

AAE 320: FARMING SYSTEMS MANAGEMENT

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APOCRYPHAL (FAKE) CHINESE SAYINGS

- Chinese Curse: “May you live in interesting times”



- The Chinese word for “Crisis” is composed of two characters: one for “Danger” and one for “Opportunity”

危機
危机

- Neither of these is true, but both seem to be especially poignant in our current situation

CORONAVIRUS PANDEMIC

COVID-19 UPDATE FOR CAMPUS LEADERS (*ABRIDGED*)

HOW THE UNIVERSITY IS PREPARING

- Effective August 30, employees and students who have not shared proof of COVID-19 vaccination with UHS will be required to test weekly on campus. Affected students and employees are receiving a follow-up message with more details.
- UW–Madison has reimposed an indoor masking requirement. Masks help prevent healthy people from contracting the virus and infected people from spreading it.
- **Short Answer: Wear a mask inside and get vaccinated if you can or be tested weekly**

CORONAVIRUS PANDEMIC

COVID-19 UPDATE FOR CAMPUS LEADERS (*ABRIDGED*)

Q. When students need to miss class due to isolation or quarantine, what kind of support are instructors expected to provide?

A. Individual students unable to attend in-person class meetings for COVID-19-related reasons (or for any reason) should contact their instructor to discuss options for access to course materials and activities. Instructors are encouraged to be flexible and supportive of all students in such circumstances. Students who must miss multiple class sessions should talk with their instructor and with their academic advisor about the best course of action. If multiple students in a course section must miss in-person class meetings for COVID-19-related reasons, every effort should be made to avoid a disruption of in-person instruction. Instructors should work with their department, school and college to explore ways to provide students who cannot attend in-person sessions access to course materials and activities.

Short Answer: Let me know via email, text or call and I will work with you, likely using videos from the 2020 web page (<https://aae.wisc.edu/pdmitchell/aae-320-2020-pandemic-edition/>) and additional Zoom meetings

COURSE DESCRIPTION

Students will learn basic economic principles and their application to the management of agricultural production systems and gain an appreciation of the complexity of U.S. agriculture. The main topics include the economics of optimizing farm production, farm financial analysis and tax consequences of business arrangements, and how federal commodity support programs work from a farmer perspective. In addition, we cover several special topics to expose students to some of the complex issues impacting US agriculture.

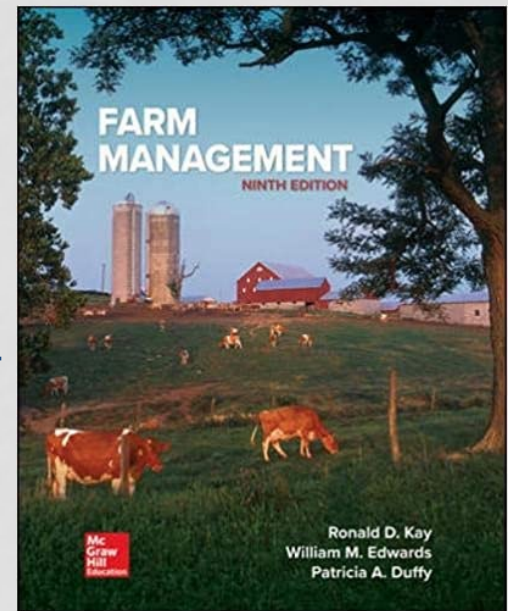
LEARNING OUTCOMES

1. Understand and apply economic principles for optimizing input use in agriculture.
2. Learn how to use a balance sheet and income statement for farm financial analysis and common agricultural modifications for depreciation, valuation basis and cash accounting.
3. Learn major taxes that apply to farming operations, commonly used farming business entities and their tax and legal implications, including for farm transfer.
4. Understand how major federal risk management programs to support agriculture work from a farmer's perspective, including crop insurance and commodity support programs.
5. Become aware of the underlying economic principles driving the environmental impacts of agriculture and the need for income and commodity support programs.

COURSE HOMEPAGE

[HTTPS://AAE.WISC.EDU/PDMITCHELL/AAE-320/](https://AAE.WISC.EDU/PDMITCHELL/AAE-320/)

- I will post many materials on the course homepage, some of which you may want to print. You will have printing costs for assignments & exams
- You may have costs to scan and/or clearly photograph pages and submit electronically
- Canvas will be used to collect assignments and to post grades
- No Textbook: Classic text: Kay, Edwards & Duffy (2019)



PROBLEM SETS

- Several (8 or more) through out the semester
- Posted on Course Page as pdf
- Watch lecture videos, do think breaks
- Come to class to discuss and work problem sets
- Submit completed problem sets electronically on Canvas as scans or clear photographs
- Answer key posted on Course Page
- Grades posted on Canvas

CLASS DISCUSSION & PARTICIPATION

- Special topics to build student awareness of agricultural issues and context for course topics
- Video lecture(s) to watch before class
- Discussion Sheet posted as pdf on Course Page
 - Simple questions to answer (10 points), deeper ones to consider for class
 - Complete and submit via Canvas before class
 - Half credit if completed late (after class)
- Small group and large group discussion in class

EXAMS

- Two Mid-terms exams and a cumulative Final
- Announced at least 1 week in advance
 - **Best Guess**: Oct. 15 and Nov. 12 (**could change**)
- Based on lectures, materials posted on course page and discussed in class, and problem sets
- Expect questions to challenge your understanding and use of managerial concepts and tools
- Previous exams and keys available on the course page to aid your studies
- Final Exam: Dec. 18 (Saturday), 2:45 PM – 4:45 PM

GRADING

- Grades calculated based on the following weights
 - Problem Sets 20%
 - Class Discussion & Participation 20%
 - Mid-Term Exams (2 x 20% each) 40%
 - Cumulative Final Exam 20%
- Grading Scale

≥ 93	A
$88 \leq \text{and} < 93$	AB
$83 \leq \text{and} < 88$	B
$78 \leq \text{and} < 83$	BC
$70 \leq \text{and} < 78$	C
$60 \leq \text{and} < 70$	D
< 60	F

TOPICS COVERED IN AAE 320

- **Introduction**
 - Course Overview
 - Wisconsin Agriculture, The US Food System
- **Production Economics**
 - Partial Budget Analysis
 - Single Input Production Economics
 - Multiple Input Production Economics
 - Cost Economics
- **Special Topics:** Nitrogen in Agriculture, The More-On Principle
- **EXAM #1** (Around October 15th)

TOPICS COVERED IN AAE 320

- **Farm Finance**
 - Balance Sheets
 - Depreciation
 - Income Statement
- **Taxes, Business Arrangements and Farm Transfer**
 - Overview of Farm Taxes
 - Business Arrangement Alternatives
 - Tax Considerations for Farm Transfer
- **Special Topics:** Dairy Farming in Wisconsin, Inelasticity in Agriculture, Thanksgiving: Farmer Share of the Food Dollar
- **EXAM #2** (Around November 12th)

TOPICS COVERED IN AAE 320

- **U.S. Farm Policy and Programs**
 - Commodity Support Programs
 - Crop Insurance Programs
- **Special Topics:** Farm Size and Income, Land Access, Technological Change
- **Agricultural Sustainability** (as time allows)
- **FINAL EXAM** **December 18, 2:45 PM – 4:45 PM**

LET'S TALK ABOUT IT!

- We will take a break from lecture to examine an agricultural issue in a discussion-oriented class
 - Agriculture, Nutrients and Water Quality
 - Dairy Farming in WI, Food System Consolidation
 - Demand and Supply Inelasticity, Land Access
 - Farm Size and Income, Technological Change
- Readings & videos with questions and writing before class, then in class small and large group discussions
- Goal: to develop an awareness of the complexity of US agriculture, some ideas for potential solutions or responses and to practice assessing evidence

SUMMARY

- Class Homepage is your textbook, get familiar with it; check it regularly
- <https://dae.wisc.edu/pdmitchell/dae-320/>
- Expect lots of work: mostly problem sets and long exams, but it's not rocket science
- **Communicate with me if real life intervenes**
- Email is best: pdmitchell@wisc.edu
- Cell phone: 608-320-1162

STANDARD STUFF

Academic Calendar and Religious Observances

<https://secfac.wisc.edu/academic-calendar/#religious-observances>

Academic Integrity Statement

By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin-Madison; academic misconduct is behavior that negatively impacts the integrity of the institution. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these previously listed acts are examples of misconduct which may result in disciplinary action. Examples of disciplinary action include, but is not limited to, failure on the assignment/course, written reprimand, disciplinary probation, suspension, or expulsion.

MCBURNEY DISABILITY RESOURCE CENTER SYLLABUS STATEMENT

The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform me of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. I will work either directly with you or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. See the McBurney Disability Resource Center: <https://mcburney.wisc.edu/>.

DIVERSITY AND INCLUSION

Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world.