to agriculture that was not available to most of the Fellows throughout their college career. This visit included a discussion of :
    a. Location, training and responsibilities of agricultural loan personnel
    b. The types of loans life insurance companies made
    c. The analysis procedure used in evaluating loans
    d. Relationship of head office agricultural loan personnel to regional loan officers
    e. Performance of the agricultural portfolio

Table 1. Distribution of United States Farm Debt by Lender
December 31, 1980
Excluding Operator Households

Item	Billion Dollars	Percent
<u>Real Estate</u>		
Farm Credit System	33.2	37
Individuals and Others	27.8	31
Commercial Banks	7.8	9
Farm Service Agency	7.4	8
Insurance Companies	12.0	13
CCC-Storage	1.5	<u>2</u>
Total	89.7	100
<u>Non-real Estate</u>		
Commercial Banks	30.0	39
Farm Service Agency	10.0	13
Merchants and Dealers	17.4	23
Farm Credit System	19.7	<u>25</u>
Total	77.1	100

9. New York Stock Exchange. This visit started with a discussion in the Stock Exchange Board Room (very impressive). Discussion included the role of the Stock Exchange in the generation of capital for businesses and executing the transfer of stock from one person (entity) to another, a detailed review of the organization and operation of the trading floor, the ticker tape and the interaction of the Stock Exchange with individual investors in the transfer of stock. The Board Room visit was followed by a trip to the Exchange floor immediately after the closing. While on the floor the students saw the equipment used by the specialists, traders, runners and phone monitors, a specialist explained the physical operation for trading stocks and they saw the mounds of paper being swept off the floor!.

Spring Term Seminar

In the Spring Term of their senior year, Fellows participated in a two credit seminar. This seminar included a series of presentations given by invited speakers on topics related to agricultural finance. In the first meeting of the term, the Fellows discussed various speakers they would like to hear and topics on which they would like more information. From that discussion, speakers would be contacted and a seminar series of 5 to 10 presentations was developed. The basic agricultural finance course, that all Fellows were required to take, included loan officer speakers from Farm Credit, commercial banks and the Farmers Home Administration. So, those basic presentations were excluded from the Seminar. Most of the contacts were made by the professors in charge (Eddy LaDue and Robert Smith), but the students were involved in welcoming and introducing the speakers.

Some of the types of speakers included in the first few years were:

1. Farm machinery company credit representative (John Deere Credit, Gehl Credit)
2. Feed company credit representative (Agway, Beacon Feeds)
3. Silo manufacturer credit representative (Agristore Credit)
4. Estate planning representative (Elwyn Voss, bank trust and investment officer)
5. Farmer discussing the specific financing problems and his/her advice on financing their type of agriculture (fruit, grapes, dairy, livestock)
6. Beginning farmer on his/her financing experience in getting started
7. Speaker on financing farmer cooperatives (Ocean Spray, Bank for Cooperatives)
8. Farm Business Management Consultant (Gary Snider, Don Rogers)
9. Local feed store owner/manager on merchant credit

Undergraduate Research

Fellows were given the opportunity to undertake and complete a modest project in undergraduate research in farm finance. The research could be in the nature of a paper or report on a particular finance problem, or it could be in the form of fieldwork done as a part of a larger research project in management or finance in the Department of Agricultural Economics.[4] Fellows registered for undergraduate research

[4] Over time the name of the Department was changed to (1) Agricultural, Resource and Managerial Economics, (2) Applied Economics and Management and (3) Dyson School of Applied Economics and Management.

under the direction of a Department faculty member and received one to four academic credits upon completion of their research project.

Changes over Time

Over the next 30 plus years the basic Farm Credit Fellows program was quite stable. However, many changes took place in the various parts of the program.

Two day trip to the Farm Credit Banks of Springfield

The time spent at the Farm Credit System offices remained the same over time. However, the exact location of the program changed as the System entities changed and the program was continually changed to reflect changes in the System and make the program more interesting to students.

Soon after the start of the Program, the Farm Credit Banks of Springfield moved to new offices in Agawam (a suburb of Springfield). The new training offices made a very nice facility for the Fellows programs. In January of 1995 the Farm Credit Banks of Springfield merged with CoBank and most of the bank functions except direct cooperative lending were moved to Denver, Colorado. At that time the Springfield trip was taken over by the First Pioneer Farm Credit Association, and held at their offices (now in Enfield, CT.). The basic program provided to the Fellows continued.

The major change resulting from the merger of the Farm Credit Banks of Springfield and CoBank was a change in funding. The Farm Credit Banks of Springfield no longer existed. However, the five Farm Credit associations of the district (First Pioneer, Western New York, Empire, Yankee and Maine) agreed to continue the funding and from a Farm Credit Fellow or Cornell perspective, no significant change was evident.

Changes made to make the program more interesting included (1) a continual search for good speakers from the System (good finance people are less likely to be good speakers than good marketing people), (2) more role playing with the case study, (3) more innovative approaches to specific topics and (4) a trip to the Basketball Hall of Fame.

Internships at Farm Credit Associations

At the time the Fellows program was initiated there were 20 associations in the Springfield district (New York, New Jersey and the six New England States). In response to changes in technology, agriculture and economics, many mergers of associations occurred. Now there are only three. As the number of associations declined and the number of states involved in the Fellows program increased,[5] providing two weeks of internships for each Fellow became a significant burden. The solution to that problem was to reduce the number of internships per student to one week per Fellow. This change certainly reduced the variety of experiences. Students often commented on how different their visit to the two associations turned out to be (part of which, of course, was intentional on Farm Credit's part and part due to the differences in agriculture and personnel). However, most of the basic intent of the internships, to give the students a first-hand exposure to the operation of the Farm Credit offices, could be achieved in one week.

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[5] See section on Involvement of other Universities.

Summer employment

As time went on, the opportunities for employment improved as lenders found summer employment a good way to evaluate potential employees. It also provided assistance when regular employees were on vacation and provided manpower for special projects. Over time, the Farm Credit System found ways to handle the confidentiality issues and became a strong supporter of summer employment.

Farmers Home Administration Field Trip

The Farmers Home Administration (now the Farm Service Agency) field trip remained basically the same until the late 1990's. The visits changed only slightly over time as program emphasis changed. However, the discussion and the tenor of the discussion varied depending upon economic conditions in agriculture and the political party in power in Washington.

In the late 1990's and early 2000's, funding for the Farm Service Agency was cut and the number of personnel and offices with finance related personnel was reduced. This made it more difficult for FSA to find the good examples close to Ithaca and involved bringing credit people from greater distances to pull off a good field trip. So, we changed to a seminar with FSA people brought from their more distant offices to discuss their programs. The seminar was continued for several years, but was only moderately successful during that time. Again, it is difficult to find good loan officers who are also outstanding public speakers who can get a group of students really excited about their topic. As funding for FSA credit programs was reduced further in the mid 2000-2010 period, the seminar was dropped.

New York City Trip

The New York City trip has been the bellwether part of the Fellows program throughout its existence. As originally designed, the trip started with a Monday afternoon trip to the City in time to get in the hotel and settled for the night. The program involved three visits to institutions each day for three days and returning home Thursday evening (night). After a few years with that schedule it was observed that we could leave on Monday morning and do some sight-seeing in the afternoon at no more cost to Farm Credit. So, a Monday afternoon visit to the Statue of Liberty was added. In the early to mid 1990's, as the Farm Credit System went through many mergers and the number of institutions was reduced, the level of funding for the Fellows program was carefully reviewed. It was decided to reduce the length of the New York City trip to three days total. The number of institution visits was reduced to seven, one on the first day and three in days two and three. The visits to the second securities dealer and the second large commercial bank were omitted. The visit to the Statue of Liberty was sacrificed. Of course, that does not mean that no sight-seeing was done. The Fellows had each night free and they saw whatever part of the City they wanted to at that time (with no faculty interference)! They also experienced some of the city during the subway rides and walking from visit location to visit location during the day.

The mode of transportation to New York City also changed. For the first few years we took four state cars with graduate students in agricultural finance as the drivers. This provided an opportunity for the graduate students to benefit from participating in the Fellows visits. Most graduate students had no more exposure to financial institutions in New York City than undergraduates. The problem was that most of the graduate students had never driven in a large city, so they tailgated the faculty leader into the

City, an intense experience. In the early 1980's transportation was switched to a charter bus, which worked much better.

Other changes in the New York City trip resulted from either the merger or acquisition of companies, movement of the company offices out of the City or companies moving their people connected with agricultural lending out of the city.

1. Commodities Exchange.

   Commodities exchange visits changed as the firms merged, different futures contracts were developed and technology was adopted. The open pit with open outcry for purchases and sales was maintained throughout with little change except for the quality of the pit construction and the equipment used by the people monitoring the pit activities. Electronic wall boards for displaying contract prices replaced the blackboard with hand written results. The monitoring of trader activities became increasingly sophisticated as computers came into use.

   Visits to the Exchange were usually divided into two parts. The first hour or so was a discussion of the function and operation of the Exchange.   This sometimes included a floor trader explaining what he did and the hand signs used. The second hour involved a visit to the floor or observation deck with someone to explain the activity at the floor level. An effort was made to get to the floor or observation deck in time to see an opening of one for more contracts when activity was most vigorous and loud.

   The Butter and Egg exchange merged soon after the Fellows program was initiated so that exchange was visited for only a couple of years. Futures markets visits after that were to the Coffee, Sugar and Cocoa Exchange or the Mercantile Exchange. The Exchange selected (when more than one was available) or the focus of the visit was designed to emphasize contracts of interest to the Fellows: butter and eggs initially, potatoes, milk and orange juice futures in later years.

2. Federal Reserve Bank.

   The visit to the Federal Reserve Bank of New York changed only modestly. The currency operation was moved to New Jersey, so that part of the visit was replaced by a film of the New Jersey facility. The visit to the gold vault was always a highlight. The quality of the presentation depended upon the abilities of the Public Information Department person giving the presentation.

3. Federal Farm Credit Banks Funding Corporation.

   The major changes in the Funding Corporation visit were the result of the move from William Street to a facility across the river and the expansion of the size of the staff and operation. The new meeting facility worked very well for discussions with the Fellows. The staff increased from seven to many times that, resulting in a more corporate feel to the visit and a greater number of topics to cover.

4. Securities dealer.

The number of securities dealer firms visited was reduced from two to one. There were several reasons for that: (1) The laws were changed so that bank dealers were little different from non-bank dealers, (2) The length of the Fellows New York City trip was reduced, necessitating a reduction in the number of firms visited, and (3) the firms merged, reducing the number of firms in New York City, so that it was more difficult for the Funding Corporation to get firms to cooperate without placing too large a burden on the firms remaining.

5. Commercial bank.

The number of bank visits was reduced from two to one with the reduction in the length of the Fellows New York City trip. Over time Citibank's agricultural focus became first, primarily commodity oriented and then deemphasized. Chase Manhattan's agricultural lending focused increasingly toward foreign agriculture and some feedlot financing. In the 1980's Rabobank Nederland established an office in New York City with a focus on U.S. agricultural lending and the Fellows commercial bank visit was moved to their offices. This provided an international flavor and a focus on large farms and agribusinesses.

6. Life Insurance Company.

Life insurance companies have tended to move their agricultural operations, and sometimes their entire operation, out of New York City. As an insurance company host Aetna was soon replaced by Prudential, until they moved their operations to New Jersey. Then MONY (Mutual of New York) hosted the fellows for several years. They then retreated from agricultural lending. At that time the Met Life Company had its main offices in New York but its agricultural activities headquartered in Kansas City. Fortunately, the Vice President in charge of agricultural lending, Leo Rassmussen, agreed to coordinate a trip to the main offices with the Fellows trip to New York so that he could talk to the group. This turned out to be a very good arrangement from the Fellows point of view because Met Life had the largest agricultural portfolio of all the insurance companies and they had a very high quality portfolio. Thus, the Fellows only exposure to insurance company lending to agriculture was by the best company in the business.

7. New York Stock Exchange.

For security reasons, the visit to the New York Stock Exchange floor was replaced by a visit to the visitor's gallery overlooking the floor with a tape recording explaining the layout, equipment and activities on the floor. In some years this was replaced by a visit to the VIP gallery with explanation and questions answered by an exchange official. Other than that the visit to the Exchange was about the same except for the significantly heightened security surrounding the visit.

In later years, a significant part of the board room discussion of the Exchange involved a defense of not replacing the Exchange with a computer, which a Cornell Johnson School professor had suggested!

Spring Term Seminar

The largest change in the Fellows program over the 1971-2005 period was the conversion of the Spring term seminar series to a real farm problem study program. This occurred in the mid 1980's. Each year four lenders located within an hour or so of Ithaca, two Farm Credit offices and two commercial bank lenders, were asked to participate in the program. They were asked to identify a farmer borrower who was facing or considering a major change in the business, who would be willing to share his/her information with a group of fellows, let them analyze the problem and critique their final report. A group of three to five (depending upon the number in the Fellows class) Fellows would be assigned to each farm situation. They would analyze the farm situation and prepare a consulting report for the farmer and a credit committee report for the lender. They would present the consulting report orally to the farmer at the farm and their credit committee report and consulting report orally to a credit committee at the lenders office.

In somewhat greater detail this program involved:

1. Selection of the lenders to be involved. There were only a few good agricultural lenders within approximately an hour drive of Ithaca, so this involved a modest amount of rotation to reduce the burden on any one lender. The one hour drive was selected so that a Fellows team could visit the farm or report to the farm and lender in one afternoon. Lenders selected farms from their portfolio that were considering a major change to their business or were having significant problems with their farm business that might require significant changes.

2. The Fellows were divided into four teams of three to five students, depending upon the size of the Fellows class. Each team was assigned to a farm. A team was not assigned to a farm if a member of the team was from the area in which the farm was located or was familiar with the farm.

3. The farmer and lender provided a brief description of the problem to be assessed and one to (preferably) three years of financial statements (balance sheets and income statements). These were reviewed by the Fellows team before visiting the farm.

4. The team and the professor in charge visited the farm with the lender to observe the facilities and operation and discuss with the farmer the operation of the business and the problem being considered. They also were able to ask questions about the financial statements they were provided and request additional information they would need to conduct their analysis. While there, the team provided the farmer and lender with confidentiality agreement signed by the professor and each team member. While this agreement had little legal significance, it indicated to the farmer and lender that the students would keep the farmer's information confidential and impressed upon the students that it was important to observe confidentiality. At the beginning or end of the farm visit the lender discussed their institutions underwriting standards and their experience with this borrower.

5. Early in the spring term, while the teams were arranging and making their farm visits, two outside speakers were brought to class. The first was a farm business consultant who talked about the role of a consultant, how one is effective as a consultant and the types of reports that are prepared.

Lots of real examples were used. The second was a lender who discussed the role of the lender credit committee, what they expected to see in a credit committee report, the role of the loan officer in presenting the credit committee report and the types of actions taken by a credit committee.

6. Following the farm visits each team prepared a detailed statement of the problem to be analyzed and the type of analyses they would conduct, and met with the professor to discuss these. The objective of this meeting was to be sure the team had identified a problem they could analyze in the time available and that their planned analysis was appropriate and complete for the problem being considered. Students tended to be vague about the exact problem and often planned to take on a larger problem than their planned analysis would answer or that could be answered.

7. The exact analysis conducted by each team depended upon the problem being analyzed. Partial budgets, the FISA (Financial Statements for Agriculture) financial statement simulator and similar techniques were frequently used. However, the analysis of each situation was to include (1) a pro forma balance sheet representing the farm after any changes were made, (2) a cash flow projection for the transition year (the year of the change), and (3) a cash flow projection for an average future year after the change was made. Use of the FISA computer program was taught and used to prepare pro forma statements for most situations. The objective was to get the students to prepare a detailed analysis and to base their reports on that analysis. Cornell students are smart and confident, so many are willing to give the farmer the benefit of their wisdom (most had recently turned 20) without much analysis!

8. After the team had conducted most of its analysis, it met with the professor to discuss what they had done and found. The objective of this meeting was to be sure that an appropriate, complete and accurate analysis was being conducted and to help with finding missing data and with interpretation of the findings.

9. Each team then finished their analysis and prepared the two reports, a credit committee report and a consulting report. These reports were generally 10 to 25 pages long with many of the supporting information pages (financial statements, partial budgets, etc) common to both reports. These reports were then reviewed by the professor with written comments on shortcomings, incorrect analysis or interpretation, unbelievable results, poor writing or incomplete reports.

10. The team then presented their reports to the class, i.e. to the other three teams and the professor. This served as a "dry run" for their final presentations. The class and the professor critiqued the report and made suggestions for improvement in content and presentation.

11. Using the professor's comments and the class comments the team prepared their final reports, typed them up, and made copies for the farmer(s), lender credit committee members, professor and team members.

12. The team then returned to the farm and made an oral presentation of their consulting report to the farmer. The farmer was asked to comment on the report and presentation. The loan officer was generally present for this presentation. On the same afternoon, the team would go to the lender's office and present their consulting and credit committee reports to a credit committee. This

committee may be the lender's actual credit committee or (frequently) a group of three or four loan officers who acted as a credit committee. The credit committee then critiqued the credit committee report and consulting analysis.

13. This was the only part of the Fellows program for which students were graded. The grade was made up of four items of equal weight, (1) the professor's grade of their final report, (2) the loan officer's grade of their report, (3) the class evaluation of their reports and oral presentation, and (4) their fellow team member's assessment of their contribution to the analysis and reports.

Undergraduate Research

The undergraduate research option remained basically unchanged. The number of students taking advantage of this option ranged from zero to two students per year.

Involvement of Other Universities

At the time the Farm Credit Fellows program was initiated, the Farm Credit Banks of Springfield indicated that they wanted to offer the program to the land grant universities in the other states in which the Banks operated. Cornell agreed to cooperate with the other universities, explain how the Cornell program worked and share the Cornell program experience with representatives in other states. The programs in other states were to be independent and did not have to do the same things that Cornell did.

The parts of the program that were the same for all states were the spring Springfield trip, the summer association internships and the New York City Trip. Thus, multi-state cooperation involved finding a mutually agreeable date for the Springfield trip (Farm Credit designed and conducted the program) and conduct of the New York City Trip.

The New York City trip was organized and carried out by Cornell Faculty[6]. Students participating in the program from other states joined the Cornell Fellows in New York City to participate in the program. In some years faculty from other states would come with their students and help in the conduct of the program. The number of students on the New York City visit varied from about 18 when only Cornell and UVM were involved to about 30 as other universities developed programs.

Initially, the only other University to participate was the University of Vermont. For the first several years they usually had one or two students participate in the program. In the early 1980's Tim Henry was given responsibility for the Farm Credit Banks activities relative to the program and he made a strong effort to get the other universities in the Springfield District involved in the Fellows program. At that time Rutgers University initiated a program under the direction of their agricultural cooperatives extension person. They had four to six people in the program for several years, until he retired. Somewhat later, the University of Connecticut developed a program and had three or four people

[6] For 31 of the first 33 years of the Fellows program the New York City trip was organized and conducted by Professor Eddy LaDue, with assistance from Cornell faculty and faculty from other universities in some years.

involved for a few years. About the same time, the University of Maine developed a program that continued for many years. They generally had four to six people in the program on a consistent basis. In the 1990's the University of Vermont program was given new life when they developed a 2+2 program with the Vermont Technical College and their numbers rose to five to seven students per year. Universities at New Hampshire and Rhode Island never developed Farm Credit Fellows programs.

One thing that becomes clear from the experience of the various universities programs is that the most important variable is not the availability of students with an interest, but the availability of a faculty member who would spend the time necessary to conduct the program.

Administration of the Program

The Cornell Farm Credit Fellows program was administered by the following faculty members:

Robert S. Smith,1972 to 1979

Eddy L. LaDue, 1979 to 2005

Brent Gloy, 2005 to 2007

Initially, a number of faculty assisted with the program. Clifton Loomis led the Springfield trip. Eddy LaDue conducted the New York City Trip. Eddy LaDue and Robert Smith led the spring term seminar. Robert Smith coordinated the Farmers Home Administration field trip, chaired the Fellows Committee, coordinated the summer internships, and organized and served as master of ceremonies for the graduation- initiation banquet. Darrel Good assisted with the New York City trip during 1974-76.

As the number of faculty in the department with an interest in farm finance and management declined the number of people involved in the program declined and more of the responsibilities fell on the administrator's shoulders. By the mid 1980's Cornell administration of the program was largely the responsibility of one person.

The Farm Credit Fellows Committee selected the students to participate in the program and provided general guidance on operation and maintenance of the program. The committee was initially made up of four or five faculty members from the Department who taught agricultural finance and management related courses. In the early 1980's a regional Farm Credit person was added to the committee.

A student became a Farm Credit Fellow by applying to the Farm Credit Fellows committee in the spring of their junior year. Applying students completed an application form indicating their agricultural, academic and service experiences, their interest in the program and their interest in agricultural or agricultural finance employment in the longer run. The Committee had access to their Cornell Academic record. Students who were not going to be able to complete all parts of the program were generally excluded from consideration.

The committee interviewed each applicant to get a better understanding of their experiences and interest in the program. The interview lasted only about 10 minutes per student. In the first two years 10 and 14 students were selected, respectively. After that, the level of funding that Farm Credit was able to provide allowed the selection of no more than 16 students. After the program got started the number of applicants was generally in the mid 40's. In the 1990's the number of Cornell students with a real interest in agriculture started to decline so that by the mid 2000-2010 period the number of applicants had dropped to the low 20's.

When the program was initiated students were required to complete the following courses by the time they graduate: Introductory Farm Management, Farm and Rural Real Estate Appraisal, Advanced Farm Management and Farm Finance. In the early 1980's, at the suggestion of graduating Fellows the requirement was changed so that students were expected to have completed Introductory Farm Management and Farm Finance by the end of their junior year. This meant that all the students would have a similar academic background upon entering the Fellows program and they would be better prepared to take advantage of the learning opportunities provided by the program, particularly the spring term farm problem.

Over time, reductions in faculty numbers with an interest in agricultural finance and management resulted in the appraisal and Advanced Farm Management courses being dropped from the curriculum, so they could no longer be required. A Seminar in Agricultural Finance was offered for a number of years by John Brake and students were encouraged to take that course.

A graduation-initiation banquet was held after the new class of Fellows was selected and before the graduating class had graduated. The banquet was held at a good restaurant that had a room large enough for the 35-40 people (16 new fellows, 16 graduating fellows and invited faculty and Farm Credit personnel). To insure interaction, faculty and Farm Credit personnel were seated first to spread them throughout the tables, then the graduating fellow dispersed themselves throughout the tables and then the new Fellows filled in. The program consisted of (1) a review of the genesis and operation of the program, (2) comments by Farm Credit personnel (brief comments to a short speech), thank-you to Farm Credit for their support of the program by a graduating fellow and an awarding of graduation certificates to the graduating Fellows by the Farm Credit Personnel.

A graduation Certificate was given to graduating fellows for completion of the entire Farm Credit- Cornell Study Program. The certificate was signed by the Farm Credit Banks president, or in later years, by the president of the lead farm credit association, and the Dean of the College of Agriculture and Life Sciences at Cornell.

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