



IOWA

FFA ASSOCIATION

FARM BUSINESS MANAGEMENT **Career Development Event** **This is a Skills CDE**

Table of Contents

<u>Section</u>	<u>Page</u>
General Skills Career Development Event Rules	2
Overview	4
AFNR Content Standards	5
Event Rules	5
Event Format	6
Event Resources	7
Scoring and Ranking of Teams and Individuals	7
Awards	8
Event Materials	9

1055 SW Prairie Trail Pkwy
Ankeny, IA 50023
P: 515-965-7376
F: 515-965-7373
iowaffa.com

**AG SKILLS CAREER DEVELOPMENT EVENT
GENERAL POLICIES, RULES, RESULTS AND STANDARDS**

***Violations of any of the following rules may be grounds for the disqualification of the participants.**

I. Board Policies

The following board policies (<http://www.iowaffa.com/ffaboardpolicies.aspx>) apply directly or in part to Skills CDEs:

- Board Policy #2: Changes in Judging Event Answer Keys
- Board Policy #3: Changes to Judging Event Results
- Board Policy #11: Substitution of Team Members
- Board Policy #25: Advancement of Teams to National FFA Competition
- Board Policy #27: Use of Electronic Storage/Transmission Devices

II. Eligibly of Chapters and Participants

1. Each state event is open to all FFA chapters in good standing with the Iowa FFA Association. (Exception: Soils Career Development Event is open to the top five teams from each district competition.)
2. Local FFA advisors or their designee entering teams in the state event must register their intent to have a team on Iowa FFA On-Line (<http://anfmp01.dmac.edu/fmi/webd#>) by the due dates and registration fees listed below:
 - a. Before 14 days prior to the event No Charge
 - b. Between 14 days prior and day of the event \$50.00An invoice will be sent to the chapter for the appropriate entry fees at the end of the season.
3. A chapter may enter a separate team in each event held on a particular day. However, no member may participate in more than one Ag Skills Career Development Event on a particular day.
4. After an FFA Advisor registers the chapter's intent to enter a team, the names of the team members are expected to be entered on the Iowa FFA On-Line (<http://anfmp01.dmac.edu/fmi/webd#>) by noon three days prior to the event. Any member not listed on Iowa FFA On-Line will need to be registered as an FFA member using the National FFA MyFFA Account (<https://www.ffa.org>). Changes to online entries may be made the day of the event. State and National FFA Dues will be invoiced in accordance with Iowa FFA Association policies and by-laws.
5. A participant, at the time of his/her participation in the state event and selection as a national team member, must:
 - a. Be a current bona fide dues paying FFA member in good standing with the local chapter, state FFA Association and the National FFA Organization at the time of the career development event in which he/she participates.
 - b. Be a middle school or high school FFA member, (a graduating senior is considered eligible to compete in state and national career development events up to and including their first national convention following graduation). Middle school refers to students in grades 7-8 and high school refers to students in grades 9-12.
 - c. Have been enrolled in high school Agricultural Education during the current/most recent school year with the following exceptions: Meats, Livestock, Dairy Cattle and Milk Quality & Products-must have been enrolled the previous school year or be in grades 8-12 for the current year.
 - d. Currently be an active FFA member of the chapter making entry into the event.
6. A member may not participate in both a state 4-H and state FFA Career Development Event when said events are held on the same day.
7. Participation in one Ag Skills Career Development Event of its type will not exclude an active FFA member from participating in the future Ag Skills Career Development Event, if the participant still qualifies as a middle school or high school FFA member (Rule 5b) providing he/she was not on a state championship FFA CDE team or a national FFA participant in the said event.
8. No student may participate in more than one Career Development Event each year at the national level.

9. For the Soils Career Development Event, each district FFA advisor must email all results including a list of participants for each of the top five teams to the State FFA Executive Director within one business day of the district event.

III. Event Room Conditions

10. Accommodations for participants can be made upon request of the FFA Advisor. The accommodation form must be submitted no less than 14 days prior to the respective event.
11. Any communication, verbal or non-verbal between participants during a career development event will be sufficient cause to eliminate the team member involved from the career development event. The only exception to this would be communication between team members during the team activity portion of a given career development event.
12. Any assistance given to a team member from any source other than the career development event officials or assistants will be sufficient cause to eliminate the team from the career development event.
13. No extra FFA members or other persons are permitted to view the state event until the completion of the event. The only people allowed in the event area during the event are participants and designated event workers. Observers and FFA advisors who are not working with the event will not be permitted in the event area while the event is in progress. The following are exceptions to this rule: the presentation portions of the Marketing Plan CDE and Ag Communications CDE at the Iowa FFA Leadership Conference.

IV. Participant Assignments

14. Each participant will be given an individual ID number by which he/she will be designated throughout the event. Contestant badges with identification numbers may be issued.
15. Teams will be divided into groups for individual activities. When possible, groups will be assigned to avoid having two participants on the same team in the same group.
16. Each participant will work on an individual basis throughout the event except during the FFA chapter team activity. Each team will submit one score card or product per team for the team activity.

V. Equipment and Dress Code

17. Participants are urged to bring and use clipboards during events to facilitate the holding of placing and grading cards. The clipboards are to be clean and free of markings. A few sheets of blank paper will be permitted for taking notes and recording results.
18. Calculators may be used with the Career Development Events. They must be battery or solar operated, non-programmable and silent, unless otherwise listed in the specific Career Development Event rules.
19. Items needed for specific phases of a Career Development Event will be noted under their specific rules.
20. Participants are expected to observe the National FFA Code of Ethics and the Proper Use of the FFA Jacket during the career development events found in the Official FFA Manual (<https://www.ffa.org/about/who-we-are/official-manual>).
21. Official FFA dress is expected for all participants when appropriate. If official dress is not appropriate, official casual dress should be worn. Official casual dress shall consist of 1) FFA t-shirt or polo shirt and 2) khaki or nice denim pants or shorts.

VI. Event Results

22. In the event that ALL participants' scores are incorrect the board reserves the right to correct the results.
23. Each FFA advisor will receive the judging cards, score cards, answer sheets and results following a career development event and the presentation of awards. FFA advisors are not permitted to pick up event packets until after the awards presentation.

VII. AFNR Career Cluster Content Standards

AFNR Content Standards are specifically outlined within each respective Skills CDE.

Farm Business Management

2020 Chairpersons: Amber Greiman, Grundy Center & Michael Haden, Independence

Coordinator: Dr. Ron Deiter, Iowa State University

Committee Personnel: Jon Davis, Gilbert; Jim Lundberg, Charles City; Jim Green, St. Ansgar; Kevin Anderson, Des Moines

Scoring Coordinator: Jason Carolan, State Center

I. Overview

The event objectives are for participants to demonstrate their ability to:

- A. Analyze agriculture, farm, and ranch business management information.
- B. Apply economic principles and concepts of farm business management to the decision-making process.
- C. Evaluate agriculture business, and farm business management decisions.
- D. Work together cooperatively as a group.

The principles and concepts listed below can be included in each section event.

- A. Economic Principles: Economic principles related to farm business management
 1. Production Functions –
 - a. Diminishing Returns
 - b. Profit Maximizing Point: $MFC=NVP$, $MC=MR$
 2. Opportunity Cost –
 - a. Alternative Investment and Opportunities
 3. Cost Analysis –
 - a. fixed cost
 - b. variable cost
 4. Input Combinations
 5. Enterprise Selection –
 - a. Equi-Marginal returns
 - b. Specialization and Diversification
 6. Supply and Demand –
 - a. Price and Quantity determination
 - b. Elasticity of demand
 - c. Elasticity of supply
 - d. Substitute and complementary products
- B. Records and Analysis: Concepts related to the use and analysis of records to manage resources
 1. Analysis of Records –
 - a. Profit and Loss
 - b. Financial Statements
 - i. Ratios – Solvency, Liquidity, profitability, labor, and feed efficiency;
 - ii. Inventory, assets, liabilities, net worth
 2. Budgeting –
 - a. Partial budgets
 - b. Whole farm budgets
 - c. Enterprise budgets
 3. Cash Flow Analysis –
 - a. Summary
 - b. Projections
 4. Managerial Accounting
 5. Tax Management
- C. Risk Management: Concepts and functions of risk management
 1. Investment Analysis –

- a. Capital budgeting: Time value of money, net present value
- b. Credit: Sources, loan applications, interest
- c. Leasing of real property
- d. Land acquisition and ownership
- e. Machinery management
- f. Insurance – Life insurance, property insurance, crop insurance, health and liability
2. Marketing Analysis –
 - a. Functions
 - b. Structures
 - c. Price determination – Supply, demand, comparative advantages
 - d. Price Methods – Cash markets, futures and options, forward contracting
 - e. International trade
 - f. Types of Markets – Perfectly competitive markets. Few participants markets, one participant markets.
3. Market and Purchasing Structure –
 - a. Cooperatives
 - b. Corporations
 - c. Individuals
4. Legal Analysis –
 - a. Estate planning
 - b. Business organization: Sole proprietorship, business organization, partnership, contract farming
 - c. Written agreements
5. Government Programs and Regulations

II. AFNR Content Standards

ABS.01. Standard: Apply management planning principles in AFNR businesses.

ABS.01.01. Performance Indicator: Apply micro- and macroeconomic principles to plan and manage inputs and outputs in an AFNR business.

ABS.01.02. Indicator: Read, interpret, evaluate and write statements of purpose to guide business goals, objectives and resource allocation.

ABS.02. Standard: Use record keeping to accomplish AFNR business objectives, manage budgets and comply with laws and regulations.

ABS.02.01. Indicator: Apply fundamental accounting principles, systems, tools and applicable laws and regulations to record, track and audit AFNR business transactions (e.g., accounts, debits, credits, assets, liabilities, equity, etc.).

ABS.04. Standard: Develop a business plan for an AFNR business.

ABS.04.03. Indicator: Identify and apply strategies to manage or mitigate risk.

ABS.03. Standard: Manage cash budgets, credit budgets and credit for an AFNR business using generally accepted accounting principles.

ABS.05.01. Indicator: Develop, assess and manage cash budgets to achieve AFNR business goals.

III. Event Rules

- A. Each school shall enter a team composed of three or four members with the top three scores counting for the team total. Teams consisting of less than three members will participate in all events and will receive a “participation” ranking as a team. All participants will be eligible for individual awards.
- B. Participants are to be in official FFA dress during the event.
- C. During the team participation activity, there will be communication only between members of the same team. Communication with any other teams or individuals will be sufficient cause to eliminate the teams involved from the event.
- D. Each participant will participate in all phases of the event.
- E. Participants shall report to the chairperson of the event at the designated site between 7:15 a.m. and 8:00

- a.m. on event day. The event will begin promptly at 8:00 a.m.
- F. The Farm-Business Management Career Development Event will consist of two parts, a problem solving analysis part, an individual multiple-choice exam that includes problem-solving analysis, and a team participation activity.
 - G. Answer sheets, worksheets, and other written materials will be furnished for each event phase. Participants shall provide two sharpened No. 2 pencils. Bubble sheets will be used to score the contest and participants are reminded that light markings or poorly erased markings may score an answer as incorrect.
 - H. Participants need not register for the State FFA Leadership Conference to be eligible to participate in the Iowa Farm Business Management Career Development Event. However, any member participating in the leadership events and/or other State FFA Leadership activities must be registered prior to participation.
 - I. Calculators may be used with the FFA Career Development Events. They must be battery or solar operated, non-programmable and silent. Programmable calculators will be confiscated for the duration of the event. Calculators shall not be shared between participants. Any participant using a cell phone will be automatically disqualified. Cell phone calculators are not allowed.
 - J. There will be 150 minutes to complete the phases of the event. The phases will be completed in the following order:
Phase 1: Team Participation Activity (30 minutes which includes time for separating teams)
Phase 2: Individual Exam (120 minutes)
 - K. All chapters will receive an e-mail of reference material that will be a specific source of information for that year's event. The reference material will be used specifically in the team participation activity, and it may also be included in the individual exam.

IV. Event Format

A. Individual Exam (75 questions worth 2 points)

- 1. The individual exam of the Iowa FFA Business Management Career Development Event is designed to test a participant's knowledge, decision-making and problem-analysis skills of economic principals and concepts taught in Business Management in Agriculture.
- 2. All topics included in the outline "Event Objectives" section can be included in the individual exam.
- 3. Each of the 75 questions will be worth two points each. Individuals will have 120 minutes to complete the multiple-choice questions.
- 4. The exam will be broken down into two sections:
 - a. Economic Principles—25 questions
 - b. Records and Analysis & Risk Management—50 questions

B. Team Participation Activity (50 points per team):

- 1. The team participation activity for the Iowa FFA Business Management Career Development Event is designed to determine the ability of a team's members to work together to use decision-making and problem-analysis skills while applying the economic principles and concepts taught in Business Management in Agriculture.
- 2. All questions on the team activity will be related to a specific reference or topic. At least one month prior to the Career Development Event, the topic and references for the current year's team participation activity will be e-mailed to all chapters and posted on www.iowaffa.com. Any reference material need during the event will be provided.
- 3. Members of a team will work cooperatively to complete the first part of the Team Participation Activity, and submit one set of answers. The team participation activity has a total value of 50 points and is only included in the team score. Teams will have 15 minutes to complete the team participation activity.
- 4. There will be 5 questions worth 7 points each completed by the team for a total of 35 team points. Each individual team member will then complete the second part individually. Each individual will complete 5 questions worth 1 point each, related to the Team Participation Activity topic. The top three individual scores will be used for a total of 15 points that will be applied to the team score only.

V. Event Resources

This list of references is not intended to be inclusive. Other sources may be utilized and teachers are encouraged to make use of the very best instructional materials available. The following list contains references that may provide helpful during event preparation.

A. **Primary References**

1. Section 1: Economic Principles: Farm Management, (5th Edition) 2004. Kay, Edwards, Duffy. ISBN #: 0072428686
2. Section 2: Records and Analysis: Farm and Ranch Business Management, (5th edition) 2004, Deere and Company. ISBN#: 0866912924
3. Section 3: Risk Management: Farm and Ranch Business Management, (5th edition) 2004, Deere and Company. ISBN #: 0866912924

B. **Secondary References**

1. Ag Decision Maker, Iowa State University Extension. <http://www.extension.iastate.edu/agdm/>
2. Chicago Board of Trade Page, <http://www.cbot.com/>
3. Chicago Mercantile Exchange Page, <http://www.cme.com/>
4. National FFA Career Development Resource Information Page. Includes downloads for rules and sources of information. http://www.ffa.org/programs/cde/html/cde_events.htm#fbm
5. Previous "Iowa Agriculture Farm and Business Management Event Materials" www.iowaffa.com

VI. Scoring and Ranking of Teams and Individuals

- A. To determine the team winners, the highest three scores for the Individual Exam plus the Team Participation Activity Score team score. Team participation scores are not calculated for individual scores. When determining high team scores the low individual score will be dropped.
- B. To determine the team winners, the highest three combined scores for the multiple choice and problem-solving sections for each team shall be used in calculating the team score. Team participation scores are not calculated for individual scores. When determining high team scores in problem-solving and multiple choice, the low individual score will be dropped.

<u>Phases</u>	<u>Scoring</u>
Individual FBM Exam (75 Questions @ 2 Points Each)	150 points
Total of Three High Individual FBM Exam Scores	450 points
Team Participation Activity	50 points
Total Team Score Possible	500 points

- C. In the event of a tie, the following criteria in the order listed will be used to break the tie:
 1. Team
 - a. High score in the team activity (total team and individual score based on 50 points)
 - b. High score in the team activity (total team score from 7 group questions based on 35 points)
 - c. High team score in the Individual Exam
 - d. The highest team score in each of the Individual Exam Sections in the following order:
 - i. Economic Principles
 - ii. Records and Analysis & Risk Management
 - e. The highest individual scores per team, successive starting with each teams high individual.
 - f. The highest individual scores in each of the Individual Exam Sections, successive starting with each teams high individual in the following order:
 - i. Economic Principles
 - ii. Records and Analysis & Risk Management
 - g. Each team's high scorer in the Individual Exam, as one evaluates successive items 1, 2, 3, etc. to item 75. The team that breaks the tie first wins.

2. Overall Individual
 - a. High individual score in the Individual Exam
 - b. High individual score in the individual Team Participation Activity
 - c. The highest individual scores in each of the Individual Exam Sections, successive in the following order:
 - i. Economic Principles
 - ii. Records and Analysis & Risk Management
 - d. The individual that breaks the tie first, as one evaluates successive items 1, 2, 3, 4, etc. to item 75 of the Individual Exam
3. High Team Individual Exam
 - a. Top individual in the Individual Exam score out of the teams top three contestants.
 - b. Top 2 individual in the Individual Exam score out of the teams top three contestants.
 - c. Top 3 individual in the Individual Exam score out of the teams top three contestants.
 - d. The team with the highest overall team score for all event activities combined
4. High Individual in the Individual Exam
 - a. The highest individual scores in each of the Individual Exam Sections, successive in the following order:
 - i. Economic Principles
 - ii. Records and Analysis & Risk Management
 - b. The individual that breaks the tie first, as one evaluates successive items 1, 2, 3, 4, etc. to item 75 of the Individual Exam
5. High Team in Team Participation Activity
 - a. High overall team score
 - b. High team in Individual Exam
 - c. Teams will be ranked into groups designated “Gold,” “Silver,” and “Bronze.” Teams that violate any rule will also receive a “Participation” rating.
 - d. The team with the highest total points overall will be designated “Iowa Champion FFA Farm Business Management Career Development Event Team” and will represent Iowa in the National event in Indianapolis, IN.

VII. Awards

Awards Sponsored through the Iowa FFA Foundation	
Champion Team	Cash Award for travel to National Convention
Reserve Champion Team	Plaque
Top 10 Teams	Rosettes
Members of Top 10 Teams	Rosettes
Top 10 Individuals	Rosettes
1 st and 2 nd Place Individuals	Plaques
Top Team and Top Individual	Plaques
Team Participation Activity Top Team	Plaque
All Teams/Individuals	Certificates
Awards Sponsored through the Iowa State University College of Agriculture and Life Sciences	
Top Individual	\$500 scholarship if the student enrolls in CALS at ISU.

All awards subject to available sponsorship.

VIII. Event Materials

2020 Farm Business Management Team Topic:
“The Impacts of International Trade Conflicts on U.S. Agriculture”

Recommended references:

<https://extension.tennessee.edu/publications/Documents/W532.pdf>

"Evaluating the impact of retaliatory tariffs on China"

<https://www.nationalhogfarmer.com/marketing/cost-retaliatory-duties-mounts-us-pork>

"Cost of retaliatory duties mounts on U.S. pork"

http://www.choicesmagazine.org/UserFiles/file/cmsarticle_719.pdf

"The 2018–2019 Trade Conflict: A One-Year Assessment and Impacts on U.S. Agricultural Exports"

<https://www.investors.com/news/economy/what-is-a-tariff>

"What Is A Tariff, Who Pays, And What Is The Purpose Of A Tariff?"