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## Economics Department Alumni Survey; Wheat Price Outlook

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## ECONOMICS DEPARTMENT ALUMNI SURVEY

by

Ardelle Lundeen  
Department Head, Economics

In 1989, the Economics Department sent questionnaires to 750 of its alumni who had graduated between 1978 and 1988. The response rate was 44%. The purpose of the survey was to provide the Department with information on how well its curricula in Economics, Agricultural Economics, and Agricultural Business had prepared graduates for employment. Results of the survey are being used to modify our curricula so as to improve the quality of education and career preparation for our majors.

### Overall Satisfaction With SDSU Economics Department

Alumni were asked if they would choose SDSU and the Economics Department if they were starting their college career again. Eighty two percent said they would choose SDSU again and 73% said they would choose a major offered by the Economics Department.

As a follow-up, alumni were asked if they would recommend SDSU to high school students for majors offered in the Economics Department. About 97% said they would recommend SDSU for students interested in Agricultural Business or Agricultural Economics. About 75% would recommend SDSU for Economics or Business Economics.

### Preparation For Employment

Oral and written communication skills were rated as highly important in the alumni's entry level positions. Other particularly important areas of study noted were computers, business applications, marketing and finance. However, respondents felt they were more adequately prepared in those areas which they viewed  
(Continued on p.2)



## WHEAT PRICE OUTLOOK

by

Dick Shane  
Grain Marketing Specialist

The USDA Crop Production report released June 10, 1993 contained several changes from the May report but none of the changes were large enough to significantly affect price expectations. For example, winter wheat production is expected to be 1.824 billion bushels compared to 1.808 billion bushels in the May report. This change alone could result in a one to two cent per bushel increase in the U.S. wheat price.

Surplus wheat stocks were reduced from 510 to 499 million bushels by USDA in the June 10 report. This is a relatively tight surplus condition for the U.S. However, the U.S. currently stores only 10 percent of world stocks and other countries, Canada, European Community and China, have ample supplies.

A short 1993 crop in the U.S. would result in very high wheat prices given the tight surplus amounts. However, a large winter wheat crop is expected and conditions for the spring wheat crop are rated 78 percent good to excellent compared to 59 percent at this time one year ago. These conditions point to wheat production that exceeds 2.5 billion bushels, the largest crop since 1984 when U.S. wheat production was 2.6 billion bushels.

With low corn price expectations for another year, feed usage of wheat is not expected to increase by enough to offset production increases. So, the wheat market must look to foreign markets to sell excess production. This does not look too promising as production by major exporters is expected to decline slightly or remain constant. Good production combined with ample carry over stocks in foreign countries will lead to stiff price  
(Continued on p.3)

Economics Dept. ... cont'd from p.1 as being less important. For example, they were most adequately prepared in economic theory and statistics which seemed relatively unimportant in their first job. They felt they were least adequately prepared in computers. (Computers have been introduced and used in several economics courses since the survey was taken).

Pre-SDSU Student Background

One section of the questionnaire dealt with the background of the alumni. Seventy five percent of the respondents were residents of South Dakota when they enrolled at SDSU. Another twenty percent came from Minnesota and Iowa.

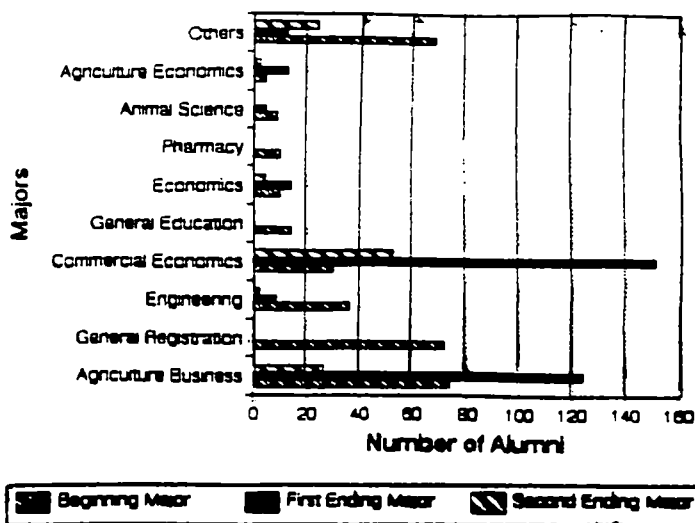
About half of the alumni lived on farms during their senior year in high school. Twenty two percent lived in towns of less than 5,000 population. Only 5% lived in cities with a population greater than 250,000. Most (74%) of the alumni entered SDSU immediately after graduation from high school.

Selection Of Department Majors

Many department graduates transfer into the Economics Department from other majors in the university. Less than 35% of the respondents to the survey had enrolled in an Economics Department major when they first entered SDSU. Among the non-economics majors at enrollment were general registration, engineering, general education, animal science, and pharmacy. Figure 1 illustrates the change of majors from initial enrollment ("beginning year") to graduation. Students must declare a "first" major and "second" major if they wish to graduate with two majors.

Commercial Economics was the most popular graduating major with 45% choosing that as their first major. Another 38% chose Agricultural Business. Economics and Agricultural Economics were each chosen by 4% of the respondents. Of the 114 alumni who graduated with a double major, over 75% chose a second major within the department. Popular combinations were Agricultural Business and Agricultural Economics or Agricultural Business and Commercial Economics. Students chose to double major to increase their employment opportunities.

Figure 1. Changes in Majors of Alumni



Employment Experience

Eighty-nine percent of the alumni reported they were currently employed in a position outside of the home. One fourth were working in financial services. A significant number were employed in retail business and in sales and marketing. Table 1 shows the distribution of the alumni in the type of business in which they were employed.

Table 1. Current employment of alumni.

Type of Business	Percent of Alumni
Banking, Credit, Financial Institution, Agriculture Finance, Security Bonds, etc.	25
Retail, Motel/Restaurant	18.2
Sales & Marketing	15.8
Government	10.6
Manufacturing/Building/Utility	9.6
Farming / Logging	5.1
Military	2.7
Small Business	2.1
Others*	10.9
Total	100.0

\*Others includes consulting, university, computer, law firm, transportation, church, home health care, etc.

Respondents were also asked to identify the title of their current positions. Approximately 30% were

employed as managers (or supervisors, coordinators, or administrators). About 14% were engaged as sales representatives. The remainder were employed in positions ranging from analyst to military to secretary.

The alumni were also asked the title of the position they held six months after graduation. Manager was most common with 25% indicating that title. However, significantly more were employed as secretaries, clerks, and laborers immediately after graduation.

Survey data were further analyzed to determine whether there is any relationship between sex and job opportunity. The percentage of male alumni employed as managers, sales representatives, financial officers, and assistant managers is only slightly higher than the percentage of females employed in those positions. The percentage of females employed in the lower level positions such as researcher, analyst, clerk, and secretary is much higher than males, however.

Based on the employed alumni's estimate, the lowest pre-tax annual income for the calendar year 1989 was \$3,000 and the highest \$300,000. The median pre-tax income for that year was approximately \$24,000. More than half of the alumni had a pre-tax income between \$20,000 and \$35,000. To make a comparison, respondents were asked to estimate the pre-tax income for their first year of employment. The estimated pre-tax median annual income for their first year was \$15,625. Seventy three percent had a first year income between \$10,000 and \$20,000.

#### Graduates Remain In South Dakota And Return To Farms?

Two often heard questions are: How many of our graduates remain in South Dakota? and How many return to the farm? Approximately half of the respondents indicated they had held a full-time job in South Dakota for more than a year since their graduation. Six months after graduation, about 57 percent were located in South Dakota. Another 14 percent were located in Minnesota. While only 7 percent were employed on a farm or ranch, more than 55 percent were employed in towns with a population of less than

50,000.

At the time of the survey, the percent residing in South Dakota had declined to about 50 percent but the number living or working on farms or ranches had doubled.

About 21 percent of the respondents had completed or were pursuing graduate or professional degrees. An MBA was the most popular degree but other master's degrees were also obtained. One person had received a doctorate in medicine.

#### Conclusion

The results of this survey and other interviews with alumni and graduating seniors have assisted the Economics Department in reviewing its curricula and in determining some changes to be made. Perhaps the most significant change has been the adoption of computer instruction in several courses. This change, of course, has been greatly aided since the Hansen Hall Computer Lab was established through contributions by our alumni and friends.

The 1989 survey was extensive covering a wide range of items. While it is not possible to conduct such a survey often, it is anticipated that future smaller surveys will build upon that base.

A complete report of the results of the survey is available by writing the Economics Department, Box 504A Scobey Hall, SDSU, Brookings, SD 57007-0895.  
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(Wheat Price ... Cont'd. from p.1)

competition in export markets.

One positive note for the export market is the expectation for decreased production in China and the Former Soviet Union (FSU) in 1993. However, decreases in FSU will be mostly offset by increases in Eastern Europe. The FSU is struggling to find credit for purchasing grain so this market offers little potential. Continuation of Export Enhance Program (EEP) initiatives in the U.S. will be essential to keep wheat flowing from the U.S. into Northern African and FSU markets. Budget deficit concerns and cutbacks in spending could adversely



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offset the EEP funding and also U.S. wheat prices.

This leaves export prospects in China as the place to pick up some volume. Most Favored Nation (MFN) status was granted to China for another year on May 28, 1993. This MFN designation is critical for U.S. wheat exports. Without MFN, China must pay a 70 percent duty on wheat but only 12 percent duty with MFN.

Other headlines in the world wheat market include flooding in Argentina and bumper crops in Egypt. The flooding in Argentina could lead to as much as an eight percent decrease in wheat planting. Many forecasters believe that wheat will be planted with no change from 1992 plantings. Egypt is expected to harvest its sixth consecutive record wheat crop. Egypt produced 1.8 million metric tons in 1986 and will harvest around 4.5 million metric tons in 1993. Fortunately, for wheat exporting countries, demand continues to exceed supply in Egypt and

import requirements have not diminished over this same time period.

USDA forecasts a U.S. season average wheat price of \$2.55 to \$2.95 per bushel. Wheat futures prices and forward contracts offer prices only at the low end of this range. Pricing opportunities may improve later with seasonal price improvement. Storage alternatives should be penciled out carefully as harvest approaches. Zero set aside again in 1994 will keep seasonal price rallies in check.

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## ECONOMICS COMMENTATOR

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