Statewide Dual Credit for Introduction to Agriculture Business (AGRI 1010) (Agriculture Business Finance#5943)

Eight high schools from across Tennessee are participating in the statewide Agriculture Business dual credit pilot for the 2013-14 school year. As one of the pilot sites, your high school Agriculture Business Finance students have the opportunity to earn credits for the college-level course, Introduction to Agriculture Business, which will be accepted by any public postsecondary institution in Tennessee.

This document includes the following resources and instructional materials for the course:

- Learning Objectives……pages 1 – 5
- Study Guide ……pages 6 – 14

LEARNING OBJECTIVES

The following learning objectives were created specifically for the Agriculture Business Finance dual credit course. The aligned textbook is: *Introduction to Agribusiness Fundamental and Applications*, Second Edition. Authors: Cliff Ricketts and Kristina Ricketts, Delmar Cengage Learning 2009, 2001. Chapters identified below refer to this textbook.

Note: Learning Objectives followed by an asterisk (*) are in addition to the textbook material.

Topics covered:

1. Agriculture and Agribusiness (Chapter 1)
2. Agriculture Economics and the American Economy (Chapter 2)
3. The Size and Importance of Agribusiness (Chapter 3)
4. Planning and Organizing an Agribusiness (Chapter 5)
5. Types of Agribusiness (Chapter 6)
6. Financing the Agribusiness (Chapter 7)
7. Personal Financial Management (Chapter 8)
8. Agribusiness Record Keeping and Accounting (Chapter 9)
9. Farm Management (Chapter 11)
10. Production Economics (Chapter 12)
11. Agricultural Policy (Chapter 15)

1) Agriculture and Agribusiness

a) Explain agribusiness
b) Describe the "big picture" of agribusiness in the United States and Tennessee using the resources provided
c) Explain daily effects of agribusiness
d) Discuss farming and agriculture before agribusiness
e) Discuss beginning of American agribusiness
f) Describe historical development of farm machinery and equipment
g) Define economics

2) Agriculture Economics and the American Economy

a) Explain scarcity, types of resources, and desires of producers and consumers
b) Explain the monetary and fiscal policies of the federal government as they relate to the general economy*
c) Distinguish between price competition and competitive business perspective*
d) Discuss three basic economic questions
e) Explain six (or just three) types of economic systems

3) The Size and Importance of Agribusiness

a) Discuss the size and importance of production agriculture
b) Discuss the impact of U.S. agriculture on the global economy
c) Describe the agriservice sector of the agricultural industry
d) Explain the importance of agribusiness and foreign trade
e) Describe the relationship between agribusiness and the environment

4) Planning and Organizing an Agribusiness

a) Explain the importance of small business
b) Examine whether entrepreneurship is for you
c) Describe the challenges of entrepreneurship
d) Describe why agribusinesses fail
e) Analyze a potential agribusiness venture
f) Prepare a business plan
g) Explain the five major areas of agribusiness management
h) Establish goals for an agribusiness
i) Discuss the importance of problem solving and decision making

5) Types of Agribusiness

a) Compare proprietorships, partnerships, and corporations
b) Explain the characteristics of the single (sole) proprietorship

c) Explain the characteristics of partnerships
d) Discuss the different types of corporations
e) Explain the characteristics of limited liability companies
f) Describe the characteristics of franchises
g) Explain the characteristics and value of cooperatives

6) Financing the Agribusiness

a) Discuss the importance of farm credit
b) Explain three fundamentals of credit. Discuss the importance of returns, repayment ability, and risk*
c) List eight rational credit principles needed for effective decision making
d) Describe three areas for which credit is needed
e) Describe fixed expenses, operating expense, and startup expenses*
f) Differentiate three lengths of financing terms
g) Discuss three types of loans
h) Explain the components of a credit profile
i) Compute interest
j) List the agricultural credit sources for real estate and non-real estate loans

7) Personal Financial Management

a) Discuss earning money
b) Select a financial institution
c) Manage a checking account
d) Identify where your money goes
e) Plan and prepare a budget
f) Describe financial management and financial security tips and hints
g) Explain four ways to potentially retire as a millionaire
h) Explain key factors that make the potential millionaire plans work
i) Discuss how to achieve financial security
j) Understand the levels of financial management

8) Agribusiness Record Keeping and Accounting

a) Differentiate bookkeeping from accounting
b) Complete budgets
c) Describe the single-entry bookkeeping and double-entry bookkeeping
d) Complete journals, ledgers and a trail balance
e) Explain basic accounting considerations
f) Prepare an income statement, balance sheet, and statement of cash flows
g) Prepare a statement of owner equity

h) Analyze financial statements
i) Differentiate between accrual and cash basis accounting*

9) Farm Management

a) Define management and list important management skills
b) Discuss the importance and challenges of farm management
c) Choose appropriate farming enterprises
d) Accurately calculate depreciation
e) Perform accurate machinery cost calculations
f) Explain the different types of budgeting used for farm operations, and develop working examples of each
g) Develop an effective farm recordkeeping system and discuss how and why important financial statements are employed
h) Discuss non-financial farm management issues
i) Describe whole-farm planning
j) Describe the basic functions of a farm manager*

10) Production Economics

a) Comprehend and apply concepts of elasticity, be able to calculate and interpret elasticity coefficients for price, cross, income elastic ties of demand and price elasticity of supply*
b) Illustrate the interaction of the product and resources market sectors within the economy
c) List the six basic concepts of economics and explain their significance
d) Explain the production function relationship and give a working example of production function
e) Accurately calculate TP, AP, and MP
f) Identify and characterize the three stages of production
g) Use the decision rule for the principle of diminishing returns-input basis to determine the most efficient amount of inputs into a production process
h) List and accurately calculate short-run costs (TC, ATC, MC)
i) Compare the concepts of returns to scale and economics within an agricultural setting
j) Effectively illustrate resource substitution and describe the various types of substitutions
k) Correctly determine the least-cost combination of inputs
l) Accurately calculate profit maximization using both the total revenue-total cost method and the marginal revenue-marginal cost method

11) Agriculture Policy

a) Discuss the historical perspective of public agribusiness services
b) Explain why agricultural policies are needed
c) Discuss the forces that cause policy change
d) Explain the conditions leading to and reasons for government involvement in agriculture
e) Discuss the legislative process of agricultural policy development
f) Describe the influence of groups and farm organizations on agricultural policy development
g) Discuss the history of farm legislation
h) Explain why governmental services are provided
i) Describe the organizational structures of the USDA
j) Describe the following divisions of the USDA and each of the major agencies:
    - Food, nutrition, and consumer services
    - Marketing and regulatory programs
    - Farm and foreign agricultural services
    - Rural development
    - Natural resources and environment
    - Research, education, and economics
    - Food safety
k) Discuss the role of the state departments of agriculture
l) Explain the land grant system
m) Explain non-land grant agricultural programs
n) Describe the sea grant program
o) Discuss agricultural education programs

STUDY GUIDE

The following questions accompany the learning objectives for the Agriculture Business Finance dual credit course and can be used as a study guide for the challenge exam.

1) Agriculture and Agribusiness

1. Define the following:
    - Input
    - Output
    - Hybrid
    - Tertiary
    - Threshing Machine

2. Who invented the following?
    - Cotton Gin
    - First workable seed drill
    - First Gas Powered Tractor
    - Crop Rotation
    - Steel Plow
    - Reaper

3. List the significant events that occurred during the following eras in agriculture:
    - Bronze Age
    - Middle Age
    - Industrial Revolution
    - Iron Age

4. How many people can the American Farmer supply food and fiber for currently?

5. What defines an agribusiness? List examples of them:

6. List some of the earliest forms of organic fertilizer:

2) Agriculture Economics and the American Economy

1. Define the following terms:
    - Supply

- Demand
- Macroeconomics
- Microeconomics
- Traditional Economy
- Mixed Economy
- Socialism Economic System
- Communism Economic System
- Inflation
- Deflation
- Positive Economics
- Normative Economics
- Agriculture Economics
- Free Enterprise Economic System
- Gross Domestic Product (GDP)
- Goods
- Services
- Needs

2. List the three economic questions:

3. Identify the difference between a want and need.

4. Property owned by an individual is considered _____ property.

3) The Size and Importance of Agribusiness

1. List four examples of a private agriservice:

2. List two examples of a public agriservice:

3. List the top four value enterprises in the United States:

4. Distinguish between a U.S. import and export:

5. Define the following terms and their importance with regard to agriculture:
   - Ethanol
   - Methane

- Biodiesel
- Diesel

6. True/False: Agriculture is the largest industry in the U.S.

7. Describe the importance of the level of industry in a country with regard to its economy.

8. What role has developing countries had with regard to agriculture exports?

9. The federal government created this agency in 1970. _____

4) Planning and Organizing an Agribusiness

1. Define the following:
   - Long term goals
   - Short term goals
   - Intermediate goals
   - Reflexive Decision Maker
   - Consistent Decision Maker
   - Business Plan
   - Financial Document
   - Management Statement
   - Entrepreneur

2. Identify the key differences between the following functions of an economy:
   - Socialism
   - Communism
   - Capitalism

3. What is the percent impact of small businesses on new job creation?

4. List objectives that a business owner must do in order to be successful:

5. True/False: When starting a business, it is important to make it capital intensive rather than labor intensive.

6. List factors that can attribute to a failing business if handled poorly:

7. How are most agribusinesses classified today with regard to their size?

5) Types of Agribusiness

1. Discuss the three types of business organizations and their key differences.
    - Sole Proprietorship
    - Partnership
    - Corporation

2. List examples of a franchise:

3. What role do stockholders play in a corporation?

4. Define the owners of a limited liability company.

5. How can cooperatives save money with regard to their purchases?

6. True/False: City Lumber and Feed is an example of a corporation.

7. Identify the three types of cooperatives:

8. True/False: Most cooperatives pay a corporate tax.

9. True/False: Most Cooperatives use a democratic sense of control.

6) Financing the Agribusiness

1. Define the following:
    - Interest Rate
    - Term Loan
    - Intermediate Term Loan
    - Simple Interest
    - Collateral
    - Amortize
    - Lien

- Actuarial Interest Rate
- Operating Expenses

2. List three fundamentals of credit:

3. What makes up a credit profile?

4. True/False: Farm Credit Associations are a cooperative type of business.

5. What is the purpose for a farmer to borrow money with regard to his net returns?

6. When a lender gives money to a farmer, they expect their money to be paid in full in addition to _____.

7. Define the following terms with regard to borrowing money:
   - Short
   - Long
   - Intermediate

8. True/False: Speculative investments are favored by borrowers.

7) Personal Financial Management

1. Define the following:
   - Variable Expenses
   - Fixed Expenses
   - Amoral
   - Financially Secure
   - Insurance
   - Budget

2. List mandatory deductions:

3. Who pays for the following?
   - Employees State Unemployment Insurance
   - Employees Federal Income Tax

4. Identify the types of mutual funds available.

5. Identify the ways to reduce debt.

6. What is the best investment if you are trying to achieve an interest rate higher than 10 percent?

7. List factors to consider when choosing a financial institution:

8. What is a benefit of comparison shopping?

9. True/False: It is considered a wise decision to sign a blank check.

10. What is the least amount of savings you should have with regard to protecting your income in case of an emergency? (in months)

8) Agribusiness Record Keeping and Accounting

1. Define the following:
   - Net Worth
   - Asset
   - Trial Balance
   - Revenue
   - Net Income
   - Liabilities
   - Depreciation
   - Solvency
   - Taxable Income
   - Operating Expenses

2. Show the formulas for the following:

   - Liquidity Ratio
   - Leverage
   - Inventory Turnover ratio

3. What is the difference between the right and left side of a ledger?

4. List examples of an asset:

5. This test is given over two days and is known for its rigorous nature. _____

6. True/False: Business accounts should be kept in a different account from personal accounts.

7. True/False: The single bookkeeping system is the simplest way to keep one's books.

8. What does the income statement record?

9. What is the name for the amount of equity on hand at the beginning of the year?

9) Farm Management

1. Define the following:
   - Ownership costs
   - Enterprise
   - Management Factors
   - Accelerated Cost Recovery
   - Depreciation
   - Solvency
   - Complete Budget
   - Net Worth Statement

2. List the four components of an enterprise budget:

3. The following costs are used when relating to machinery usage:

4. List the formula for the break even yield:

5. True/False: The debt to income ratio is equal to total liabilities divided by total assets.

6. List reasons for depreciation:

7. What is the first step in enterprise selection?

8. What areas do you typically divide the farm income statement?

9. List three basic functions of management:

10) Production Economics

1. Define the following:
   - Margin
   - Production Function
   - Shortage
   - Economics of Scale
   - Demand Curve
   - Marginal Product Curve
   - Efficiency (as a ratio in business)
   - Supply
   - Demand
   - Externalities
   - Resource Market Sector
   - Product Market Sector
   - Equilibrium Price

2. What type of economy does the United States utilize?

3. What are the four major sectors of the food and fiber system?

4. What is the formula for calculating cost of production?

5. The marginal rate of substitution is used to assist in making decisions regarding _____ _____.

6. How is the price of an item determined?

7. Explain the production process and what factors are involved in this process.

8. True/False: If the price of an item goes up, the amount supplied will not go up.

9. True/False: The main goal of any privately owned company is profit maximization.

10. What is the Isocost line?

11) Agriculture Policy

1. Discuss the following agencies and organizations:
    - Farm Service Agency
    - NASS
    - Extension Service
    - NRCS
    - USDA
    - American Farm Bureau Federation

2. Which Morrill Act established "separate but equal"?

3. What are the steps for a bill to become a law?

4. What is the economic policy and what does it do?

5. When was the United States Department of Agriculture created?

6. Why is the Smith-Lever Act significant to agriculture?

7. What are land grant universities? Give an example of one in Tennessee.

8. Why would agriculture policy change?

9. What level of government has been most involved with policy regarding agriculture and why?

10. During the settlement period, what was the main focus of agriculture policy?

11. How often is a new Farm Bill introduced?

12. True/False: There are 154 National Forests in the United States.