

“Best Management Practices for FFA Record Books”

2010 Texas Teachers Conference

Roger D. Hanagriff, Associate Professor Texas A&M Kingsville

Collaborators:

John Rayfield, Assistant Professor Texas A&M University

Tim Murphy, Professor Texas A&M University

Jim Armbruster, Team Leader Awards and Recognition National FFA

Jim Casey, Professor and Department Chair Louisiana Tech

Questions? - 361-593-3715 or roger.hanagriff@tamuk.edu

Sections:

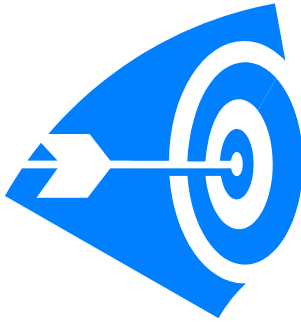
- A. Developing an SAE / Using A “Decision Tree” / Developing a Unit of Measure
- B. Developing a “good” SAE Agreement
- C. Using Journal Entries to Improve Entries and Award Applications
- D. Income and Expenses and Impacts to Current Inventory (cash and non-cash)
- E. Capital Inventory
- F. Handling Beginning Inventories
- G. Ideas to Improve Accuracy of Your Records
- H. Supplemental Information and Recourses
- I. Worksheets to use in Planning

The following sections are not designed for a single record book, but rather designed as concepts that apply to students completing any record book. This guide has goals to address:

-
- | | |
|--|---|
| ✓ <i>Improve students financial knowledge</i> | ✓ <i>Improve SAE agreements</i> |
| ✓ <i>Improve understanding of inventory</i> | ✓ <i>Improve use of journals hours</i> |
| ✓ <i>Reduce common mistakes in developing an SAE</i> | ✓ <i>Create an educational tool to use in the classroom</i> |
-

Introduction:

The agriculture educational experience inside and outside of class involves experiential learning, which is captured in recording each activity you are involved in as part of agriculture education. The experiences outside of class are documented as a Student Agriculture Experience (SAE), which is recorded in the record book.



This learning outside of class can be:

1. Time related (Journal) or
2. Financial related

This guide is to help you record experiences and build a plan to develop and document these experiences.

A. Developing an SAE / Using A “Decision Tree” / Developing a Unit of Measure

Your SAE plan defines what you are learning, which is from involvement in some out of class activity.

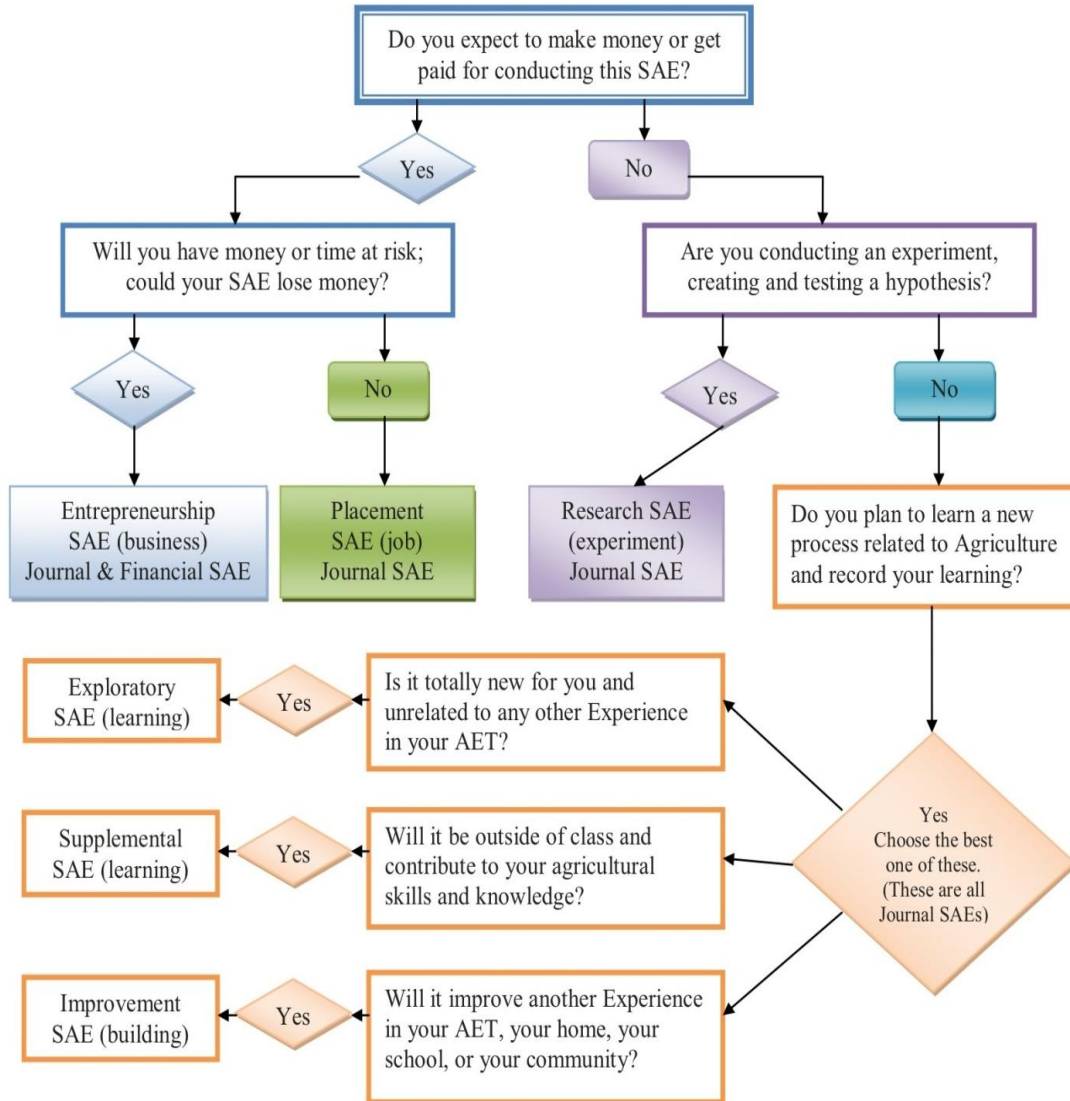
1. What is an SAE and how do I know which I may have?

According to National FFA...

An SAE program is the actual, hands-on application of concepts and principles learned in the agricultural education classroom”. Also National FFA has types of an SAE that represent different types of experiences in agriculture education. Each type has a different focus, and understanding which way to go for your SAE is important.

The following “decision tree” takes you through important questions to see which SAE is right for you! You may have several, so think of several avenues. (Murphy, Hanagriff and Ewell 2008)

Decision Tree – just start at the top, answer the questions and it guides you to your SAE. Do it for each idea you have.
The more the better~!



Using the previous “decision tree” and answering **yes or no** helps determine your SAEs’.



The first “YES” side at the top directs you to the most common SAE’s, which are entrepreneurship and placement projects, which are common FFA award areas.

Entrepreneurship projects include examples such as show steers, a business such as a feed store, or breeding animal operation. Placement projects include a job experience, which is best illustrated through paychecks, regular work schedule, and journals to back up the experience.



The first “NO” side at the top are important learning experiences in education. This section has records of journals that record the process of learning and have little if any financial impact. The SAE types in this section are Research and Exploratory.

Research is journal experiences that list the process of the research with dates such as testing if hay protein is a function of cutting days. If the project is research, then the FFA award area is an agri-science award area. The last group of SAEs is Exploratory(several types) and can be in several sections and involves journals about learning something new outside of class. This area also can be learning related to practicing for judging contest or class field trips as they each involve learning something new.



Using this section how many SAE’s can you create for your agricultural education program? Your SAE is an area, but each may have a project that supports that area such as a weekend job or show animal. Go ahead and list as many as you can: (assignment worksheet included at the end of this guide)

Your Decision Tree



<i>Yes my SAE involves Money and Journal Time</i>		<i>My SAE has No Money, but DOES have Journal Time</i>	
Entrepreneurship	Placement	Research	Exploratory

Create as many as you can and provide a short name for each! This is a process each year and hopefully grows as you grow your involvement! Everyone should have at least one project.

2. What is the Unit of Measure for an each project in a SAE area and how should it be named?

You're SAE "project" or sometime called "enterprise" or "experience" represents an educational experience that usually relates to the beginning and ending of the smallest measure of the experience and these are commonly called projects or enterprises or even experiences. The more related the name to the project, the easier time you will have in relating the records to experience. Each type of an SAE has unique examples and some are important to organize in specific ways. Here are some ideas for names under each SAE type....

Example Decision Tree with Names



<i>Yes my SAE involves Money and Journal Time</i>		<i>My SAE has No Money, but DOES have Journal Time</i>	
Entrepreneurship	Placement	Research	Exploratory
<i>Tip: Use years for repeat projects or name that describe</i>	<i>Tip: Name of employer</i>	<i>Tip: describes research question</i>	<i>Tip: Learning area</i>
<i>Breeding Cattle</i>	<i>McCoys Lumber</i>	<i>Hay Fertilizer Test</i>	<i>Livestock Evaluation</i>
<i>2009 County Steer</i>	<i>Brown Farms</i>	<i>Feeding Trials</i>	<i>Personal Speaking</i>
<i>Feed Store</i>		<i>Meat Testing Study</i>	<i>Artificial Insemination</i>
<i>Wilson Bailing Co.</i>			<i>Welding and Fabrication</i>
<i>Billy- Houston Goat</i>			<i>Food Safety & HACCP</i>

B. Developing a "good" SAE Agreement

This describes each project SAE you develop, so for each one there is an agreement with details of learning for each.



1. What makes a good one?

Since an SAE is a small unit of measure, the SAE agreement should be very specific about what the SAE project represents and other important aspects. An SAE Agreement is a process and begins when you start your project and ends once the project is complete.

Benefits of an SAE agreement are:

- ✓ Illustrates Planning and the Process of Learning
- ✓ Lead reviewers or interviewers for FFA awards to ask questions student can be prepared to answer during an interview.
- ✓ Helps define specifics of each SAE



Each Type of SAE has certain areas to mention in an SAE agreement and the following are some areas to address:

SAE Agreement Details for Each SAE



Entrepreneurship	Placement	Research	Exploratory
<i>Tip: Money estimations, management goals, and resources used as well as learning</i>	<i>Tip: normal duties and training</i>	<i>Tip: research process used</i>	<i>Tip: How learning occurred</i>
<i>How did you pay for SAE</i>	<i>Hiring process</i>	<i>Research Question</i>	<i>Time frame in learning</i>
<i>Assets used? (Tractor...)</i>	<i>Duties</i>	<i>Research Methods</i>	<i>Learning activity</i>
<i>What was Learned</i>	<i>What was Learned</i>	<i>Results</i>	<i>Learning results</i>
<i>Estimated Financial Results? (gain per day, profit)</i>	<i>Learning Results or Outcomes</i>	<i>What you learned & applications</i>	<i>How does this learning relate to your future</i>
<i>Results or Outcomes</i>			

C. Using Journal Entries to Improve Entries and Award Applications

Journals are the tool to record time involved in agriculture education and not just related to an SAE. Journals are time in classes, FFA office duties, FFA Competitions and Events, committee involvement and school or community related activities.



However, some areas are important to record in certain ways and those are....

1. Where is best to Record Practice Time for FFA Competitions?

Journal hours related to practicing for contest are best entered as Exploratory Learning versus documenting the time as related to the competition.

2. What areas of Journal Entries improve the financial aspect of my Record Book?

These entries boost financials are (out of class):

- ✓ Related to non-financial SAE's such as Research and Exploratory projects
- ✓ Related to FFA offices and Committees
- ✓ Related to FFA Competitions & Other time



3. Why Enter Journal Time Related to Entrepreneurship and Placement Projects?

All of these journals are information that are in the record book and provide “back-up” for what is in financials and proof of experiences of learning.

D. Income and Expenses and Impacts to Current Inventory



Income and expenses are financial activities that mostly apply to entrepreneurship SAEs with some other income and expenses applying to other areas. In reference to entrepreneurship SAEs, income is the sale of a project while expenses are items such as purchase of supplies or purchasing the beginning product to sell.

1. How does income and expense relate to my Profit?

As mentioned, income and expenses in the record book are mostly related to entrepreneurship projects and important; as your SAE in this area is a financial investment of expenses you put to risk to hopefully having a high enough income to create a profit. Profit is:

$$\text{Profit} = \text{Income} - \text{Expenses}$$



Using a Show steer example, normal expenses would be:

Inventory Purchased Resale \$500, Cash Feed \$200, Supplies \$200 and Entry Fee \$100

Total cost for this project is \$1,000 and represents expenses for this project. A sale of this animal above \$1,000 would create income while a lower value would create a loss.

2. Are there other types of income and expenses that may not be related to my entrepreneurship SAE?

Other areas of income and expense are related to two other areas, which are expenses associated to a placement SAE (job) and other general income and expenses.



Expenses related to a job are items such as uniform cost or tools needed to complete the work but all are paid for by you versus provided from your employer. This cost may be

deduction from your paycheck, but in any case they are usually entered in your record book when you enter your paycheck and they are basically deductions to your pay.

Other Income and expenses also may include educational expenses, getting a gift, scholarships or other non-SAE related items. These should be recorded, but done into the area of “other income/expenses” sections of record book.

3. What types of inventory do I have?

Inventory is the list of assets you own and usually related to the cost value of items you use in your SAE projects. *There are two basic inventories (or assets) and they are first current inventory, which are items easily turned into cash quickly or are planned to become cash very quickly. The second is non-current inventory, which are long-term items used across several years.*

The following is a summary table with examples:

Current Assets (Current Inventory)	
Name	Short Description
Cash on hand	<i>Cash balance (income adds, expenses and purchases reduces)</i>
Notes & accounts receivable \$	<i>Money owed to you FROM OTHERS...someone borrows money from you</i>
Value of Livestock / Animal Enterprises	<i>Cost of animal related projects not yet sold</i>
Value of Agronomy / Plant Enterprises	<i>Cost of crop/plant projects not yet sold</i>
Value of Ag Mechanics Enterprises	<i>Cost of Ag/Mech. projects not yet sold</i>
Value of Agribusiness / Service Enterprises	<i>Cost of items for sale or used in service business</i>
Value of Technical / Service Enterprises	<i>Cost of items for sale or used in service business</i>

Non-Current Assets (Capital Inventory)	
Name	Short Description
Raised draft, pleasure, and breeding livestock/poultry	<i>Livestock not purchased but raised and valued at market</i>
Draft, pleasure, and breeding livestock	<i>Purchased breeding livestock valued at cost</i>
Machinery, equipment, and fixtures	<i>Purchased machinery and valued at cost</i>
Land improvements, buildings, and fences	<i>Cost value of items</i>
Land	<i>Cost value of land</i>

E. Capital Inventory (Non-Current Assets)

Capital items are another type of inventory that represents long-term value items that are not typically sold, but their use is for several project SAEs.

1. Are buying/selling capital items related to cash balances like income and expense?



Yes, these items are also valued at cost and also require cash associated with purchasing the item (or cash in when selling). BUT the transaction is not considered an expense (or income).

2. How do capital item NAMES relate to non-current inventory?



Names of Capital Items are important as they are planned to last several years. Make sure your “capital item” name relates to the item such as an ear tag or inventory number. Some examples may help...

Small valued items such as brushes, show halter and

Breeding Livestock – Use animal ID#'s to represent asset name and list animals separately as they may be sold at different times.

show sticks are not high value items, but usually purchased at one time for a high value to get ready for animal care. An idea for these items...

But...any replacement items purchased to replace a broken halter or lost bucket

Show Supplies – Grouping small value items together in one group called “show items 2009” would represent a group of items purchased and used for several projects would be better than listing small value items separately

would be normal expenses charged to the project that used it at the time, as the original item is part of inventory.

3. Since these items are long term, how does the value of capital items change over time?

Actually these items when purchased should have noted a (1) cost value, (2) a estimated useful life (animals 7 years machinery 10 yrs are common) and (3) a salvage value that represents the value at the end of life. These values may exceed the time you are in agriculture education, but that is okay as the values should be used as they relate to the item, not your time in school.

In considering the useful life, it is apparent that the values should fall over time and the name for this is called depreciation. Depreciation is the annual expense value of a capital item as it decreases in value each year.

4. How is depreciation calculated?

Capital items have an expense, and it is called depreciation. Depreciation is an annual cost that represents the fact that a breeding animal will only have a set number of offspring or a tractor will only last so many years, so depreciation represents that loss of value. Depreciation is calculated by:

$$\frac{\text{Cost value} - \text{Salvage Value}}{\text{Years of Useful Life}}$$

Useful life can have a set value of years, such as 5 or 7 years for animals and 10 years for most equipment.

5. Do all capital items require depreciation?



No, there are two types of capital items (non-current assets) that do not decline in value over time and those are (1) raised breeding livestock and (2) land. The raised breeding livestock is not depreciated because the expenses to raise the animal

are already expenses and doing depreciation would make for double counting the expenses. The land is not depreciated as it is likely to increase in value so the value stays the same value as paid.

F. Handling Beginning Inventory



This represents the things you may have owned prior to starting ag education such as animals on feed, breeding animals or equipment such as show box or welder. Another beginning inventory to deal with is cash on hand prior to starting ag classes and it is much like the other items, impacts the record book and starts your balance of cash. (see worksheet example section)

1. How should I get ready to record beginning inventory?



Get a list of the items you had prior to starting ag education classes and create a list with name, dates originally purchased and current values. The cash balance should reference your bank statement and be a balance close to the first day of school. (see worksheet example section)

List of Beginning Inventory Items		
Cash Value from Bank Account	List of Current Inventory owned prior to first day of first year in ag classes	List of Capital Items owned prior to first day of first year in ag classes
\$ 1,900.00 on August 27	Purchased steer (09-TVE) May \$1,200	Show Supplies May \$200
	Feed for 09 TVE \$200	Trim Rack/grooming supplies May \$400

2. How do I enter this into my record book?

This depends on your record book choice, so make sure look into how your system handles the actual entry, but the idea is that you will be showing the total value of all items as your beginning inventory, then record the detail of each type (each item in the list) with a value that represents each item and detail such as cost value and type.

G. Ideas to Improve Accuracy of Records

This is the shortest section; just *enter records as often as transactions or journal hours occur. This will produce the most detailed set of records and create a better award application.*

H. Supplemental Information and Recourses

The following links are educational materials that you can use as supplemental tools to learn about your educational experience and reaching opportunities

http://www.ffa.org/documents/sae_b_p.pdf

National FFA - 2000 SAE Best Practices Guide – 46 page set of example SAE projects

http://www.ffa.org/index.cfm?method=c_aged.ShowAgEd&CFID=817111&CFTOKEN=29146460

National FFA – Under right side of page there are quick links Power Points on 1-Intro to SAE, 2-Intro to FFA Awards, 3-Entrepreneurship Lesson Plans

<http://store.nexternal.com/shared/StoreFront/default.asp?CS=ffa&StoreType=BtoC&Count1=401790797&Count2=318931221&CategoryID=1261&Target=products.asp>

National FFA Store for CD's and wall charts to help students understand and learn about their SAE Plan

http://www.ffa.org/index.cfm?method=c_aged.LPRSAE

SAE Resources that have FREE manuals and program success information

http://www.delmarlearning.com/browse_product_detail.aspx?catid=2267&isbn=0827367295&cat1ID=AG&cat2ID=HS

Dollars and Cents is a great resource to learn more about agribusiness topics and terms

<http://learn.theaet.com/>

There are several FREE short guides and resources such as record book terms and handling transaction in the AET Record System

I. Worksheets to Use in Planning

The following pages are worksheets you can make copies and use in class and planning your SAE

1. SAE annual Planning Sheet – an assignment to list your annual SAE project plan while in ag education and try to have several each year and grow your involvement.
2. Beginning Inventory Sheet – an assignment to list your items and cash value you have on hand prior to your first day in ag classes.

1. Your SAE Planning Sheet Your Decision Tree Plan by the Year



2. Beginning Inventory Worksheet

List of Beginning Inventory Items

(Start day of my first year in ag classes _____)

Cash Value from Bank Account	List of Current Inventory owned prior to first day of first year in ag classes <i>(Value is amount paid and list associated SAE project)</i>	List of Capital Items owned prior to first day of first year in ag classes <i>(Value is the worth today)</i>
<i>My Bank Balance was \$_____ on this date_____</i>		