agricultural issues center

2003

annual report

UNIVERSITY OF CALIFORNIA
The Agricultural Issues Center (AIC) consists of a director, several associate directors, a small professional staff and an advisory board. The board, made up of leaders from the agricultural community and other public sectors, helps determine the Center’s agenda and provides policy guidance for its programs. The associate directors, chosen from University of California research and extension personnel, lead our efforts in particular program areas. In 1999, the UC Agricultural Personnel Management Program became a unit of AIC.

In a sense, the staff of the AIC includes the entire UC faculty and more. When issues have been selected for study, researchers from across the UC system and representatives of government and industry are invited to help design and carry out the effort. Center projects may involve 50 or more individuals for a year or two, with the Center coordinating study groups and providing support.

Major projects have focused on such issues as:

- Animal agriculture’s impacts on water quality
- Maintaining viable agriculture at the urban edge
- Exotic pests and diseases of plants and animals in California
- Returns to UC pest management research and development

Other Center activities have ranged from “competitive edge” studies of agricultural industries to development of a better system for estimating California’s farm exports.

Significant financial support for the Center comes from (1) the state appropriation established at the Center’s inception, (2) supplemental funding from the UC Division of Agriculture and Natural Resources, (3) extramural grants for specific projects, and (4) an endowment currently being built through gifts from individuals, foundations and corporate donors.

With today’s more intense competition for resources, continuing environmental concerns and broader global linkages, public policy decisions impacting California agriculture are more complex than ever before. The AIC’s mission is to provide broad-based and objective information about these issues and their significance for California’s economy and natural resources.

For 18 years, the Center has served as a forum where important and often controversial trends and issues involving California agriculture—ranging from water transfers to international trade—have been identified, studied and debated. The Center makes its findings available to policymakers, government agencies, interest groups and individuals through a continuing series of conferences, workshops, in-depth and popular publications, videos and its website.

**MISSION**

**PRIORITIES**

- International trade and globalization of agriculture
- Advances in productivity and technology in agriculture
- Linkages between natural resources, the environment and agriculture
- Rural-urban interactions, particularly land use issues
- Agricultural personnel and labor issues
- Commodity market and agribusiness issues
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During 2003 the University of California Agricultural Issues Center (AIC) grew and prospered, but also adapted to a number of important changes. This report summarizes our activities for the year. In addition to AIC Issues Briefs and other materials, several books based on AIC research were published this year. Topics included evaluation of pest management, farmland conservation, exotic pest policy, agriculture in China and personnel management. We sponsored and participated in several major conferences and continued and expanded research and outreach efforts in a number of areas. Since our funding from the University was reduced significantly, we had to leverage our resources carefully and broaden our efforts to use grant funding to conduct important programs consistent with the AIC mission. A few highlights of our efforts give a sample of the year at AIC.

In April, we collaborated with the California Chapter of the American Society of Farm Managers and Rural Appraisers to hold a major conference on outlook and issues for California agriculture. Then in June, at the request of Secretary Veneman, we helped the U.S. Department of Agriculture (USDA) with a global ministerial conference on science and world agriculture by organizing scientific site visits that showcased innovative developments and application of science and technology to agriculture.

Two major national research collaborations continued and expanded in 2003. With support from the USDA Risk Management Agency, and with the leadership of Karen Klonsky, we broadened our Production Input Expenditure (PIE) project to include estimates from several states and are coordinating those to create a truly national effort. In addition, our work as a partner in the Agricultural Marketing Resource Center (AgMRC) has expanded to include more research generated from AIC efforts and additional commodity profiles placed on the AgMRC website (www.agmrc.org).

In September 2003, the AIC began a one-year project to provide risk management education for small and beginning farmers, cattle operations and horticultural farms in California. This project, funded with a half million dollar partnership agreement from the USDA Risk Management Education program, involved collaboration from FACTS, a small firm specializing in agricultural education programs, and with the Center for Agribusiness at California State University, Fresno.

University budget reductions resulted in a 20 percent cut in the permanent core AIC budget and caused the Center to lose its Agricultural Personnel Management Program and the entire budget associated with that program. Also of concern have been unresolved efforts to reorganize the Division of Agriculture and Natural Resources. At the AIC, we have responded to budget and administrative uncertainty by continuing and enhancing our research and outreach programs, reducing where possible our reliance on base University funding and deepening our focus on delivering the quality of service for which the AIC has long been proud.

Dan Sumner
The year 2003 marked another year of significant Agricultural Issues Center (AIC) research and outreach programs serving California agriculture. Risk management, value-added agriculture, international trade and horticultural biotechnology are just a few areas where the Center has worked to help ensure a viable agriculture by keeping policy makers and agricultural leaders informed of key issues facing agriculture today.

Despite the accomplishments you will read about in this report, 2003 was not without adversity, as the State of California struggled with budget deficits that affected all public institutions, including the University of California and, ultimately, UC’s Division of Agriculture and Natural Resources (DANR) and the AIC. The state budget allocation for the AIC was cut substantially. Fortunately, other funding sources, including but not limited to grant funds, have allowed the Center’s research contributions to continue to grow.

The state budget cuts to UC, which hit agricultural research and extension programs particularly hard, led to reorganization efforts within DANR, the elimination of some statewide programs, and the potential elimination of others as the reorganization is finalized.

Although we do not yet know the outcome of the DANR reorganization efforts, the AIC, with its outstanding record of contributions to California, is well positioned to continue to provide research-based information for decisions important to California agriculture.

Dan Dooley
PROGRAMS

Risk management education program launched

The AIC, working in partnership with the Center for Agricultural Business (CAB) at CSU, Fresno; a Davis-based firm, Farm and Agriculture Collaborative Training Systems (FACTS); and USDA-Risk Management Agency (RMA), launched a major risk management education project for California’s farmers and ranchers, especially specialty crop producers with annual gross incomes under $250,000.

The program is supported by a one-year, $498,000 AIC agreement concluded in September with the USDA Risk Management Agency.

Project goal is help producers become aware of financial management, crop insurance, and other emerging risk management tools through a mix of educational opportunities, including multi-session courses, single-day workshops, web-based courses, and distance learning courses. The AIC has contracted with FACTS to conduct the training programs and with the CAB to develop a risk management web site and online course.

Easement programs becoming leading land conservation tool

A study led by Alvin Sokolow reveals a diversity of ways that farm conservation easement programs are conceived, managed and funded.

What all of the programs have in common, however, is that they were launched by a show of strong public support for farmland protection. This common conviction supported the bond issues, revenue measures and public deliberations needed to establish and maintain the programs.

The study provided detailed profiles of 46 agricultural easement programs in 15 states—nearly half of all publicly funded farmland protection programs in the nation. The 46 programs studied spent a total of $1.8 billion to protect 887,000 acres on 5,800 farms.

The average cost of agricultural easements—generally the difference between the market and agricultural values of the land—varied from a few hundred dollars in rural areas to more than $100,000 in large metropolitan areas. The average price of easements studied was $2,000 per acre.

The use of easements as a land conservation tool is most prevalent in suburban and semi-rural parts of major metropolitan areas—counties with populations of more than 100,000 that have been experiencing rapid population growth for years.

Other key findings from the study are that agricultural easements:

- Are primarily funded by state and local governments, but federal matching funds have increased due to funding provided in the 2002 Farm Bill.
- Have potential to complement local planning and land use policies to protect farmland, but have not yet fulfilled their promise due to lack of coordination and limited planning policies in some communities.

American Farmland Trust and the AIC researched and prepared A National View of Agricultural Easement Programs with funding from the Farm Foundation. Sokolow was coeditor and principal writer of the report, which, along with maps of land protected through most of the 46 programs studied, is available at www.farmland.org and www.farmfoundation.org.

Commodity profiles developed

National industry profiles summarizing many commodities important to California agriculture were prepared for posting and national exposure through the Agricultural Marketing Resource Center’s website (http://www.agmrc.org). In narrative, graphic and tabular form, the profiles...
provide a brief overview of each commodity and summarize the most recent (2002) data on demand (including per capita consumption), production, prices, exports and imports. Tariff rates and policy changes resulting from North American Free Trade Agreement (NAFTA) are also summarized.

The profiles covered almonds, apricots, artichokes, asparagus, avocados, broccoli (including kohlrabi), cauliflower, sweet cherries, dairy (fluid milk, nonfat dry milk, butter and cheese), garlic, table grapes, lettuce, melons, olives, peaches and nectarines, plums, prunes, raisins, strawberries, fresh tomatoes, processed tomatoes, and wines and wine grapes.

The profiles were written by Henrich Brunke, Min Chang and Crystel Stanford, with editorial assistance from Gary Beall and Marcia Kreith.

**Demand, supply and trade analysis of Pacific Northwest crops**

Marcia Kreith and Henrich Brunke assisted Oregon State University researchers with a study examining U.S., Washington and Oregon production, yield, trade and price trends, as well as trends in organic production, for raspberries, blueberries, strawberries, sweet corn and snap (green) beans.

**GM food labeling lacks consistency**

A study of international approaches to genetically modified (GM) food labeling by Colin Carter and agricultural and resource economics Ph.D. candidate Guillaume Gruere revealed that there is little consistency among major producing and importing countries. They point out that the European Union has strict GM labeling guidelines, whereas the United States, Argentina and Canada oppose mandatory labeling. Such countries as Japan, South Korea and Australia all have mandatory labeling, but the threshold for unintended GM material varies, ranging from one to five percent. New proposed EU regulations would set the threshold at 0.9 percent.

The researchers also explored the rationale behind these differences, their effect on consumers, and trade issues associated with GM labeling. A copy of the working research paper is available at http://aic.ucdavis.edu/research1/Carter_Gruere_rev3.pdf.

**Study assesses grower benefits from increased demand for fruits and vegetables**

This study by Karen Jetter is focusing on assessing grower returns if consumers adopted the high fruit and vegetable diets recommended by USDA dietary guidelines. Four recommended diets are being analyzed: five servings in general of fruits and vegetables a day, five servings that meet recommendations of a cancer prevention diet, seven servings in general, and seven servings for a cancer prevention diet.

A model has been developed to measure the effect changes in national consumer demand for fruits and vegetables would have for producers of those crops.

**Healthy vs. standard food plan costs compared**

Karen Jetter compared the cost of the standard USDA Thrifty Food Plan market basket to a market basket of healthier alternatives. The healthier alternative replaces items such as white...
bread with 100 percent whole wheat bread, white rice with brown rice, canned fruit packed in heavy syrup with canned fruit packed in light syrup, higher fat ground meat with lower fat ground meat, and higher fat milk with lower fat milk. Surveys were done three times during the year (February/March, June, September/October) in neighborhoods with different median incomes, and in two California cities, Sacramento and Los Angeles.

Preliminary results show that the healthier market basket is more expensive than the standard market basket. However, for most items, the difference in cost is due to differences in the source of the items rather than differences due to health characteristics. For example, it may cost twice as much to purchase 100 percent whole wheat bread than white bread because white bread is available as a store brand, whereas 100 percent whole wheat can only be purchased as a name brand. The name brand charges the same whether it is selling white or 100 percent whole wheat bread. Meats are the exception. As the percentage fat in ground beef increases, the price per pound to purchase the meat falls.

**Organic strawberries added to cost of production studies**

José Bervejillo and Karen Klonsky, in cooperation with UC Cooperative Extension advisors Mark Bolda and Laura Tourte, completed a cost of production study on organic strawberries, adding to previous studies on blueberries and raspberries.

These studies, a part of the Production Inputs Expenditures Program (PIE), are the first comprehensive cost studies of specialty crops in California. The studies can be viewed online at http://www.agecon.ucdavis.edu/outreach/crop/Costlist.htm

**Hoof and mouth disease costs/benefits evaluated**

A collaborative project with the University of Illinois is evaluating the costs and benefits for the United States derived from eradicating and controlling foot and mouth disease from major South American beef exporters.

José Bervejillo and University of Illinois Ph.D. student Karl Rich interviewed government veterinarians and beef industry leaders in Uruguay and Argentina to collect data for the project being funded by the USDA-Cooperative State Research and Extension Service. Bervejillo coauthored a paper, “International Beef Prices: Is there evidence of Convergence?” that was delivered to the American Agricultural Economics Association in July.

**California exports analyzed**

California’s most important exports to foreign markets with respect to principal destinations and California’s share in these markets were examined in cooperation with the California Department of Food and Agriculture. The results are being published by José Bervejillo and Daniel Sumner as part of the AIC Issues Brief series in spring of 2004.

**Database maintained for top commodities**

The AIC maintains an up-to-date database (1960-present) for 50 leading California agricultural commodities covering such factors as production, acreage, prices, exports and per capita consumption. The data is used to project the short-term future for major crops and is the basis of the Center's annual agricultural outlook analysis and other studies. Henrich Brunke maintains the database.
California agriculture contributes to state economy

An update of AIC’s report, The Measure of California Agriculture, 2000 (MOCA), reveals that:

- California farmers generate about 6.6 percent of the state’s total personal income.
- Agriculture supports 1.1 million jobs in California, accounting for about 7.4 percent of all employment.
- Fresh and processed fruits, tree nuts and vegetables have the greatest impact of any commodity group, leading to $30 billion in personal income and 567,000 jobs.
- Agriculture is especially significant to the economy of California’s Central Valley where it accounts for 21 percent of all income and 25 percent of all employment.

The MOCA report (http://aic.ucdavis.edu/research1/moca03.pdf) was the basis for a chapter coauthored by José Berverillo, Daniel Sumner and Nicolai Kuminoff for the book, California Agriculture: Dimensions and Issues, edited by Jerome Siebert. The report was also used to produce summary cards that were distributed during the USDA-sponsored International Ministerial Conference.

Producer support efforts quantified for leading commodities

Producer Support Estimates (PSEs) measure the support received by individual commodities and are often given as a percentage of that support as compared to total value of production in that industry. Support can come from such obvious sources as Farm Bill programs, but also more subtle sources such as water subsidies, promotion programs or federal crop insurance.

Henrich Brunke and Daniel Sumner quantified the PSEs for the top 15 California agricultural commodities or commodity groupings, detailing sources of support and their contributions for each individual commodity or major group. Results formed the basis for a chapter in the book, California Agriculture: Dimensions and Issues, edited by Jerome Siebert.

NAFTA study explores trade effects

Henrich Brunke and UC Davis economist J. Edward Taylor studied whether the North American Free Trade Agreement (NAFTA) has altered the structure and seasonality of U.S.-Mexico agricultural trade.

They tested for persistence in U.S.-Mexico agricultural trade using annual trade data for 223 agricultural commodities for 1990-92, just before NAFTA’s implementation, and for 2001-03. They then reviewed monthly data to explore changes in seasonal patterns of agricultural trade. The researchers documented changes in the structure of agricultural trade patterns before and after NAFTA, but the results do not offer insight into why trade patterns changed or how NAFTA may have affected agricultural trade.

Pistachio marketing research continues

Following up on the pistachio study conducted in 2002, Daniel Sumner and Henrich Brunke continued their research on the impacts of a marketing order for California pistachios. Work in 2003 attempted to better quantify the impacts of the proposed collective industry-wide efforts to improve pistachio safety and quality and to enhance farm prices.
Models have been developed to analyze the effects a safer and higher quality product would have on farm prices, production and demand, as well as the effect of a reduced food safety risk. The researchers took into account the growth of the industry and the projected increase in supply. Current work with collaborators, including Julian Alston and University of Saskatchewan economist Richard Gray, is broadening the range of modeling approaches and assumptions.

A final report will detail the industry situation, the policy issues, and the results from the cost-benefit assessment of a pistachio marketing order.

**Long-term predictions positive for California agriculture**

What will production agriculture in California be like 30 years from now?

Preliminary results from a forecast of production resources, crop yields, market prices, demand, farm labor costs, effects of commodity policies and a variety of other factors, including projected consumption by an expected 48 million consumers within the state, suggest that California agriculture will continue to produce substantial quantities of food crops.

Productivity growth projections show that production will more than keep up with rising population and income growth in California and the rest of the United States. A 10 percent net loss of farmland and irrigation water resources will be more than offset by shifts toward higher value and technology-induced growth in production per acre. These shifts will likely enable California’s exports to the rest of the world to expand, not contract.

The analysis by Henrich Brunke, Richard Howitt and Daniel Sumner will help the California Department of Water Resources respond to legislative requirements concerning its deliberations about future supply and demand for irrigation water in California. The final draft of this work will appear in the California Water Plan Update (Bulletin 160).
AIC launched several new publications in 2003

**BOOKS**

**Compensating Landowners for Conserving Agricultural Land**

Edited by Alvin Sokolow, Nora De Cuir and Jeff Woled

Published by the UC Davis Department of Human and Community Development in association with the AIC, this collection of papers deals with compensating agricultural landowners as an approach to preserving agricultural land. The papers are based on a conference “Compensatory Options for Conserving Agricultural Land” cosponsored by the AIC in April.

The book sells for $15 and is available through the AIC. It is also online at http://aic.ucdavis.edu.

**Returns to University of California Pest Management Research and Extension: Overview and Case Studies Emphasizing IPM.**

John D. Mullen, Julian M. Alston, Daniel A. Sumner, Marcia T. Kreith, Nicolai V. Kuminoff

Published by the AIC and the UC Division of Agriculture and Natural Resources, this book assesses benefits to industry, consumers and the community resulting from UC investment in research and extension programs in pest management since 1950. The book discusses significant advances in pest management, the use and regulation of pesticides in California, a review of the economic theory and empirical analyses of pest management issues, as well as detailed case studies for almonds, cotton, oranges, processing tomatoes, and lettuce. The authors suggest that, overall, UC pest management research and extension programs have had a cost-benefit ratio of 6:1.

ANR Publication 3482 sells for $15 and can be ordered either through the AIC or ANR Publications. More details about the book are available at aic.ucdavis.edu.

**Exotic Pests and Diseases: Biology and Economics for BIOSECURITY**

Edited by Daniel A. Sumner

This book is the culmination of a large multidisciplinary AIC project and public forum on exotic pests and diseases. It deals with principles and issues associated with exotic pests and diseases and case studies of 10 specific pests or diseases: bovine spongiform encephalopathy, foot and mouth disease, plant parasitic nematodes, citrus canker, red imported fire ants, karnal bunt, pest insects and mites of avocados, ash whitefly, rice blast and yellow starthistle.

AIC authors contributing to the 326-page volume include Daniel A. Sumner, Marcia Kreith, José Bervejillo, Karen Jetter, and Karen Klonsky.

Published by Iowa State Press, the book sells for $79.99 and can be ordered at www.iowastatepress.com.

**Agricultural Trade and Policy in China: Issues, Analysis and Implications**

Edited by Scott D. Rozelle and Daniel A. Sumner

Leading international scholars explore China’s agricultural and trade policies and their implications for the rest of the world, including sections analyzing China’s role in the World Trade Organization, China’s commodity markets and commodity policy, and agricultural productivity in China.

Part I reviews China’s trade patterns generally and agricultural trade patterns and policies in specific. Part II examines how WTO membership will affect openness and how China’s agricultural consumers and producers will respond. Part III considers major commodity markets and reforms in the domestic economy that affect domestic supply and demand and, therefore, trade. Part IV
deals with policies to improve long term agricultural income and productivity growth.

AIC Director Daniel Sumner, Associate Director for China Programs Scott Rozelle, and Associate Director for International Trade Colin Carter authored several of the book’s chapters.


Gregory Encina Billikopf

Administración Laboral Agrícola: Cultivando la Productividad del Personal

Gregorio Billikopf Encina

Billikopf draws upon his extensive research and experience in farm labor management to offer sound theory and practices designed to increase understanding of worker performance and output.

The English and Spanish versions of this book emphasize management principles over legal requirements in farmer and worker relationships. Chapters cover basic management principles, employee selection, performance appraisal, wage structures, skill development, creative negotiation, and myriad other topics.

Hard copies sell for $12.50, plus tax and shipping. Ordering information, as well as free online versions of the book, are available at www.cnr.berkeley.edu/ucce50/ag-labor/001.htm.

AIC Issues Brief series

Each AIC Issues Brief is a four- to eight-page exploration of a particular topic related to California agriculture. They are timely, nontechnical summaries of research projects written for a broad audience with an interest in the particular subject. The briefs, and often detailed studies from which the briefs were created, are available on the AIC website at aic.ucdavis.edu.

California’s International Agricultural Exports in 2002. Number 23, November 2003

José E. Bervejillo and Daniel A. Sumner

This brief describes 2002 international agricultural exports for 50 California commodities, giving their value and relative rankings as well as international destinations.

Data describe international agricultural exports for 2002 and revisions for 2000 and 2001. The export estimates are based on various sources, mainly the U.S. International Trade Commission database (which contains official U.S. Department of Commerce data), official Canadian statistics, and industry sources. The data from each source was checked and analyzed with particular emphasis on formal and informal reports from California industry experts.

The results are the product of a six-year collaborative effort between the AIC and the California Department of Food and Agriculture to develop accurate estimates of the value of California agricultural products shipped to international markets.
Diana Keith, Ellen Rilla, Holly George, Ramiro Lobo, Laura Tourte and Roger Ingram

The authors examine local regulatory obstacles facing California farmers and ranchers interested in agritourism operations and offer perspectives from operators and county officials responsible for regulating agritourism. They also explore what county governments are doing to facilitate the development of agritourism. Data are based on personal interviews with county officials and agritourism operators in 10 counties: El Dorado, Marin, Mendocino, Placer, Plumas, San Diego, San Luis Obispo, Santa Cruz, Sonoma and Stanislaus.

A streamlined permitting process, fewer and more flexible regulations, improved understanding of the economic benefits of agritourism, and cooperative marketing efforts between the agritourism industry and county government were some of the suggestions for helping agritourism.

Role of NAFTA in California Agriculture: A Brief Review. Number 21, February 2003
Henrich Brunke and Daniel A. Sumner

The authors assess the effects on 45 important California commodities of 13 years of free trade with Canada and eight years with Mexico under the North American Free Trade Agreement. They conclude that, among all the factors that have influenced the economics of California agriculture (i.e., WTO, exchange rates, weather), NAFTA has probably played a relatively small role. It has not had the dire consequences that some have ascribed to it, but it also has not solved the severe economic problems that California agriculture has faced in recent years.

Potential Gains to Producers from New Uses for Whey. Number 20, February 2003
Fiona. M. Hutchinson, Joseph V. Balagtas, John M. Krochta, Daniel A. Sumner

The authors investigated the potential benefits of new applications for edible films and coatings made from whey protein, a byproduct of cheese manufacturing. They suggest that the adoption of three new whey uses—as oxygen barrier coatings on plastics, gloss coatings on panned confectionery, and oxygen barrier coatings on nuts in confectionery—would result in higher whey prices and small changes in dairy product prices and sales.

California’s International Agricultural Exports in 2001. Number 19, January 2003
José E. Bervejillo and Daniel A. Sumner

This brief describes 2001 international agricultural exports for 50 California commodities, giving their value and relative rankings as well as international destinations.

Helene Bombrun and Daniel A. Sumner

This study focused on how grape characteristics and wine assessments affect wine prices. The analysis uses data from the prices of 8,460 individual California wines and is the first reported empirical study on California wine prices.
CONFERENCES, MEETINGS AND SEMINARS

Conference explores farmland options

A research and policy conference, “Compensatory Options for Conserving Agricultural Land,” in Sacramento examined landowner preferences, evaluated existing programs, and considered new ideas in funding, duration, and participation requirements.

The meeting held in April drew a national group of experts plus seventy invitation-only participants. The conference, chaired by Al Sokolow, was presented by the AIC and UC Davis Department of Human and Community Development. A book from the conference is highlighted elsewhere in this report.

Spring outlook seminar features AIC expertise

Several AIC-affiliated speakers addressed a group of approximately 200 farmers, policy professionals, managers, appraisers and others interested in California agriculture at the 2003 Spring Ag Outlook Forum on April 25 in Sacramento.

Presented jointly by the AIC and the California Chapter of the American Society of Farm Managers and Rural Appraisers, the forum featured presentations by Daniel Sumner on commodity and issue outlooks, Scott Rozelle on trade with China, and Karen Klonsky on cost of production trends. The program also featured speakers on global food retailing, farm labor issues and outlook, and trends in farmland values.

AIC leaders address commodity promotion strategies

A Research Committee on Commodity Promotion (NEC-63) conference in October on Evaluation of Non-Advertising Promotion Strategies featured research by Daniel Sumner, Colin Carter and Joseph Balagtas. Julian Alston, a past chair of the group, also participated in the meeting.

Balagtas presented joint work with Sumner, “R&D for New Uses of Milk and Dairy Products: Evaluating Returns to Check-off Fund Investment in Research.” Sandeep Mohapatra presented “Private Sales and Public Information: Using the USDA Berry Report to Understand Pre-Commitment Sales in Fresh Strawberries,” based on research with Carter and fellow economists James Chalfant and Rachael Goodue.

NEC-63 consists of academic, government and industry representatives interested in research on the economics of advertising and promotion programs.

Commission explores program payment limitations

Daniel Sumner was one of the national agricultural experts who addressed a public workshop of the Commission on the Application of Payments Limits for Agriculture in Washington, D.C. The 2002 Farm Bill created the commission to study the potential impacts of further payment limitations on agricultural producers and others.

Sumner told the commission that while farm program payments shift wealth from taxpayers to owners of program crop base, the payments also stimulate production and lower market prices of program crops, reduce production and raise market prices of competing crops, increase farm exports and reduce imports, smooth program crop income flows, and cause a host of other impacts. To the extent that payment limits are binding, they reduce the impacts caused by the payments. However, the differential impacts of additional payment limits could place California’s rice and cotton industries, at a strong competitive disadvantage.

Any tightening of limits will create adjustments that raise costs for the rice and cotton industries and also be reflected in lower land rental rates and lower land prices in cotton and rice producing regions.
Ministerial conferees tour science and technology facilities

The AIC organized laboratory and field visits showcasing agricultural science and technology in action for ministers of foreign countries who attended the June 23-25 USDA-sponsored International Ministerial Conference and Expo on Agricultural Science and Technology in Sacramento.

The tours covered dairy processing, waste management and energy technologies; rice quality improvement and pest management research; wine grape research and innovations in vineyard management and wine production; foods and nutrition; and animal health and food safety.

Marcia Kreith took the lead in arranging and coordinating the site visits. Daniel Sumner and Laurie Treacher from the AIC and Susan Webster with the UC Davis Seed Biotechnology Center were also instrumental in the effort.

Korean agricultural leader discusses policy reform

Young-Jin Kim, minister of agriculture and forestry for the Republic of Korea addressed “The Challenges for Agricultural Policy Reform in Korea” at a UC Davis seminar and discussion on June 24.

Kim has received national and international attention for his strong advocacy of higher prices and protection for farmers in Korea, and he served as the agricultural advisor to President Roh during last year’s Korean presidential campaign.

The seminar was sponsored by the AIC, the Department of Agricultural and Resource Economics, and The Institute of Governmental Affairs. Daniel Sumner served as discussion leader.

Sun-Maid hosts AgMRC

Sun-Maid Growers of California hosted the April meeting of the Agricultural Marketing Resource Center (AgMRC) Advisory Council. Sun-Maid President Barry Kriebel is a member of the council for the multi-state AgMRC that focuses on research and outreach activities promoting value-added agriculture. Other Californians on the board are Elizabeth Hund, managing director of Rabobank’s Western Region San Francisco Office, and Richard Rominger, Yolo County farmer and former USDA Deputy Secretary.

The AIC is an active partner in the AgMRC. More information about AgMRC and its programs is available at www.agmrc.org.
WILLIAM F. ALLEWELT  
VICE CHAIR

William F. Allewelt is president emeritus of Tri-Valley Growers and has been chair of the UC Agricultural Issues Center Advisory Board since its beginning in 1985. He is a Sacramento native, attending UC Davis before graduating in agricultural economics at UC Berkeley. His career in food processing began with an appointment as general manager of Turlock Cooperative Growers, which later merged to form Tri-Valley Growers. Active in industry affairs and volunteer activities with public higher education, he served on the founding board of CoBank and as chair of the Commission on Agriculture and Higher Education.

KAREN CAPLAN

Karen Caplan is president and CEO of Los Angeles-based Frieda’s Inc. The daughter of entrepreneur Frieda Caplan, she has led the corporation to significant sales and market share levels. The company is considered the leading marketer and distributor of specialty produce in the United States, pioneering in quality control and merchandising of exotic fruit and vegetable products.

A leader in the produce industry, she was the first female president of the Los Angeles based Fresh Produce & Floral Council and is presently the first female chair of the Washington, D.C. based United Fresh Fruit & Vegetable Association. She has served on the boards of the UC Davis Institute of Governmental Affairs and the UCD Cal Aggie Alumni Association, and now serves as chairman of Agriculture Secretary Ann Veneman’s Fruit & Vegetable Industry Advisory Committee and also serves on Secretary Veneman’s Agricultural Policy Advisory Committee. Caplan was recently elected for a three-year term as a director of the Los Angeles branch of the Federal Reserve Bank Board of San Francisco. She earned her B.S. degree in agricultural economics and business management at UC Davis.

DAN DOOLEY, CHAIR

Daniel M. Dooley is a partner in the Visalia, California law firm of Dooley & Herr. Dooley & Herr represents many agricultural and water interests throughout the San Joaquin Valley. Included are numerous public irrigation and water districts, private ditch companies, river associations, joint powers authorities and farmers. Dooley also serves as city attorney for the city of Visalia. On behalf of these interests Dooley appears before state and federal courts, state and federal fish and wildlife agencies, Bureau of Reclamation, Department of Water Resources and State and Regional Water Resources Control Boards. Additionally, Dooley & Herr provides general business and commercial litigation services with particular focus on environmental and environmental insurance coverage litigation.

Dooley is admitted to the California and District of Columbia Bar Associations and is licensed to practice before the U.S. District Court, Eastern District of California. He is a member of the American Bar Association, Section on Natural Resources, Environmental, and Energy Law.

Dooley has previously served as Chief Deputy Director of the California Department of Food and Agriculture, chairman of the California Water Commission, and member and vice chair of the National Agricultural Research, Extension, Education Economics Advisory Board to USDA. He presently serves on or in the following capacities: past chair and Executive Committee member of the National Council for Agricultural Research, Extension, Education Economics Advisory Board to USDA. He presently serves on or in the following capacities: past chair and Executive Committee member of the National Council for Agricultural Research, Extension, and Teaching; member of the Farm Foundation Bennett Agricultural Roundtable; member of the Farm Foundation Board of Trustees; and immediate past chair of the Board of Trustees of Children’s Hospital Central California.

Dooley is also a partner of Dooley Farms, a diversified farming operation specializing in the production of cotton, alfalfa, forage crops and walnuts. Dooley Farms also provides management and custom farming services for local dairies.
Dooley is a past director of the County Line Cooperative Gin and is a graduate of the California Agricultural Leadership Program. He has a degree in agricultural economics from the University of California, Davis and a law degree from the University of Pacific, McGeorge School of Law. He is married and has two daughters.

**CORNELIUS L. (CORNY) GALLAGHER**

Cornelius L. (Corny) Gallagher is senior vice president and national agribusiness executive for Bank of America. He is the bank’s food products industry portfolio manager and the key spokesperson regarding industry issues. He is currently chair of the California 4-H Foundation Board, the California Bankers Association Agricultural Lending Committee, and the Risk Management Association’s Global Ag Lending Committee. Gallagher also chairs the California State Fair Agricultural Advisory Council. He is a member and past chair of the Cal Poly San Luis Obispo School of Agriculture Advisory Council. He serves on the California Chamber of Commerce Agriculture Committee, the California Agricultural Roundtable, and the California Food and Fiber Future Advisory Board. He has served on the Food Foresight Blue Ribbon Strategy Trends Panel for the past five years. Corny is an Iowa farm boy. He graduated from Iowa State University with a B.S. degree in animal science before joining the Bank of America in 1969.

**BETSY MARCHAND**

Betsy Marchand served six terms on the Yolo County Board of Supervisors. Her special interests and activities include water and transportation issues, criminal justice, health care, and mental health care. Currently, Marchand is President of the State Board of Reclamation and a Tribal Gaming Commissioner and a Fire Commissioner for the Rumsey Rancheria Casino and Resort.

A member of a pioneer California family, she received a B.A. degree from Pomona College (Phi Beta Kappa) and an M.A. degree from Vanderbilt University, where she studied as a Ford Foundation Fellow. Mrs. Marchand has taught high school English and social studies in both Southern California and Northern California.

**DORCAS THILLE MCFARLANE**

Owner/operator of J.K. Thille Ranches and a fourth generation farmer, Dorcas Thille McFarlane grows avocados, lemons and vegetable/flower seeds in Ventura County. She serves as a board member of the Calavo Avocado Marketing Cooperative and the Saticoy Lemon Cooperative, as president of a local water commission board, and has been on the advisory board of the Hansen Trust since its inception in 1993. She is a member of UC President Atkinson’s Advisory Commission on Agriculture.

**MILENDA MEDERS**

A native Californian and a lifelong rancher, Milenda Meders manages a family field/row crop and almond operation and, with her husband, a cow-calf operation in the Central Valley. She graduated from California State University, Fresno after majoring in dairy husbandry with minors in biology and journalism. She is active in numerous farm and community organizations and advisory groups, is director of the Madera County Cattlemen’s Association, and has been livestock director of the Chowchilla County Fair and a board member of the Chowchilla Water District. A founder of Friends of Agricultural Extension, she continues to lead this nonpolitical support group in Fresno and Madera counties.

**MICHAEL MENDES**

Michael Mendes, president and chief executive officer for Diamond of California since 1997, joined the AIC Advisory Board in 2003, becoming the board’s newest member.
Before his tenure at Diamond, Mendes managed the international marketing and sales division of Dole Food Company, where he introduced Dole dried fruit and nuts to the European and Asian markets. Prior to working with Dole, he was a consultant to several California food companies, developing international marketing plans for the produce and packaged food industry and implementing trade activities, primarily in the Pacific basin.

Mendes received a master's degree in business administration from the University of California, Los Angeles. He serves on the President’s Advisory Council of the Grocery Manufacturers of America (GMA) and the Executive Council of the National Council of Farmer Cooperatives (NCFC), and was appointed in 2003 to the board of directors of the California Chamber of Commerce. He has been a member of the NorCal Young Presidents’ Organization chapter since 1998.

RICHARD E. ROMINGER

Richard E. Rominger is a fourth generation California farmer who has grown about 20 different field and row crops. A summa cum laude graduate of UC Davis in plant science, he currently serves as Advisor on Production Agriculture to four university campuses: UC Davis, UC Riverside, California State University, Fresno and California Polytechnic State University, San Luis Obispo. He is on the board of the American Farmland Trust and a member of the University of California President’s Commission on Agriculture and Natural Resources.

He served eight years as the Deputy Secretary of the U.S. Department of Agriculture and six years as Secretary of the California Department of Food and Agriculture. He and his wife Evelyne reside near Winters on the family farm now operated by their daughter and three sons.

BRENDA JAHNS SOUTHWICK

Brenda Jahns Southwick began her professional career as a legal counsel and legislative advocate for the Bureau of Reclamation in Washington, D.C., developing water law as her specialty. She transferred to California and continued work in water law, negotiating major multi-jurisdictional litigation settlements and contracts and drafting federal legislation on California water issues. She spent several years developing a water specialty for the law firms of Landels, Ripley, and Diamond, and Nossaman, Guthner, Knox and Elliott. Prior to joining the California Farm Bureau Federation’s Natural Resources and Environmental Division as managing counsel, she was a deputy attorney general for the State of California. At CFBF she works on farming concerns involving land, water, and air resources in administrative, legislative, and litigation forums.

DIRECTOR

DANIEL A. SUMNER

Commodity Policy and Market Issues

e-mail: dasumner@ucdavis.edu

Daniel A. Sumner is the Frank H. Buck, Jr. Chair Professor in the Department of Agricultural and Resource Economics and director of the University of California Agricultural Issues Center. Sumner focuses particularly on agricultural commodity policy and related issues.

Sumner is a past chair of the International Agricultural Trade Research Consortium and a Fellow of the American Agricultural Economics Association.

Raised on a fruit farm in the Suisun Valley, Solano County, Sumner was active in 4-H and Future Farmers of America (FFA). He holds a B.S. in agricultural management from California State Polytechnic University in San Luis Obispo, an M.S. degree from Michigan State University and a Ph.D. in economics from the University of Chicago.

From 1978 to 1992, Sumner was a professor in the Division of Economics and Business at North Carolina State University. He spent much of the period after 1986 on leave for government service in Washington, D.C. where he served on the President’s Council of Economic Advisers and at the U.S. Department of Agriculture as Assistant
Julian M. Alston is a professor in the Department of Agricultural and Resource Economics at UC Davis. He teaches graduate and undergraduate classes in microeconomic theory and the analysis of agricultural markets and policies.

Prior to beginning his current position in 1988, Alston was Chief Economist in the Department of Agriculture in Victoria, Australia, where he had been employed in various capacities since 1975. His experience in public policy analysis and advice and in administration of a large scientific organization has shaped Alston’s research interests in the economic analysis of agricultural markets and public policies concerning agricultural incomes, prices, trade, and agricultural research and promotion.

Along with many articles in professional journals, he is a coauthor of two recent books, *Making Science Pay: The Economics of Agricultural R&D Policy and Science under Scarcity: Principles and Practice for Agricultural Research Evaluation and Priority Setting*. Alston was named a Fellow of the American Agricultural Economics Association in 2000. He is president and a Distinguished Fellow of the Australian Agricultural and Resource Economics Society.

Alston was raised on the family farm in northern Victoria, Australia. He has a B.S. degree in agricultural science from the University of Melbourne in 1974, an M.S. degree in agricultural economics from La Trobe University in 1978, and a Ph.D. in economics from North Carolina State University in 1984.

Colin A. Carter has been a professor of agricultural and resource economics at UC Davis for 12 years, after serving as a professor at the University of Manitoba. His research investigates problems related to agricultural policy and trade, with a focus on grain markets in the Pacific Rim. He has written extensively on state trading enterprises in grains.

Carter has studied the internal grain economy in China and China’s participation in the international market. From 1986-89, Carter held a fellowship in international food systems from the Kellogg Foundation. Along with scores of professional journal articles, chapters and reports, Carter has coauthored several books, the topics of which include China’s grain markets, futures markets, and U.S. agricultural policy. Alston was named a Fellow of the American Agricultural Economics Association in 2000.

Carter was raised on a grain farm in Alberta, Canada and received his B.S. and M.S. degrees from the University of Alberta. His Ph.D. in agricultural economics was from UC Berkeley in 1980.

Karen Klonsky has been a specialist in Cooperative Extension in the Department of Agricultural and Resource Economics at UC Davis since 1981. Her interest in alternative farming systems began with her dissertation work comparing alfalfa management systems with and without integrated pest management. Since then she has done extensive research into the economic feasibility of alternative and organic farming practices for field crops, vegetables and tree crops, collaborating on a range of interdisciplinary research projects. Her interest in organic agriculture led her to analyze the growth and structure of organic farm production in California over the last decade.

Since 1983 Klonsky has directed the development of cost and return studies for the major crops in California through UC Cooperative Extension and the Department of Agricultural and Resource Economics. The studies are distributed worldwide and are now available through the department’s web page (http://www.agecon.ucdavis.edu/outreach/crop/cost.htm). Klonsky serves as an editor for both the *Journal of the American Society of Farm Managers and Rural Appraisers* and *Choices*. She has a Ph.D. in agricultural economics from Michigan State University and an undergraduate degree in mathematics from the University of Michigan.
KEITH KNAPP  
Resources and the Environment  
e-mail: keith.knapp@ucr.edu

Keith Knapp was born in Wichita, Kansas, and raised in Minnesota, Illinois and Iowa. He received a B.S. in economics from Iowa State University in 1972. After two years of military service, his educational career resumed at Johns Hopkins University where he received a Ph.D. from the College of Engineering in 1980, specializing in resource and environmental economics. He has been with UC Riverside since September 1980. He is a professor of resource economics and resource economist in the Department of Soil and Environmental Sciences at UC Riverside.

Knapp teaches four courses in resource and environmental economics at the undergraduate and graduate levels. He has conducted research on irrigation management, salinity and drainage problems in the San Joaquin Valley, renewable resource management with an emphasis on groundwater, agricultural markets (grain reserves and perennial crops), and the implications of exhaustible resources for economic growth. Current research interests are generally the economics of natural resource use and environmental quality as related to irrigated agriculture with an emphasis on water management.

SCOTT D. ROZELLE  
China Programs  
e-mail: rozelle@primal.ucdavis.edu

A professor in the Department of Agricultural and Resource Economics and fluent in Chinese, Rozelle is widely recognized as one of the world’s leading specialists on China’s agriculture. His research is concerned with three general themes; (1) agricultural policy, including the supply, demand, and trade in agricultural projects, (2) the emergence and evolution of markets and other economic institutions in the transition process and their implications for equity and efficiency; and (3) the economics of poverty and inequality. He has close working ties with several Chinese collaborators. He is the chair of the International Advisory Board of the Center for Chinese Agricultural Policy. His papers have been published in top academic journals, including Science, Nature, The American Journal of Agricultural Economics, The China Quarterly and The American Economic Review.

Rozelle has received numerous honors and awards in recognition of his outstanding achievements. In 2000, he was named a UC Davis Chancellor’s Fellow for his accomplishments and potential for further contributions. Rozelle received his B.S. from UC Berkeley and his M.S. and Ph.D. from Cornell University.

JEROME B. SIEBERT  
Agribusiness Issues  
e-mail: siebert@are.berkeley.edu

Jerry Siebert is an emeritus Cooperative Extension specialist in the Department of Agricultural and Resource Economics and Policy, UC Berkeley. Prior to his assignment as Cooperative Extension specialist, he was director of U.C. Cooperative Extension. In addition to his academic experience, he has held positions in both business and government. In the latter assignments he was special assistant to four U.S. Secretaries of Agriculture. He has a farming background on a family farm in Madera, California.

His work centered on research and education involving the impacts on California agriculture of changes in public policies affecting production and marketing of California agricultural commodities. In particular, he analyzed the use of market mechanisms to evaluate the potential economic effects of changes in public policy. He also focused on the role of technology in California agriculture and changes needed in industry and research institutions to facilitate the development and application of agricultural biotechnology. He is an active participant in a project to facilitate the transfer of technology in a market economy in Russia and Romania. He is currently serving as a public member on the California Walnut Commission and is chair of the Walnut Marketing Board. Since October 2002...
he has served as the Executive Director of the International Food and Agribusiness Management Association (IAMA). He had previously served on the IAMA board of directors.

**ALVIN D. SOKOLOW**  
**Rural/Urban Interactions**  
e-mail:ajsokolow@ucdavis.edu  

Alvin D. Sokolow is a public policy specialist with UC Cooperative Extension in the Department of Human and Community Development at UC Davis. Formerly a professor of political science at UC Davis for 27 years, his research and extension activities deal with issues and processes of community and state governance. He has published 76 journal articles, monographs and other reports. His work concentrates on farmland and land use policy in California, state and local public finance, and politics and policy in small communities. He is director of the National Assessment of Agricultural Easement Programs, an AIC collaboration with the American Farmland Trust. Sokolow has been a key participant in AIC projects since 1989, including the Williamson Act and the California Central Valley Study, and was the editor of the Farmland and Open Space report series.

A Chicago native, Sololow holds an undergraduate degree in journalism and M.A. and Ph.D. degrees in political science, all from the University of Illinois. He has taught at Western Michigan University, Michigan State University, and the University of Illinois, and has been a visiting scholar at Montana State University and Miami University.

**Scott Rozelle** received the Quality of Research Discovery Award from the American Agricultural Economics Association. The award went to Rozelle and coauthors Hanan Jacoby and Guo Li for their paper, “Hazards of Expropriation: Tenure Insecurity and Investment in Rural China,” published in the *American Economic Review*.

**Al Sokolow** was named director, National Assessment of Agricultural Easement Programs, a project jointly sponsored by the American Farmland Trust and AIC.

**Julian Alston** was made a Distinguished Fellow of the Australian Agricultural and Resource Economics Society.
AIC STAFF

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LEFT TO RIGHT:
front: Max Fudym
2nd: Laurie Treacher, Karen Jetter, Krista Jacobs, Min Chang, HyeJung Kang
3rd: Henrich Brunke, Sherri Smith, Marcia Kreith, Sarah Stutzman, Joe Balagtas
back: Gary Beall, Dan Sumner, José Bervejillo
not pictured: Crystel Stanford
A MOVING EXPERIENCE

In October the AIC staff moved from the Social Sciences Building to the first floor of Hunt Hall on the UC Davis campus. The move allowed all AIC staff members to be located together and expanded our office space considerably.

The main office (Laurie Treacher) is Room 161. Phone numbers remained the same.

AGRICULTURAL PERSONNEL MANAGEMENT PROGRAM

The statewide Agricultural Personnel Management Program (APMP) was eliminated at the end of 2003. The Cooperative Extension advisors will continue their work locally.

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## FINANCIAL STATEMENT

### 2003

## INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Funds (Base Budget including APMP) 2002-2003</td>
<td>480,326</td>
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<tr>
<td>Benefits Augmentation on Base-budgeted Salaries</td>
<td>29,475</td>
</tr>
<tr>
<td>Publication Sales &amp; Fees</td>
<td>2,432</td>
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</tbody>
</table>

2002 Carry-forward from Publications activity | 11,421 |

Grants, Contracts and Collaborative Research: 2003 awards

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>*USDA Risk Management Education</td>
<td>103,832</td>
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<tr>
<td>Department of Water Resources</td>
<td>63,140</td>
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<tr>
<td>FAO Data Review</td>
<td>5,000</td>
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<tr>
<td>California Agricultural Export Statistics</td>
<td>25,000</td>
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Grants, Contracts and Collaborative Research: 2002 awards

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDA:</td>
<td></td>
</tr>
<tr>
<td>*Production Input Expenditure Partnership Agreement</td>
<td>361,956</td>
</tr>
<tr>
<td>*Agricultural Marketing Resource Center - Iowa State Sub-award</td>
<td>330,816</td>
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<tr>
<td>Giannini Mini-Grant</td>
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**TOTAL INCOME** | 1,419,067 |

## EXPENSES

<table>
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<tr>
<th>Description</th>
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<tr>
<td>Operations</td>
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<tr>
<td>Salaries</td>
<td>511,969</td>
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<tr>
<td>Supplies &amp; Expenses</td>
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<td>Equipment</td>
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<tr>
<td>Commitments for Contracts based on AIC grants</td>
<td>213,868</td>
</tr>
<tr>
<td>Future Commitments</td>
<td>613,369</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES** | 1,419,067 |

*Prorate for implied 2003 income for projects that extend over more than one calendar year. Total awards are for substantially higher amounts.*