



TITLE OF PROPOSED CENTER OR INSTITUTE:

TIAA-CREF *Center* for Farmland Research (*Center*)

DESCRIPTION OF THE CHARTER:

- Detail the charter or mission of the proposed center/institute.
 - The *Center* will undertake a set of research and outreach activities related to agricultural asset valuation and financial performance with emphases on farmland markets, factors influencing farmland values, taxation and use policy, farmland rental arrangements, commodity price relationships to income and valuation, impacts of non-farm activities, and other items related to an understanding of farmland and related asset values.
- Discuss the center/institute's alignment with the strategic direction of the campus/college/school/department.
 - The Department of Agricultural and Consumer Economics (ACE) has long been an international leader in farm-level research related to farmland valuation, leasing and investment performance. This *Center* is consistent with the Land-Grant mission and is vital in supporting activities related to the development of understanding of issues related to farmland valuation and policies impacting farmland – the single largest asset on the agricultural balance sheet. The formation of the *Center* will foster a coordination of research in the area and provide a much larger platform from which to continue and expand this leadership.
- Describe the center/institute's Public Engagement activities as they relate to the charter or mission, if any.
 - The *Center* will engage the lending community, investment community, farmland owners and operators, and policymakers at both the state and national level through outreach activities and research disseminated through a website maintained within ACE known as *farmdoc*. The *farmdoc* website has won numerous awards including the College of ACES Team award for Excellence, and the American Agricultural Economics Association award for Professional Excellence in Extension programs. Much of the research and outreach programming of faculty in ACE involved in commercial agriculture and finance activities is disseminated through *farmdoc*. The *Center* will develop and offer external seminars and participate in annual farmer and landowner-focused meetings. Members anticipated to be faculty affiliates in the *Center* will

have responsibilities for developing an annual farmland values and lease trends publication, as well as for conducting the background calculations necessary for implementing the ag-use valuation taxation methods in use in Illinois.

JUSTIFICATION:

- There are numerous individuals with active research agendas involved in farmland use, farmland rental arrangements and valuation research on campus, primarily in the Department of Agricultural and Consumer Economics. The *Center* will allow a coordinated set of activities to be fostered while providing enhanced visibility to the activities related to farmland valuation and performance.
- How will the center/institute help position the campus/college/school/department in a current or emerging field of inquiry?
 - Farmland is the single largest asset in the U.S. agricultural sector accounting for over 85% of the total value of the sector, at just over \$2 trillion. Its value derives from a complex set of relationships among income prospects, ownership preferences, tax and estate policy singularities, development potential, non-farm amenities, and support provided through federal policies targeting a safe and sound food supply. The farmland market is also characterized by high transaction costs, thin markets, and low aggregate leverage – characteristics often cited as impediments to the development of more traditional ownership shares. Ownership structure continues to evolve toward non-owner operators, often having shared ownership with non-farming relatives. Developing accurate measures of valuation and financial performance under alternative ownership and lease designs is of critical importance. Other new issues continue to emerge such as (i) understanding the impacts of energy markets on farmland values, (ii) identifying the impacts of changing federal farm policies, (iii) responding to initiatives related to means testing for social services, and (iv) taxation research under ag-use valuation, and so forth. The *Center* will assist in the development of leading-edge research approaches to these and other farmland valuation and farm policy issues impacting farmland markets.

PROPOSED STRUCTURE:

- Describe the direct reporting line(s) of the proposed center/institute. How will the center/institute be situated in the organization's hierarchy?
 - The *Center* will be a unit in the Department of Agricultural and Consumer Economics with faculty affiliates interested in farmland valuation and performance issues.

- The *Center* will have a Director and an advisory board with both faculty and representatives from TIAA. The advisory board will provide input to the research agenda supported by the *Center* and promote the activities of the Center. The Advisory Board will be composed of six members, with three members from TIAA or their designees, and three faculty members from ACE. Each member will serve for a renewable two-year term. At least one annual meeting of the Advisory Board will be held as determined by the Advisory Board. TIAA Advisory Board members will be chosen by TIAA or its designee. ACE Advisory Board members will be chosen by the Head of ACE in consultation with the Center Director. The Head of ACE will have full budgetary control of the Center.
- The Director will be appointed by the Head of ACE for renewable three year terms with consultation with the advisory board.
- Describe the proposed organizational structure and how the structure will permit the center/institute to meet its stated objectives.
 - The *Center* will have a Director and an academic professional, as well as faculty affiliates with interest in farmland valuation and use issues. Graduate students will be involved in projects of the *Center* and may assist with the development of outreach materials and activities. The *Center* will also utilize and provide support to *farmdoc* as the primary mode of external communication and delivery of outreach programs. The expenses of running the *farmdoc* enterprise are currently met with a mix of institutional and gift sources.
- Describe the staffing needs of the center/institute and plans for the leadership of the center/institute.
 - The staff of the *Center* will consist of a Director, an academic professional, computer programmers, and currently utilized support staff in the Department of ACE. The Director will be a tenured full professor in the Department of ACE.

ACADEMIC IMPLICATIONS:

- List affiliated faculty and staff.
 - See attached.
- Will tenure-stream faculty hold appointments in the unit? If so, describe the structure of the appointments.
 - Tenure-stream faculty will not hold appointments within the *Center*. The Director will be a tenured full professor with an academic appointment in the Department of ACE.
- Describe any plans for the center/institute to offer courses or academic programs.
 - The *Center* will support educational programs and curriculum development and will create and offer an annual workshop series targeting

farmland markets. There is potential to offer continuing education credit to professionals in accredited farmland manager and realtor professions.

BUDGET AND FUNDING STRATEGY:

- What is the proposed time period for existence of the center/institute?
 - The *Center* is intended to be created with permanent status.
- Detail an initial budget.
 - The proposed annual budget for the *Center* is approximately \$200,000. The Head of ACE will have full budgetary control of the Center. The funding will be provided through an endowment by TIAA-CREF and may be supported by existing Departmental and University funding sources during the accumulation period of three years. A portion of the income will be used to support expanded activities of *farmdoc* and associated websites. An academic professional will be hired in the Department of Agricultural and Consumer Economics. Support for projects conducted within the *Center* will use the bulk of the remaining funds. For example, the development of a spatial mapping of land ownership and use, tax and transfer records, data and annual calculations involved in the Illinois Department of Revenue taxation, assessment of farm bill proposals, annual surveys of farmland ownership, use and lease rates, etc. The Director will maintain his/her academic appointment in the Department of ACE, and will not impact teaching obligations in the unit.
- Describe the funding strategy, including any internal or external support, and if applicable, plans for replacing internal fund support with external funds.
 - TIAA-CREF has agreed in principle to provide \$5 million support over a three-year period. Support from earnings on the TIAA-CREF support is the major source of funding. Additionally, supporting funds for research projects will be actively sought from private and competitive funding sources. The *Center* will be self-supporting after the three-year accumulation phase.

OUTCOMES:

- Describe the criteria and outcomes that will be used to demonstrate the quality and effectiveness of the center/institute.
 - Criteria
 - External funding for research activities related to farmland research. Recognition of the *Center* as a leader in farmland related research and outreach through awards and press coverage, regionally and nationally. Publications and outreach activities providing a forum for informed discourse about farmland valuation, policy, and performance of the asset class.
 - Outcomes
 - Development of supporting funding for student based research and integration of the *Center* agenda into the *farmdoc* team activities.

Increased visibility across the state, region, and nation for research related to farmland valuation, policy, and the performance of the asset class. Source of high quality research-based information informing farmland-related investment, operational, and policy questions.

Paul Ellinger, Head and Professor, ACE
Proposal Sponsor:

Date: 1/2/2013

Contact Information:

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217-333-5503

List of Faculty and Staff Who Could be Affiliated with the TIAA-CREF Center for Farmland Research

Faculty		Department
Paul	Ellinger	Agricultural and Consumer Economics
Bryan	Endres	Agricultural and Consumer Economics
Darrel	Good	Agricultural and Consumer Economics
Robert	Hauser	Agricultural and Consumer Economics
Scott	Irwin	Agricultural and Consumer Economics
Barrett	Kirwan	Agricultural and Consumer Economics
Mindy	Mallory	Agricultural and Consumer Economics
Nicholas	Paulson	Agricultural and Consumer Economics
Paul	Peterson	Agricultural and Consumer Economics
Gary	Schnitkey	Agricultural and Consumer Economics
Bruce	Sherrick	Agricultural and Consumer Economics
Academic Professionals and Staff		
Mark	Althouse	Agricultural and Consumer Economics
Gary	Hoff	Agricultural and Consumer Economics
Dwight	Raab	Illinois Farm Business Farm Management
Program manager		
Computer programmers		
Graduate students		

TIAA-CREF Center for Farmland Research

Annual Budget

Personnel:	
Director	\$10,000
Program manager	70,000
Computer programmers/ web developments	65,000
Graduate student support	20,000
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	\$165,000
Seminars	\$20,000
Travel	5,000
Computer support	10,000
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Total	\$200,000
Income from endowment	\$200,000