

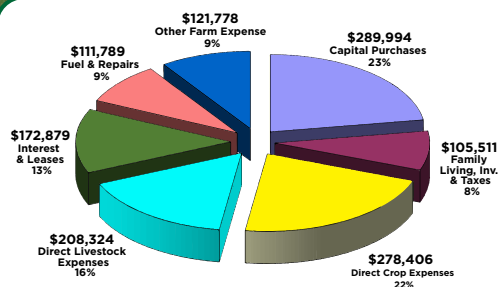
FARM BUSINESS MANAGEMENT

Established in Minnesota in 1953



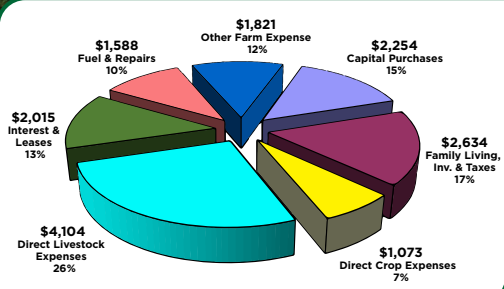
Below is the average money spent by each reporting farm in Minnesota, in and around the local community throughout 70 years.

APRIL 2023



2,154 farms reporting;
average spending:
\$1,113,910

APRIL 1956



152 farms reporting;
average spending:
\$15,488

“70 YEARS
OF MINNESOTA
FARM BUSINESS
MANAGEMENT”

MISSION:

To deliver management education for decision-making that achieves an individual's business goals.

VISION:

To provide educational opportunities for students to be successful in a competitive agricultural environment.



MINNESOTA STATE
Agricultural Centers of Excellence



FBM 70th Anniversary Planning Committee:

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(Retired Mgmt. Dean/Past Instructor)

Sarah Dornink (MAELC)

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(FBM Instructor/Past Mgmt. Dean)

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(FBM Instructor/Past Mgmt. Dean)

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(Executive Director, AgCentric/Past Instructor)

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(Past Executive Director,
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(FBM Instructor)

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(Lead/Past Mgmt. Dean/Past FBM instructor)

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STATE of MINNESOTA

Proclamation

- WHEREAS: Minnesota Farm Business Management (FBM) is a unique program that educates farmers about financial management to promote decision-making that achieves their business goals and helps them be successful in a competitive agricultural environment; and
- WHEREAS: Minnesota FBM has over 60 instructors at seven colleges that provide student-centered, quality financial management education to farmers in nearly all counties in Minnesota; and
- WHEREAS: The average FBM student spends over 1.1 million dollars in and around their local areas, supporting community vitality; and
- WHEREAS: Minnesota FBM provides over 66% of all financial records in the Farm Business Management and Benchmarking National Database, which provides important financial and production metrics for FBM students, Minnesota farmers, and agricultural industry stakeholders; and
- WHEREAS: Minnesota FBM is responding to industry needs by working with students to provide financial data for implementing climate-smart practices, addressing the needs of small and emerging producers, and succession planning; and
- WHEREAS: The Minnesota Farm Business Management program has successfully educated Minnesota farmers for 70 years.

NOW, THEREFORE, I, TIM WALZ, Governor of Minnesota, do hereby proclaim Tuesday, September 12, 2023 as:

FARM BUSINESS MANAGEMENT EDUCATION DAY

in the State of Minnesota.



Steve Simon
SECRETARY OF STATE

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this 8th day of September.

Tim Walz
GOVERNOR



A PERSPECTIVE ON FBM HISTORY

DelRay Lecy
Planning Committee Chair

The Farm Business Management Education Program celebrates 70 years of serving students in 2023. That is a milestone that few programs have accomplished given the volatile nature of Agriculture and the numerous transitions in governance over that time period. The Minnesota FBM program is unique in several ways and it is the only program of its kind in higher education in the US. This program was created from an idea based partially on a proven concept, the program evolved and adjusted during times of challenge and change, and is set in a position to sustain and grow in the future.

While working on developing a record of the history of the program, it became evident that the FBM program has found ways to be resilient, reacting to challenges from several sources. There were numerous actions over the 70 years that can be considered pivotal to the long term viability of this program. Those actions are the reason that MN FBM continues to this day as a successful program while programs in other states are not at the same scope or recognized for the value provided to its students, program partners, and the state's Agriculture industry in general.

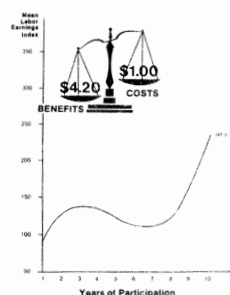
Of the numerous actions or events that could be listed, these are the ones that this writer considers to be the key actions that set MN FBM apart from other similar programs over time include:

- In 1953, Milo Peterson and a team of advisors at the University of Minnesota had an idea that would move the successes of the Veterans Coop On-Farm Training program (funded nationally by the GI Bill) into a new educational program offered by the local high school. Minnesota had a plan like no other state, and the will to make it a reality.
- In 1960, the position of "Vocational Agriculture Program Coordinator" was created. The decision to add these positions to the leadership structure of FBM set MN apart from every other state. FBM instructors in the state now had leadership beyond their local administration that would focus on curriculum, training, and analysis processing



for their individual program. This would come to be one of the best decisions made in the early years to support the FBM program and instructors.

- In 1977, the State Department of Education had developed rules that would limit public funding for long-term educational enrollment such as FBM. Supporters of the FBM program came together, working with a legislative commission, to ensure that rules would match legislative intent. Adjustments were made in both the rules and the program, so funding continued. The FBM program had experienced what it means to have outside support willing to act when called upon.



- In 1985, during the Farm Crisis, the Minnesota Legislature listened to the needs of rural MN and funded the Omnibus Agriculture Act. That action provided for 19 additional FBM instructors, portable computers for use with students, and access to FINPACK software to work with producers. This was a pivotal move bringing "real time" education to the farm where data could be shared while on site. FBM education was at a new level of delivery.



- In 1995, the Minnesota State Colleges and Universities System was formed. Finding a place for an individualized, one-on-one delivery program in a state system that focused almost exclusively on classroom delivery was difficult at best. Proactive leadership moved the program forward being first in line to convert hourly curriculum into credit-based curriculum, meeting with transitional leadership during the 3-year development stage of the new system, and effectively managing the transfer of all high school based programs into the



new college system. Without program leadership above the instructor level, this would have been almost impossible.

- In 1998, the Rural Mental Health program was established. This program would provide support for the FBM student and the instructor. The stress of managing a farm business combined with the very private nature of this issue in local communities required a new approach to mental health support for farmers enrolled in FBM. One-on-one consultation at the farm was the primary delivery and the results over the past 25 years cannot be easily quantified but those results are significant.
- In 2000, the Professional Excellence Program (PEP) was created. This program started in an effort to help new faculty at a time when the number of retiring instructors was accelerating. This on-the-job training and mentoring has proven to be a key factor in supporting new faculty during their first years of instruction and has developed cohorts of individuals that can provide ongoing support for each other in future years.
- In and around the early 2000s, retirements of college leadership positions were on the rise. Long time college presidents who had watched over and supported the growth of the FBM program were retiring. Institutional memory and support of the program was leaving. Work of MAAE, FBM instructors, Management Deans, and the State Director intensified to withstand the storm of potential change and negative implications. This would culminated in a state FBM Task Force effort to increase understanding of the program, garnering improved support for the program mission.
- In 2012, decisions were made to change the structure of FBM program leadership at the state and regional level. College and System leadership perceived the current model needed to be totally revamped. The Southern Agriculture Center of Excellence was established in 2012 and the Northern Agricultural Center of Excellence was established in 2014. State leadership of FBM would move from seven voices (6 Regional Deans and the State Director) to two (Center of Excellence Directors). FBM

needed to adjust largely due to the fact that, outside of the Centers, local college leadership would now have limited knowledge of the program.



- In 2015, a campaign to “Sustain and Grow” was initiated to address the loss of institutional memory of the program and funding challenges in the System. Through the support of MAAE and program stakeholders, legislative support for the program came on in the form of ongoing challenge grant funding for FBM. This funding came at a critical time in program history and placed FBM on a similar playing field with other programs in the Minnesota State system.

Listing the key actions noted above hopefully provides a glimpse into how this program could survive and thrive over 70 years. It is the people who make the difference.

FBM instructors are to be commended for their work ethic and the extra effort they give to ensure their students' needs are met. Their knowledge and understanding of farm financial management is beyond compare. They are like no other educator in the Minnesota State system.

Program leadership should also be commended for managing a program that struggles to follow all System expectations while providing next-level education to an audience not typically served by the System. The middle management position of the Area Ag Coordinator/Regional Dean, between System Office/local administration expectations and needs of the program, was a difficult place to reside. That leadership, with the support of the State Director, has been successful and has guided the program through many challenging times.

Program partners have been critical to the success of FBM over time. Whether communicating on issues related to Minnesota Agriculture, supporting the program by serving on committees, speaking in support of the program at various venues, teaming up to ensure quality data, or generally working to support program success; FBM partners made a difference.

FARM BUSINESS MANAGEMENT

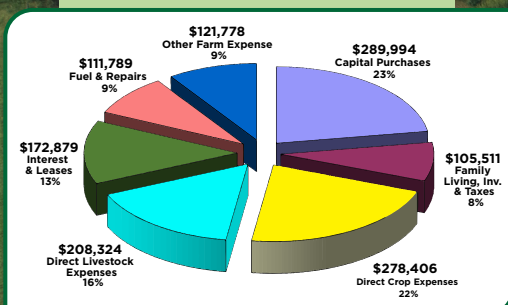
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Highlights from 70 Years of FBM

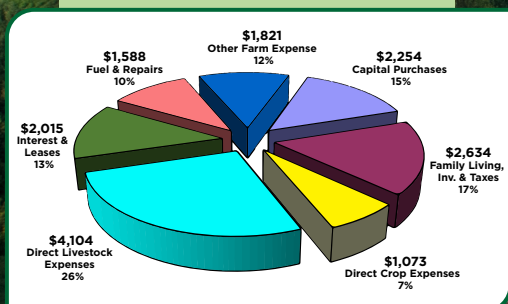
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Way to go Minnesota FBM!

You have reached a milestone that is very difficult to attain considering the unique nature of the program, and the focus on traditional program offerings in state higher education systems. FBM instructors work one-on-one with active farmers to provide education on financial management and goal setting.

The consistent delivery of education using a statewide curriculum has helped to ensure longevity. This longevity, along with the breadth, depth, and size of the Minnesota FBM program makes it unlike any other farm educational program in the country. Further, the MN FBM Database is the most comprehensive database in the country, providing needed financial information to numerous agricultural partners, and makes up about 70% of the National Benchmarking Database which is housed at the Center for Farm Financial Management at the University of Minnesota. From the humble beginnings of hand calculations, to electronic analysis in the '60s, to portable computers in the '80s, to the laptops and zoom meetings of today; FBM has adjusted with the times and added value to the state of Minnesota. Well done for over 70 years, and here is to the next 70 years.

Megan Roberts,
Executive Director of
the Southern Agricultural Center of Excellence



MINNESOTA STATE
Southern Agricultural Center of Excellence



Congratulations Minnesota Farm Business Management Education for reaching 70 years. You have weathered the storm of change in governance, the pressures of highs and lows in the farm economy, operating an individualized instruction program in a classroom-based educational system,

and the challenge of building programs across the state to meet the needs of farmers interested in strengthening their business through financial management education. While weathering these storms you have provided premier education for farmers that makes Minnesota FBM the envy of the country. Your collective ability to effectively provide "on-time education" to farmers, while collaborating with partners and their programs, is what has brought FBM through these challenges. FBM students and instructors have come together to generate a state database that currently includes data from over 2000 farmers across Minnesota. Incorporating data from that database in farm decision making has resulted in positive results for farmers enrolled in the program. In a world where data is the key to working effectively with all agricultural stakeholders, FBM has risen to the surface in providing quality and comprehensive financial management information to farmers and their partners in agriculture; supporting FINBIN, which now receives over 35,000 queries annually. The current program was built on the shoulders of dedicated instructors and leaders over the years. Best wishes on another 70 years.

Keith Olander,
Executive Director of AgCentric,
the Northern Agricultural Center of Excellence



MINNESOTA STATE
Northern Agricultural Center of Excellence



“At the year's end, thanks to the Farm Business Annual Report, I can compare my farm to similar farms in my area as well as see how my farm has fared from year to year. While this is truly invaluable to me, I can only imagine the value this provides to the local financial community.
– FBM Student”

“When Farm Business Management became involved with the farmers they (FBM) filled a void that existed. Prior to that time the records were more for the benefit of the bank than they were to the farmer. They (FBM) helped the farmers move from record keeping and analysis to an understanding of what the records mean and what could be done to grow their operation.
– Lender”

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Highlights from 70 Years of FBM

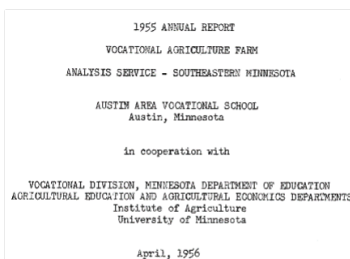
1953

The Beginning: A new cooperative approach to adult education in agriculture was presented by Dr. Milo Peterson, head of the Department of Agriculture, University of Minnesota in 1952. "Each participating farmer will keep a set of farm records and make available certain data for research and teaching purposes for comparison." Much of the concept for the program had its origin in the veteran's agriculture offerings, which started after WWII. The philosophical contribution of veteran's agriculture was that education is "learner centered" rather than "teacher centered." This was the philosophy of Dr. A.M. Field, who believed that "the pupil learns through his own activities." Dr. Peterson received key funding from the Hill Family Foundation; with other funding from the Farmers Union Grain Terminal Association and the Minnesota Iron Range Resources Commission. Lauren Granger assumed the coordinator responsibility starting in April of 1953.



1956

1st Annual Report: Minnesota was well in the forefront of farm record analysis nationally, with early analyses focused more towards research. Those in agricultural education seeking a management emphasis recognized the potential of such an analysis. The Minnesota analysis approach was a hand calculated self-analysis, one of the most comprehensive in the country. It was adopted in the early 50's and replaced earlier versions of a farm record analysis. In 1955, Ralph Smith developed a formalized procedure for a complete analysis of his veteran trainees' records. He compiled averages and prepared a report with detailed directions for the entire process. In 1956, Area vocational schools at Thief River Falls, Mankato and Austin were selected as analysis centers for the 1955 farm records. These three centers adopted this process and analyzed a total of 153 farm records for the 1955 record year. Reports were published in the spring of 1956.



1960

Ag Coordinators Begin: The position of "Area Agriculture Coordinator" was established by amendment to the State Plan for Vocational Education in 1960. The coordinator was charged with conducting activities in agriculture education for the area that could not be accomplished by individual schools or instructors. The position would: conduct the farm record analysis process, provide in-service to teachers, develop teaching materials, direct regional FFA activities and organize and teach classes on an area-wide basis. The growth of the cooperative farm management program following the establishment of the area coordinator position was phenomenal. This position set the stage for the Regional Deans of Management Education and the current Directors of the Agriculture Centers of Excellence.

Those who first served:
Fred Sorenson, Leo Keskinen, Ed O'Connell, Del Hodgkins, Charles Painter, Gordon Ferguson, & Ralph Smith (U of M).

1965

Electronic Farm Analysis:

In 1964, four Ag Coordinators agreed to incorporate an electronic analysis for averaging records that were published in 1965. That system was through Agricultural Records Cooperative (ARC) in Madison, Wis. Moving from in-house hand calculations to sending farmer data to a brand new company with a brand new analysis program was difficult but ultimately successful. The following year, all analysis centers went electronic. ARC would become Specialized Data Systems (SDS) in the early 1980s.

Analysis Data Form

Farm & Ranch Business Management Program

1970

First State Curriculum:

To maintain the instructional integrity of the Farm Business Management (FBM) program throughout the state, a comprehensive and sequential curriculum was adopted in 1970. The curriculum incorporated instructional materials to teach farmers for the first four years of enrollment. It included suggestions for both group and individual instruction, with these four segments: Farm Management I - Farm Records and Accounts; Farm Management II - Farm Business Analysis; Farm Management III - Farm Business Organization; and Farm Management IV - Advanced Farm Management.

A COURSE OF STUDY FOR ADULT FARMER INSTRUCTION IN FARM MANAGEMENT AND FARM BUSINESS ANALYSIS

FARM BUSINESS MANAGEMENT

Established in Minnesota in 1953



1973

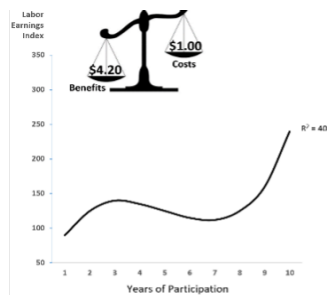
Veterans Farm Management:

Farm business management expanded at a steady trend between 1966 and 1973. With the advent of the Veterans Co-op program on July 1, 1973, program expansion accelerated rapidly. At the conclusion of these programs in 1983, 90 veterans programs transitioned into the regular adult FBM programs. FBM expanded from 20-plus full-time programs in 1967 to 100 programs by July 1, 1983.



1977

Taking a Stand: In November of 1976, Dr. Edgar Persons completed a cost study on MN Adult Farm Management programs. This study noted that, on average, the local HS or Area Vocational Technical Institute (AVTI) was funded to about 60% of total costs. In 1977, legislative action reaffirmed support for adult education in farm management, but not without great controversy. The State Department of Education interpreted the legislative intent differently, and established rules that severely restricted the use of public funds for long-term enrollment. A special legislative commission was convened to provide oversight in rulemaking to insure that rules matched legislative intent.



1983

New State Board: In 1983 the State Board of Vocational Technical Education was established. The new authority had responsibility for all educational programs in the AVTI system. As a result, all FBM programs located in AVTI's came under supervision and management of that system. All local school district FBM instructors, however, remained under the supervision of their respective districts.



1984

Ag Coordinator Transition:

Discussions leading up to 1984 generated questions about the future of this position. Retirements would initiate major change in statewide leadership in FBM. The State Director and three of six Coordinator positions would change personnel for the first time in an average of 18+ years. The strain of the farm crisis of the early 1980's had resulted in a greater need for program promotion to uncover this "best kept secret".



1985

Omnibus Agriculture Act of 1985:

The farm crisis brought profound changes to the Minnesota FBM program in the mid-1980s. Student numbers had reduced because of the exodus of farmers from production agriculture due to low prices, high costs, and re-valuation of assets. The Minnesota Legislature responded to the cries of rural Minnesota with this Act, which provided funds for: 19 new FBM programs; portable personal computers, FINPACK financial management software, and FINPACK training for each instructor; and tuition assistance for enrolled families. (Selected HS instructors and County Agents also received this computer package) The result was significant growth in enrollment, but more importantly, a reinforced focus of developing the financial management skills of farmers across MN.



1991

MnSCU Created:

In 1991 the Minnesota Legislature took action to merge the Minnesota Technical College System with the community colleges and state universities, forming a single higher education system called the Minnesota State Colleges and Universities (MnSCU). The "Area Agriculture Coordinator" was renamed "Regional Agriculture Program Manager" and meetings were held to introduce FBM education to the interim Chancellor and staff of the new statewide system.



FARM BUSINESS MANAGEMENT

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1992

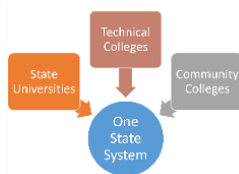
Credit-based Curriculum:

In 1990 a new six-year quarter-credit curriculum was developed and went into effect in 1992, replacing the traditional hour-based program. Enrolled farmers could now receive a two-year diploma or certificate in farm management after successful completion of the first six-years of the program.



1995

The Merger: On July 1, 1995 all FBM instructors, regardless of where they were located, were transferred to MnSCU and came under the direct supervision of the Regional Ag Program Manager. The title of Regional Ag Program Manager was changed to "Regional Dean of Management Education (RDME)" in 1996 to reflect continuity across the MnSCU System. This was the first time since 1982 that all programs and instructors were under a single system.



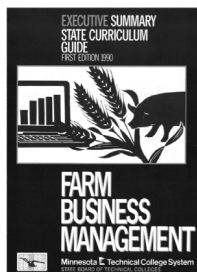
1996

FINPACK : In 1991, John Murray approved a 3-year pilot project for the Northeast and East Central MN analysis region to compare SDS and FINPACK. As of the 1994 analysis year, three regions had switched to FINPACK. In 1996 the FBM program, as a whole discontinued its relationship with SDS and adopted the FINPACK analysis at the University of Minnesota Center for Farm Financial Management.



1998

Semester Credits: In 1995, the Minnesota State Legislature passed legislation stating that by 1998 all public colleges and universities in the state must be on semester calendars. FBM started converting to semester credits in 1996, with a committee of twelve FBM instructors and the Regional Deans of Management Education, under the leadership of the MnSCU Director of Management Education. By 1998, all courses in the curriculum had been converted to semester credits.



1998

Rural Mental Health:

Coming out of the Farm Crisis and feeling the stress of the increased volatility in the Ag economy, FBM saw the need for emotional as well as financial support for farmers. Rural Mental Health funding would enable a professional to work one-on-one with producers to address this very private matter. This unique program has provided support to producers and faculty ever since, serving needs that would otherwise have gone unmet.



1999

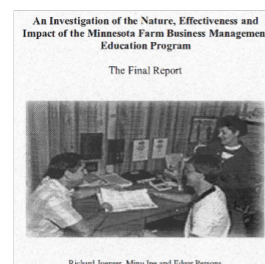
Statewide Task Force:

In 1999, a task force met to consider the components of a uniform statewide customer-focused educational program to meet the needs of farm and small business owners, operators and managers. The task force made several recommendations that helped provide uniformity across all campuses that delivered management education, including: use the established statewide curriculum, continue to deliver management education on a credit basis, evaluate programs on an annual basis, develop and implement a uniform billing process, provide students with flexible tuition payment options, develop flexible workload policies that accommodate the special circumstances found in management education.

FBM reaffirmed in the new system

2000

A New Century: A 2000 research study by Joerger, Ipe and Persons, Division of AFEE and the U of M, supported by MnSCU, reinforced many previous research findings. Key findings revealed that students believed they received an annual increase in farm income of nearly \$5,000 as a result of FBM education and that 60 percent of the enrollees intend to participate for seven or more years. The FBM Regional Deans of Management Education were charged with completing a strategic plan for FBM in the summer of 2001. The resulting mission was: "The Farm Business Management Education program provides student focused management education that will help individuals, farm or agricultural business managers, who are in a position to make managerial decisions in achieving their business goals."



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2000

Professional Excellence Program (PEP): The intensity of the unique position of an FBM instructor can be overwhelming for new instructors. Without support in the early years, the turnover for new instructors was too high to ensure the long term viability of these new positions. PEP was designed to provide on-the-job training and support to build confidence in new instructors through group meetings and mentoring.

MENTORSHIP

PEP would quickly be recognized as a model for other programs around the country.

2003

50th Anniversary:

Stakeholders, System Office staff, FBM students, and other MAAE members joined FBM instructors and Deans in a celebration at the MAAE Annual Summer Conference in Pequot Lakes, MN. Numerous letters of support and testimonials had been collected and were shared in recognition of this milestone.



2010

Statewide Task Force: Leading up to this task force, there had been major turnover in college presidents and presidents had been experiencing increasing pressure to evaluate all programs, especially high cost programs. Beginning in 2009, a 25-member task force addressed three areas: Resource and Partnership Development, The FBM Database, and Curriculum & Program Design. The top five recommendations moved forward to the System Office and the college presidents for further action.

BUILDING AWARENESS

2012

Time of Change: By 2012, FBM programs, Regional Deans, and the State Director were under extreme pressure to change and had experienced significant stress as system leadership worked to manage funding scenarios. College presidents deemed that the current State Director and Regional Dean structure was no

longer perceived as viable and steps needed to be considered for future leadership. Centers of Excellence existed in MnSCU for other industry sectors, which made an Agriculture Center a real possibility. In 2012 the Southern Center was established in Mankato and in 2014, the Northern Center (AgCentric) was established in Staples. The Directors of these Centers would lead future efforts in the Farm Business Management program.



MINNESOTA STATE
Agricultural Centers of Excellence

2015

Sustain and Grow: With ongoing changes in college leadership and the resulting loss of institutional memory, critical steps were needed to support FBM. After several years of funding challenges in the system, MAAE garnered legislative support that came through the Minnesota Department of Agriculture in the form of challenge grants managed by the Minnesota Agricultural Education Leadership Council (MAELC). MAELC became the critical partner in supporting FBM as a one-on-one, student-focused program with unique funding needs.



2023

A New Era: Farm Business Management has weathered the storm that is governance in a higher education system. This specialized program, which provides an added value to the state of Minnesota that no other program can, is set for another 70 years. That added value is the State FBM Database which results from students of the program recording their data and sharing with the state so they can use the benchmarking data to improve their business. A program that meets the needs of its students, while serving the greater good, will certainly have a place in the future. The key to holding that place is a unified effort by all internal and external stakeholders.



FARM BUSINESS MANAGEMENT

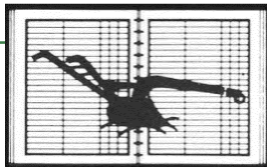
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HIGHLIGHTS OF FARM BUSINESS MANAGEMENT

One Unique Program:

Minnesota FBM is known for delivering a consistent education on farm financial management. This stems from a distinctive statewide curriculum focusing on accounting, business analysis and interpretation, financial literacy, and goal achievement. The program uses annual FBM reports as a textbook, enabling the student to access current data for informed decision making. The primary delivery method is one-on-one, individualized instruction providing a unique educational plan for each student. Tailoring education to the individual results in learning that is applied at a faster rate. Instructors work in a real time setting where a dynamic business requires education that can be applied in the near term to generate the greatest impact for the student.



“ FBM has allowed us to make the best financial decisions for our farm and our family.
– FBM Student ”

The FBM Student:

The skill set to operate a modern farm needs to be complimented with a skill set to manage that farm. Managing a farm business requires farmers to keep records that inform them of the profitability of their labors. FBM students are farmers who understand the value of financial records for informed decision making. They are willing to develop a recordkeeping history, including a business analysis, to enable them to use trend data for planning and management. FBM students know their true cost of production, can effectively discuss financial factors with lenders, know their actual business profit, gain value from comparing their data to peers, and they understand the importance of clear, written goals.



“ Not only does the FBM program help me clearly understand the financial analysis of my farm, it also give me confidence to make the decisions that will have the most benefit.
– FBM Student ”

FBM Reports:

Since 1956, FBM has been publishing annual reports to provide benchmarking data for FBM students and for the greater agricultural community. Data from 2,154 farms for 2022 was published in April of 2023 using three regional reports: Southern MN, Northern MN, and the Red River Valley. These reports include whole farm financial data, crop and livestock enterprise data, and personal spending. Special sort reports are also published: MN Dairy Sort (since 1997), State Executive Summary (since 2005), State Crop Sort (since 2007), Intensified Environmental Practices (since 2020), Beginning Farmer Sort (since 2022), and the Cover Crop Sort (2023). All reports are located at the site accessed by this QR Code.



“ I use the information from the annual report to gauge how the producer I am working with compares to other operations in southern Minnesota. Since it is a summary of actual farm operations, it provides great information on how my client is doing for both income and costs.
– Lender ”

Value of the State FBM Database:

Determining a value of a product often includes a comparison to a similar product. In the case of the FBM Database, this is difficult at best, because no similar product exists for comparison. First and foremost, the FBM Database provides educational content that enables FBM students to compare their farm's data with a benchmark; enhancing decision making and increasing the opportunity for greater profit. Minnesota agriculture, including other farmers, lenders, state agencies and commodity organizations benefit from access to this information. Lastly, MN data is responsible for over 67% of all data submitted to the National Farm Business Management Database, which is housed at the Center for Farm Financial Management.

Farm Financial Scorecard

Using Recommended Measures from the Farm Financial Standards Council (FFSC)

Your Farm:		Vulnerable		Strong	
Liquidity	Current Ratio	1.3	2.0		
Working Capital as % of Gross Revenue		10%	50%		
Working Capital as % of Operating Expense		20%	40%		

“ I have used benchmarking to compare my costs and profit potential for different enterprises. It tells me to look for different ways to reduce costs or expand in different enterprises.
– FBM Student ”

FARM BUSINESS MANAGEMENT

Established in Minnesota in 1953



HIGHLIGHTS OF FARM BUSINESS MANAGEMENT

Center for Farm Financial Management:

CFFM has been a critical, central partner for the FBM program since 1996. FINPACK is an excellent financial management software program that has enhanced FBM education by providing quality information for decision making. This partnership is unique because entities from the two major public higher education systems in MN have had a mutually

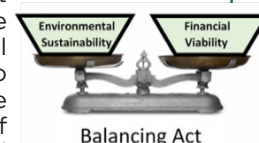


beneficial partnership for over 25 years. This type of relationship is extremely uncommon because it is difficult for institutions with differing missions to find common ground for an extended period. Common ground for FBM and CFFM has been enhancing education for MN farmers, providing a system for analyzing farm business data, and developing a database that benefits FBM students while providing benchmarking data for all agricultural stakeholders in MN.

- As a financial professional having worked with both FINPACK and Farm Business Management for over 30 years I can't imagine a better investment for both the bank and our customer. – Lender

The Consumer and Climate-Smart Practices:

As expectations increase for more transparency in agriculture and expanded use of conservation practices, the need for economic data also increases. There are costs and benefits from implementing farm practices that exceed normal practices to provide greater support in environmental sustainability. Decisions to implement new practices are impacted by the balancing act of Environmental Sustainability and Financial Viability, as shown to the right. Access to an informed interpretation of financial data becomes more critical in today's society. Partnering to address emerging information expectations will be crucial as production agriculture incorporates an enhanced level of Climate-Smart practices in the future. FBM will be a key MN partner in that effort.



- I'm a new beginning farmer on my second year of production...I believe that FBM has been a great tool and improved my understanding of the financial side of the farm in a big way. – FBM Student

Partnerships:

Education programs are generally more impactful when they partner with stakeholders that influence or are influenced by the program's students. Innovative programs seek partners and build relationships that are complementary. FBM has built partnerships for 70 years and new connections are being added at an increased rate. Agencies, lenders, commodity organizations and other educational programs understand the need for financial data for quality decision making, and they look to FBM as a partner in that effort. Partnerships have been instrumental in building a strong FBM program, an informed partner team, and a state database that is one of a kind. These partnerships have cast a light on the value of financial data for decisions impacting the agriculture sector in Minnesota.



Expanded Role:

FBM works with producers of all ages, who have farms of all sizes and types, and have a wide range in years farming. Those producers average 47 years of age with 23 years of farming, and generate 60% of their income from crops sales and 40% from livestock and other income. FBM works with over 10% of all commercial sized farms in MN, those with sales over \$250,000. For over 40 years, a Specialty Crop Management program has worked with smaller sized operations that grow crops intensively on smaller acreages. Recently, with the growth of small scale operations operated by emerging farmers in and around the metro area, the need for management education has expanded. A new Urban Agriculture FBM program started in 2022 to work with producers who are underserved by other educational programs.



BUILDING A PROGRAM

DelRay Lecy,

FBM Special Projects Director Past Coordinator/Management Dean and past FBM Instructor

The Farm Business Management program in Minnesota could be considered the most unique program in the Minnesota State Colleges and Universities System. Not because of the longevity of the program, given the changes in both governance and the agricultural economy over the years, but because the program targeted students in the workforce. Those students had an unmet educational need, and could benefit from an educational program incorporating individualized educational plans, and focused on helping students attain personal and business goals. This distinctive approach focuses on improved business management knowledge and skills. No other program uses one-on-one education as the primary delivery method. Instruction incorporates student financial data in the development of personalized curriculum, uses a textbook consisting of annually updated actual producer data, and works with stakeholders to assist students in strengthening their business.

Such a program had very humble beginnings but

UNIVERSITY OF MINNESOTA
COLLEGE OF EDUCATION

DEPARTMENT OF AGRICULTURAL EDUCATION
UNIVERSITY FARM, ST. PAUL
March 25, 1953

Mr. A. A. Heckman
Executive Director
Hill Family Foundation
W-500 First National Bank Building
St. Paul 1, Minnesota

Dear Mr. Heckman:

Attached is the proposed budget for the Cooperative Project in Adult Education in Agriculture for the period from April 1, 1953 to June 30, 1954.

You will note that the budget is set up to cover a fifteen month period. We are doing this in order that we might begin immediately and at the same time permit adjustment to the fiscal year of the University after the first three months.

We learned that there would be a charge by the University at eight per cent for "overhead". This is included. We had not planned on this item in setting up our initial request for support.

In your letter of March 18 you indicated that funds are usually made available at six month intervals and that semi-annual progress reports are made. I wonder if you would consider making available the sum of \$11,750.00 for a nine month period as the first step? If you wish, we would be glad to make a report at the end of the first three months and each six months thereafter. The initial amount for the first nine months will enable the project to fit into the University's accounting system. This is not a serious problem and we will be guided by your wishes in the matter.

We have interested Mr. Lauren Granger in the position of project coordinator. He was the unanimous selection of Mr. Cochran, Mr. Nedland, Mr. Pond, and me. Mr. Cleland was out of town and not able to attend the meeting, but I feel sure he will agree with the committee's action.

We are anxious to proceed and are hopeful of obtaining significant improvement in our adult education program for farm people. Permit me to once again express our thanks to the Hill Family Foundation for its support.

Very truly yours,

Milo J. Peterson, Head
Agricultural Education Department

MJP:ler

also had a proven model to build upon. The GI Bill provided funding to support a Veterans On-Farm Training program after World War II. That program was very prominent in Minnesota, and other states, as veterans returned to rebuild their lives. The University Of Minnesota Department Of Agricultural Economics had a long history of working with farm records and a hand calculated business analysis with selected farmers across the state. Seeing the success of both programs, the University of Minnesota Agricultural Education Department had an idea and a vision to move instructional concept and business analysis focus into the public school system for the long term. If this instructional design could work by targeting farmers who were veterans, why couldn't it work for the general population of farmers? Milo Peterson, Ag Ed Department Head, led the charge to develop this program and prepared the letter and budget on this page.

BUDGET FOR PERIOD FROM APRIL 1, 1953 - JUNE 30, 1954

DEPARTMENT 9003, LOUIS W. AND MAUD HILL FAMILY FOUNDATION

Budget 4800, overhead charged by University of Minnesota @ 8% \$1,449.00

Budget 2800, supplies, travel, expenses 2,800.00

Budget 1800, salaries

Item 1. Lauren Granger, Lecturer (Coordinator)	AT	8,000.00
2. Shirley Morine, Secretary	AT	3,165.00
3. _____, Clerk	AT	2,550.00
4. Miscellaneous Help		1,600.00

Total for first fifteen months: \$19,564.00

Amount requested from the Louis W. and Maud Hill Foundation for first nine months: \$11,750.00

Estimated amount for April 1, 1953 - June 30, 1954: \$19,564.00

Estimated amount for July 1, 1954 - June 30, 1955: 13,618.00

Estimated amount for July 1, 1955 - June 30, 1956: 13,618.00

TOTAL: \$46,800.00

The above includes a preliminary breakdown of the amount granted in support of the Cooperative Project in Adult Education in Agriculture. This is tentative and subject to revision in amount and as to items in order to provide for adjustments to meet salary and other changes including the 8% charge for "overhead" to the University.

Lauren Granger was hired by the University to move the concept from an idea to a working program around the state. When writing his paper on "The Cooperative Farm Management Program through Two Decades of Development" (See page 20) in the early 1970s, Charles Painter, pictured on the right, stated "Probably no one deserves more credit for the final success of the program than Lauren Granger". With Granger's initial leadership, the program gradually expanded across the state as an addition to the educational delivery



of local high school Agricultural Education teachers and through the addition of full time farm management instructors. Key aspects of the program included keeping accurate farm records and analyzing those records to benchmark against other farm businesses.

Programs opened in the local high schools with a recommendation that the agriculture teacher add the adult component to their job description. Existing high agriculture instructors were encouraged to contact local farmers in an effort to enroll 10-12 farmers. Some programs also started as full time programs, offered through the local high school. A business analysis was planned as an integral part of the new program, and a plan needed to be developed to enable processing of records from across the state. Dr. Truman Nodland, Agricultural Extension Farm Management Specialist at the University Of Minnesota, agreed to handle the processing of the farm business analysis. That process included the hand calculation of the data.

A few Adult Farm Management teachers were selected as Area Agriculture Instructors and would lead the analysis effort in each region around the state as an add-on to their other duties. For the first annual report printed in 1956, using the 1955 records, three regions participated.

Area Instructor	Region	Locations	No. Analysis
Stan Nelson	Northwest	9	50
Del Hodgkins	Southern/Southwest	11	59
Charles Painter	Southeast	8	44

An annual report for the West Central part of the state was also printed using the same analysis process but was led by Ralph Smith, West Central School and Experiment Station at Morris, in cooperation with the Department of Agricultural Economics at the University of Minnesota.

This system of Area Agriculture Instructors was functional as the program built across the state. However, it was too much to ask of these individuals to focus on their full time teaching responsibilities and add the analysis leadership portion of their duties to the busiest time of the year. A change would be needed to handle the continued expansion of the programs and the resulting analysis processing oversight needed to develop the annual reports.

The idea of "Vocational Agriculture Program Coordinators" was conceived to provide a position that would guide the analysis process and support both high school and adult farm management teachers with training and curriculum needs. That position was approved in 1960, as shown in the letter on the following page.

Program growth accelerated greatly with the addition of the Vocational Agriculture Program Coordinator position in six locations across Minnesota. As time passed the position was renamed to Area Ag Coordinator. By mid-1970, over 5,000 farmers were enrolled providing financial data for the regional analysis centers. Over time, with the highs and lows of the farm economy and challenges with changes in governance, enrollment has fluctuated but continues to be strong to the current time with over 2,000 records in the state FBM database and over 2,700 farmers enrolled in the program.



Dr. Edgar Persons was a Professor of Agriculture Education at the University of Minnesota and served as head of the department from 1984 to 1996. He has often been tied to the title of the "Father of FBM" in Minnesota for his long term leadership from the University level and hands-on approach to managing curriculum, analysis, and program management for FBM. Probably the best way to provide a summary of the development of the FBM program would be to use the words of Dr. Persons in a letter to John Murray, the current State Director of Management Programs, in recognition of the 50th anniversary of FBM. His comments follow.



"I recall sitting in Milo Peterson's class on adult education in agriculture, Ag Ed 104, when he introduced Lauren Granger and the new "Cooperative Farm Management Program." I don't think I, or any of my classmates, were very impressed. After all, there were already hundreds of things going on in Vo-Ag classrooms we didn't feel very confident about directing. This was one more. We didn't share the vision! We couldn't grasp the significance of that event since we had no evidence; only somebody's dream. There were no instructor role models, no model programs and no chance to query participants about their benefits and insights. In short, we were not very good at interpreting dreams.

Had someone said "Listen up, Ed! This will become your life's work!" Milo and Lauren may have captured my attention. Nobody spoke.

Three things stand out in my mind as keys to success.

- *First, the leadership in the Agricultural Education unit at the University of Minnesota made it a high priority item in teacher education and provided constant reinforcement through research of*

the early vision of what the program could accomplish.

- Second, the state agency provided key leaders to steer the program down a clear, unwavering path, always with the purpose of the program clearly in mind. Doing the behind the scenes work with administrators and with the legislature was a key element in survival and growth. Without the persistence and tenacity of George Cochran, Odell Barduson and now John Murray, the program would have slid quietly into oblivion.

- Thirdly, the system of agricultural coordinators, now Regional Deans, was a brilliant foresight of the early planners. This coordination system provides the glue that holds the pieces together.

In retrospect, these three elements- a University commitment to program support and teacher education; a state director who can manage the program within the administrative and policy making bodies; and a system of regional coordination and leadership -- are the keys to success.

Over time, there has been an ebb and flow to the number of analysis submitted to the State FBM Database. Changes in the number of FBM instructors, the farm economy, and new initiatives have influenced those numbers.

Examples include:

1960 - The Area Agriculture Coordinator position encourage program growth through full time state program and analysis center leadership

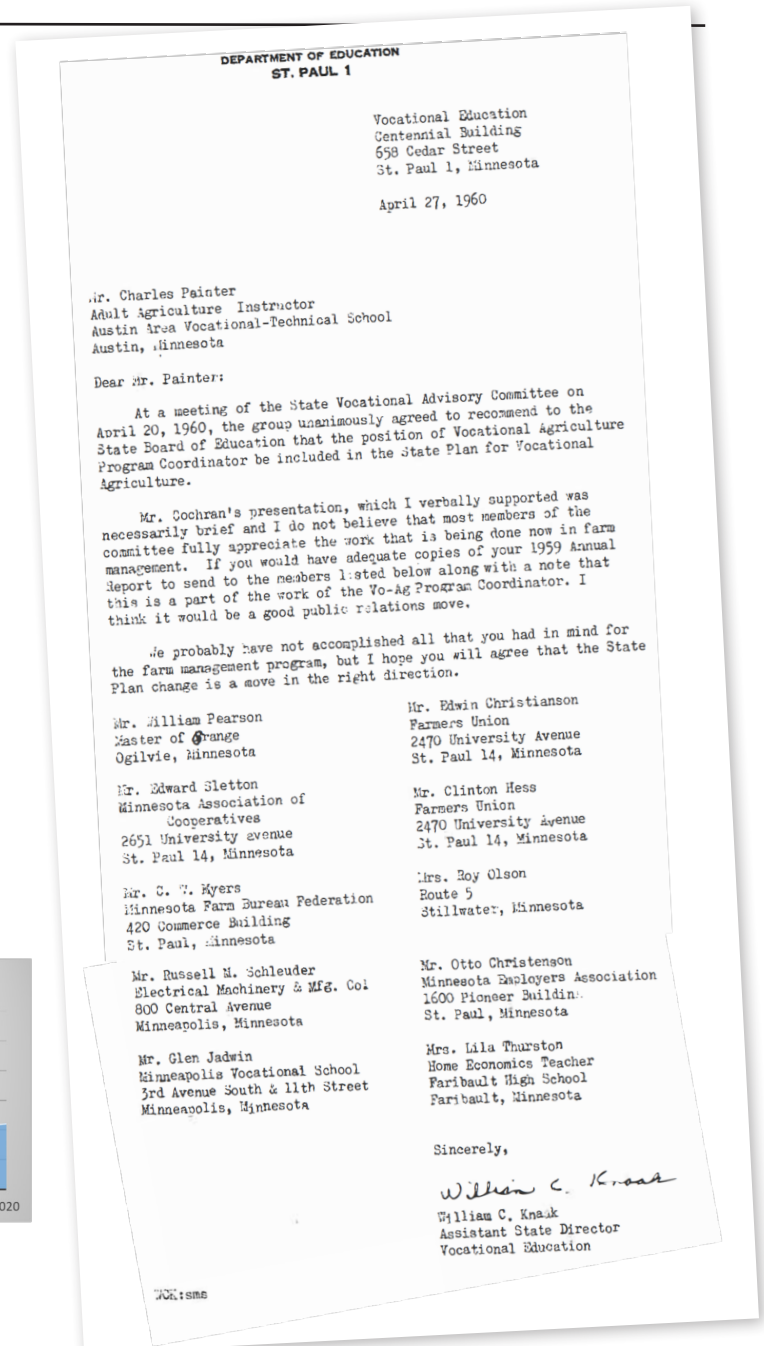
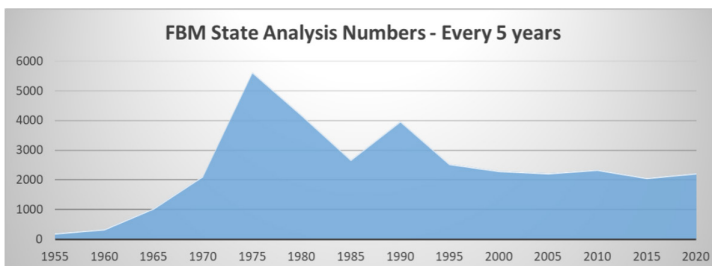
1973 - Funding for post-Vietnam Veteran's begins

1980s - The Farm Crisis causes extreme stress and farm numbers decline

1985 - Legislative action provides funding for portable computers and FINPACK software so the business analysis can be completed at the farm and shared the same day

1995 - Concerns toward the future lead up to the merger of the state colleges and universities

2000 and beyond - The effect of major influencer's impacting changes in the number of analysis completions lessens and analysis completions per instructor increases as the number of instructors decline



August 16, 2023

I would like to congratulate the Minnesota Farm Business Management education program for over 70 years of dedicated education and service to Minnesota agriculture and rural communities. Over the decades, your programs have been at the apex of utilizing cutting-edge techniques and technology, with high-quality educators delivering stellar programs to a wide range of individuals.

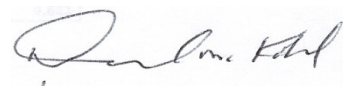
I have been honored on numerous occasions to work side-by-side with some of the best past and present educators and leaders to deliver programs and written materials to individuals seeking to improve their business and personal lives. Over the years, numerous stops with highly motivated and engaged audiences in locations such as Fergus Falls, Alexandria, Morris (in the Old No. 1), Willmar, Hutchison, St. Cloud, Mankato, Worthington, Pipestone and other locations were rewarding and sometimes humorous, knowing that we all made a difference at the end of the day.

As a facilitator of the United States Farm Financial Standards Task Force (now Council), it has been gratifying to see the support of your educational programs in adopting these standards and metrics. Those “boots on the ground” gathering data, developing financial databases, benchmarking and subsequent education programs set the standard across the United States and globally. Personally, my programs have benefited from the depth and quality of the work you’ve done over the years, so a big thanks to you!

The people involved in FBM and their commitment have always impressed me. Yes, you have been there to encourage people to be better financial and business managers. However, it has been done with a caring approach for individuals and/or families aspiring to meet their goals. There is a saying that success can be measured in dollars but, more importantly, significance is what you give back to others to make life better. Over the years, your educational teams have exceeded both of these metrics.

On a final note, as an economist, let me illustrate your impact on Minnesota’s ag and rural economy. The producers you work with had nearly \$2.4 billion in expenses last year. Using an economic multiplier of six, the effect of spending in the communities’ businesses would generate over \$14 billion dollars of economic activity for the state. Yes, your program is a difference maker and its greatness has a tremendous ripple effect in the agricultural industry, which is the foundation beneath the success of our country.

Sincerely,



David M. Kohl

Professor Emeritus, Department of Agricultural and Applied Economics
Member of College of Agriculture and Life Sciences Hall of Fame, Virginia Tech
President, AgriVisions, LLC

DMK/acm

625 Robert Street North
Saint Paul, MN 55155-2538

August 18, 2023

From all of us at the Minnesota Department of Agriculture, I'm happy to congratulate Minnesota Farm Business Management for successfully educating Minnesota farmers for 70 years.

The MDA and FBM have partnered with local lenders to support Minnesota farmers for a long time, providing one-on-one business support to help farmers understand the strengths and weaknesses of their farm businesses, and prepare strategies for long-term success.

Our Beginning Farmer Loan Program and Beginning Farmer Tax Credit both require applicants to enroll in an approved FBM, because the 65 Minnesota FBM instructors that provide quality financial management education to farmers in 79 out of 87 Minnesota counties really make a difference in the success of those farmers who participate.

And that success translates into value for the Minnesota agricultural economy. The average FBM student spends over \$1.1 million in and around the local community.

The data Minnesota FBM provides to students, farmers, and ag industry stakeholders by publishing three annual regional reports and six special sort reports is invaluable, as is the special management education programs they offer.

Our partnership with FBM has evolved to reflect the growing concern about protecting our environment. Minnesota FBM is responding to industry needs by working with students to provide financial data for implementing climate-smart practices.

Our Minnesota Agricultural Water Quality Certification Program offers a specialized Farm Business Management Scholarship to certified producers to help them increase profitability while protecting the state's water quality.

And Minnesota FBM is addressing the needs of small and emerging producers by offering special management education programs. We've furthered that effort at the MDA through our Beginning Farmer FBM Scholarship Program, which pays 50% of the cost for beginning farmers to enroll in FBM through Minnesota State.

I'm proud of the partnership between the MDA and Minnesota FBM, and grateful that FBM will be a strong and reliable asset for farmers in Minnesota for years to come.



Thom Petersen

Minnesota Commissioner of Agriculture

In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651-201-6000. TTY users can call the Minnesota Relay Service at 711. The MDA is an equal opportunity employer and provider.

What FBM Students have to say...

What have you learned or how have you benefited from being in the FBM program?

"I would say the biggest things are really crunching the numbers, keeping track of your ratios, just keeping track of everything. Then breaking things down in an enterprise between the feedlot and the cows and on to corn and soybeans. We do all this to see what we're doing well and what we're not doing well, and where we need to improve."

"The biggest benefit is how valuable knowing your cost of family living is to running an operation. You can do just the business side of it and everything looks good, but then you add in "over the top" family living and those costs can spoil a pretty good situation in a hurry. That's one of the most valuable things I learned early on that I didn't really grab onto when I first started farming."

"You can get a hold of your instructor and just say... I'm thinking about renting this quarter at this price, or I'm thinking about buying a quarter of land, and the instructor can come over and sit with your numbers right there with the actual rental rate or the cost of the last sale in the area. Things like that give you a really well rounded picture of what your operation will look like with that extra piece of ground and whether it's going to improve your operation or will actually be detrimental to your operation long-term."

"It has helped me understand how to figure through my ideas. It is one thing to have a great idea in my mind but the real value is when you put the numbers with it and see how that great idea can actually work into a practical enterprise on the farm. FBM is a great steering tool."

"Going through the FINPACK analysis program and how it ties everything together but then keeps different enterprises separate.... To break all those costs out on an enterprise basis is really beneficial at the end of the year when you want look at all your numbers."

"I think it's the record keeping and the books, knowing where you are financially at all times, all the crop and livestock information. You jot that all down and then just knowing where you are financially helps you make better decisions."

"I've gained from being able to look at the value added crops like soybean production for seed versus soybean production. In my books it is often all wrapped into one crop so where you can separate those value added propositions it makes a big difference. That also includes some government programs for say cover crop or reduced tillage. You can see how that impacts your bottom line across your whole farm even if you're doing it on just a few acres."

"In addition to teaching me how to do bookkeeping in a really effective way, there are also things like webinars by Dr. Kohl, and other things that provide lots of different opportunities or ways to learn, from different sources. You can put that all together into a compilation that's really valuable."

"It really helps make decisions by going through your financials and looking back in your data. Being able to compare what you want to do and how you want to do it, to how you're actually going to have go about accomplishing it."



The First Twenty Years*

by Charles M Painter

Retired, Former Area Ag Coordinator, Austin area

Abridged by Dr. Edgar Persons, Professor Emeritus, U. of M., 2003

An Idea is Conceived

History should be objective.

But, in the final analysis, we will each interpret events in light of our own experiences and convictions.

The only basic requirement is integrity. Only when history is documented with supporting evidence can its credibility be accepted.

The Minnesota Cooperative Farm Management Program not only developed slowly, but developed in a manner quite different from the original plan.

The times called for patience from those who refused to be patient. Finally, it was impatience that prevailed.

Like most programs, cooperative farm management could trace its origin to many sources. An introduction to a new cooperative approach to adult education in agriculture was prepared by Dr. Milo Peterson, head of the Department of Agriculture, University of Minnesota in the summer of 1952.

The program was described as one having a strong farm management orientation closely related to current and real problems of the farm family.

"Each participating farmer will keep a set of farm records and make available certain data for research and teaching purposes for comparison." The concept envisioned a cooperative effort among several agencies.

The plan also called for a coordinator. The coordinator was to spend about half time in the school communities and the other half in the Department of Agricultural Education at the University of Minnesota.

The cooperative farm management program concept was not a sudden immediate divine revelation.

Much of the concept for the program had its origin in the veteran's agriculture offerings.

Simply stated, the philosophical contribution of veteran's agriculture to a pupil-teacher communication was that education is "learner

centered" rather than "teacher centered." This was the philosophy of Dr. A.M. Field. Dr. Field consistently reminded his classes that "the pupil learns through his own activities."

Learning was essentially a process of accepting and rejecting - making decisions from choices or alternatives. The "Field, philosophy" implied that the teacher does not instruct effectively by selling himself, his expertise or his ideas. To teach effectively, the uniqueness of the pupil and the situations of pupil involvement must be addressed.

The assumption that an expert could give the GI trainee the answers necessary to successfully run his business was not generally accepted by the recently discharged veteran. A different approach was needed to meet the problems they faced.

*AUTHOR'S NOTE:

An abridged version of "The Cooperative Farm Management Program Through Two Decades of Development," circa 1970, by Charles Painter.

Instruction shifted from the teaching of approved practices to the adopting of practices appropriate to the management of each unique farming situation. In applying the technology the farmer, rather than the teacher, became the expert.

The role of the teacher had changed. The instructor's role as a source of information had diminished. His ability to direct and stimulate positive action had become paramount.

Veteran trainees were required to keep complete records in the Minnesota Farm Account Book. As early as 1947, a number of the farm records had been analyzed using a procedure developed at the University of Minnesota.

Minnesota was well in the forefront of farm record analysis, having started with farm records and a primitive analysis as far back as 1902. However, the early analyses were research oriented. Neither feedback or direction was provided to the farm cooperator. By the time veteran's farm records were analyzed, this had changed and the farmer was encouraged to "make an analysis from the standpoint of organization and operation."

Those in agricultural education who were seeking a management emphasis for adult instruction

recognized the potential of such analysis.

The Minnesota analysis approach was one of the most comprehensive in the country. Self analysis, a procedure devised in a University of Minnesota summer session, was outlined in Release No. 1. It was adopted in the early 50's and replaced the earlier versions of farm record analysis.

The cooperative farm management program was the culmination of new concepts in adult farmer education. It was not that the need for technical knowledge was less. In fact, science and mechanization had completely revolutionized farming.

Farm production had become more specialized. The application of the farming specialization in a management situation could be practically applied only by the farm operator.

Except for Release No.1, no effort was made by vocational instructors to utilize the University of Minnesota analysis process until 1955 when Ralph Smith developed a formalized procedure for the farm analysis.

Smith made a complete analysis of the farm records of his veteran trainees, compiled averages and prepared a report with detailed directions for the entire process.

Developments at the postsecondary level of education helped bring focus to the role of education in agriculture. The area vocational school concept and its development was a milestone in the history of Minnesota education.

There was much concern among progressive educators that Minnesota's greatest industry might be given little emphasis in the state's area vocational programs, but S.K. Wick, the assistant director of vocational education, felt a deep concern that agriculture instruction be given a high priority.

Dr. Peterson was intent on establishing the cooperative farm management program. After contacting many prospective financial sponsors, Dr. Milo Peterson received encouragement from the Hill Family Foundation for implementing the program.

Lauren Granger assumed the coordinator responsibility starting in April of 1953. Other financial aid for the project came from the Farmers Union Terminal Association and the Minnesota Iron Range Resources Commission.

Even with generous financial support the initial effort to launch the farm management program was agonizingly slow. Despite the slow growth, the roots penetrated deeply into fertile soil. It took three years to develop the program and another five

years of careful nurturing before growth became phenomenal.

In anticipation of the Hill Family Foundation grant, Granger contacted the Agricultural Extension Service suggesting a desire for monthly teaching aids. The recently organized Adult Education Association of the United States was also contacted and invited to utilize data from the project.

The task assigned to Granger was not an enviable one. The challenge it presented was too often discouraged by inertia and procrastination. Most of the instructors had a full-time load with high school classes and FFA.

The background of vocational agriculture instructors was still production oriented. Many teachers did not feel comfortable with either detailed farm records or farm management instruction.

Granger was invited to meet with instructors, farm groups, business organizations and others.

There was so much response it made his schedule difficult and sometimes impossible.

He found an immediate endorsement for the program from the Adult Education Committee of the Minnesota Vocational Agriculture Instructor's Association (MVAIA).

Also offering support was the Agricultural Extension Farm Management staff. The assistance and counsel of Dr. Truman Nodland was of tremendous help. Dr. Nodland had assumed responsibility for record book analysis.

Results of the first year of promotional activity were disappointing. A survey released Sept. 1, 1953 showed 40 schools participating with 192 enrollees.

The number of accounts submitted for analysis was only a fraction of this estimate.

The anticipated growth of the cooperative farm management program suggested expansion problems. One was the eventual added workload that would be imposed on the already understaffed Farm Management Division of the Department of Agricultural Economics.

The team of Ermann Hartmans and Hal Routhe, Agricultural Economics, made significant contributions to the progress of Minnesota agriculture in the 1950's.

Could the farm analysis be done by other than the University of Minnesota Farm Management staff? Ralph Smith had done so on a limited scale. If the responsibility were to be transferred, to whom should it be assigned?

A logical suggestion was to set up a program within the area vocational school system. Such schools had recently been approved and were in operation in Mankato, Austin, Staples, Alexandria, Duluth and Thief River Falls. Winona had been approved but was still building.

In September 1954, a meeting took place in Mankato consisting of farmers, school board members, school superintendents, vocational school directors and vocational agriculture teachers. The meeting focused on the concern that all vocations in the area should be served by the newly organized area vocational schools.

Tentative plans for farm analysis through area centers was formulated in the next two months.

Area vocational schools at Thief River Falls, Mankato and Austin were selected as centers for 1955 farm records. Ralph Smith at Morris was to continue to serve the west central area.

The responsibility was approached with misgivings. The greatest apprehension was for the mechanics of the analysis. Compared to the do-it-yourself analysis through such aids as Release # 1, the process seemed complicated and involved. But, they persevered! All reports were completed by spring of 1956.

One instructor later described the first analysis experience as a nightmare, but with an essential difference; bad dreams last only a few seconds. This was an eight week experience. The three centers analyzed a total of 153 farm records for the 1955 record year.

Winona was added as an analysis center in 1956, followed by the Duluth and St. Cloud vocational schools. Ironically the Hill Family Foundation, upon receiving the report of farm management activity, indicated more optimism than most of the people directly involved. Mr. Heckman, of the foundation, in a letter to Milo Peterson wrote:

"While you and your associates were last on our schedule last Friday night, you topped off the day for all of us. We thoroughly enjoyed your visit with you and your associates.

One of the directors said on the way home 'I could have spent another hour with those men. I think this expresses in a concise manner, the reaction of all of us to the review of the project on adult education in agriculture.'

The termination of the Hill Family Foundation project in 1958 ended an epoch of determination and persistence without corresponding evidence of success. For the great effort expended, the results seemed meager and lacked fulfillment.

The fruits of Granger's efforts would be harvested several years after his departure from Minnesota.

Probably no one deserves more credit for the final success of the program than Lauren Granger. With so many positive influences for building the Minnesota Cooperative Farm Management Program, why was the early growth so disappointingly slow and the later development so surprisingly rapid?

Several factors may have been at work: 1) Keeping records is not a popular activity; 2) The self discipline required of farm families to keep accurate records is exacting; 3) The activity is monotonous and boring; instructors and others supervising such records sometimes choose to avoid their responsibilities; 4) Most high schools had only one vo-ag instructor who was already overloaded with high school responsibilities and the program was dependent upon these teachers; 5) Tax practitioners preferred other less complex records; 6) Credit agencies often put most of their emphasis on cash flow; 7) Some instructors who resented change proved to be obstacles; 8) Everything new is suspect; 9) There was competition from commercial farm management services. But again persistence prevailed! After 20 years the quality of the analysis program remains unsurpassed!

A series of workshops in the summer of 1958 addressed the following purposes: Get better and more complete farm accounts; Give instructors a better understanding of records and analysis procedures; Give instructors a better basis for interpreting analysis information; Sell instructors on a farm accounting and management curriculum for high school pupils.

By the spring of 1959, it was evident that analysis centers needed full-time personnel if the potential for the cooperative farm management program was to be reached. An adult instructor could not carry an instructional load for 40-50 farm families and still provide analysis services for the schools in his area. S.K. Wick, now the director of vocational education, recognized the need.

Four workshops were to be held in the summer of 1959. Planning started with a retreat at the lake cabin of Ralph Smith. Workshop assignments were discussed with general agreement that the area farm management instructors who were designated as analysts should attend all four sessions.

Each analyst was given a specific workshop assignment. By 8:30 a tentative agenda had been adopted and the remainder of the evening devoted to less serious social problems, such as when to stay in the game with a pair of sixes. Milo Peterson provided some expert but costly instruction to novices.

The group agreed that more teaching aids would be prepared for presenting analysis statistics. Guides for interpreting individual analysis reports were suggested to give the program state-wide uniformity.

William Knaak suggested that adult agriculture instructors did not have enough time to carry on good local adult programs and still do a good job on farm analysis.

Three points were made relative to area schools: 1) The analysis program is a valuable use of the area school to enhance the vocational agriculture program; 2) It will strengthen the support for area schools from the rural community; and 3) It should provide more needed instruction as a follow-up to farm analysis. Mr. Knaak went on to recommend that a farm analysis consultant with specific service responsibilities be hired by the area school and the salary be 100 percent reimbursed.

In April 1960, the State Vocational Education Advisory Committee agreed to recommend to the State Board of Vocational Education that the position of "Vocational Agriculture Program Coordinator" be included in the Minnesota Plan for Vocational Education. As of July 1, 1960 the area coordinator position was initiated.

The growth of the cooperative farm management program following the establishment of the area coordinator position was phenomenal. In 1966, 1,045 farm records had been analyzed by the six analysis centers. In 1977, eleven years later, over 5,000 farm records were analyzed.

One of the problems as numbers of enrollees increased, was the difficulty of computing averages. Manual calculations were adequate for individual farms, but increasingly difficult as greater numbers were included in averages.

The problem of adding columns with 200 entries often of six digits each was awesome! A search for a better way led to examination of electronic data processing as a viable solution.

The first attempt at electronic farm record analysis by Minnesota instructors was initiated as a semiprivate enterprise venture. For reasons not documented, it failed.

Problems encountered in data processing before 1960 was that it was adapted to situations dealing with relatively few calculations. These calculations often involved an extremely large number of cases that were sometimes very complex.

The Minnesota Farm Account Book Analysis involved hundreds of calculations, some simple, but others highly complex.

Stanley Nelson, who in 1956 initiated the farm analysis program at Thief River Falls, enrolled for a doctorate program in agricultural education. For his thesis problem, he chose to design a program for the electronic analysis of the Minnesota Farm Account Book for 1961.

Using Ralph Smith's manual he attempted to correlate a computerized program with manual computations. Stan presented a program to be refined and tested by Agricultural Records Cooperative of Middleton, Wisconsin.

When Stan left Minnesota for a United Nations program assignment overseas, Edgar Persons, vocational agriculture instructor at Hoffman, succeeded him as a graduate student. Ed had made an impressive record as a high school instructor.

Within a few years, adult enrollment in his 25 percent adult program exceeded 20 students. The accuracy and completeness of the Hoffman account books drew high praise from record analyst Ralph Smith. Ed studied and attempted a more thorough testing of enterprise analysis. As of the fall of 1964, the coordinators agreed to a data processing service with Agricultural Records Cooperative.

The agreement was not unanimous. Four of the seven (seven with St. Cloud) agreed to try data processing for a complete analysis. The University of Minnesota, Division of Agricultural Education, was designated to provide the technical assistance with Edgar Persons being assigned that responsibility.

The first data processing was done with the 1964 records in 1965.

Review of the correspondence might indicate the venture was a failure. It was obvious from the start that the program was full of inaccuracies.

For most of the participants, data processing was a mysterious and complicated procedure. There were innumerable errors and major delays, with the averages compiled as much as six weeks later than the previous year's manual calculation.

A milestone year in data processing achievement was 1965. The coordinators and instructors who remained skeptical had to admit that even with its many imperfections, the project had demonstrated that a detailed farm business analysis by an electronic process was possible, and could be done at a reasonable cost.

Cooperators were more patient and tolerant than instructors and coordinators. They were almost unanimous in their willingness to give Agricultural Records Cooperative another chance.

Area coordinators, whose collective sanity had survived 1965, geared for a new year. Many of the headaches of data processing were behind them, but with headaches came a wealth of experience.

Like 1956 and 1959, it was a landmark year. It was marked by achievement, even though many more problems would be encountered with data processing before all the calculations were accurate for every analysis. By 1967, six areas were involved in data processing under Agricultural Records Cooperative.

The purpose of this modest effort has been to cover one epoch of history - the Minnesota history of adult education in agriculture from about 1950 to 1970, including the conception of an idea, the promotion of a plan and the implementation of a program: the Minnesota Cooperative Farm Management Program.

This pioneering period evolved through rather distinct phases. Prior to 1955, promotion of adult education was afforded a high priority. Farmer education through both traditional patterns of instruction and trial and error was pursued with dedication and persistence.

The year 1955 witnessed analysis centers opening within certain designated area vocational schools. This phase lasted until 1960-61 when area coordinator positions were given official approval. The third phase was the development and adjustment to computerized analysis.

However slow the process of establishing and nourishing a farm management education program, farmer-to-farmer communication did much to provide a permanent basis for growth.

Over the years most of the original problems have been resolved, only to be followed by new problems.

Just like the educational community, today's farmers face new problems and challenges.

Other chapters will be added to the historic record of the Minnesota Cooperative Farm Management Program. Hopefully someone will find the time and enthusiasm to record the activities of the 1970's, 80's and beyond into the 21st century.

Agricultural education can approach the future with confidence because we know where we have been in the past. Our roots have depth. •

ABRIDGER'S NOTE:

The original Painter document is 58 pages in length. It is obvious that this shorter abridged version omits much of the historical detail. Mr. Painter mentioned and described the contributions of the many, many individuals who had major influence or who made major contributions to the development of the cooperative farm management program. In this abridged version almost all such references to people were omitted. Those who are more curious about the details of program development should refer to the farm management web site where the complete text of Mr. Painter's paper can be found. To whet your curiosity, the following paragraph contains the names of all of those Mr. Painter mentioned in his brief historical account of the Minnesota Cooperative Farm Management Program through two decades of development.

They are listed in alphabetical order:

Anderson, Madge; Anderson, Robert; Anderson, TA; Anhorn, Audrey; Aune, Arndt; Bear, Forrest; Benes, Jim; Bjerke, Harvey; Boss, Andrew; Brandt, Malcolm; Cochran, G.R.; Cook, W.W.; Cullen, Mike; Cyr, Romeo; Dowling, CE.; Engene, Sam; Ferguson, Gordon; Field, A.M Francis, Gene; Freier, Ernest; Granger, Lauren; Guelker, William; Hartmans, Erman; Hartog, Edward; Hays, Willet M.; Heckman, A.A.; Hodgkins, Del; Hyatt, Loyal; Johnson, Erling Joos, Loyal; Kalin, Frank; Keskenin, Leo; Kitts, Harry; Kleene, Kermit; Knaak, William; Knute, Leo; Larson, Lyall; Luehen, Floyd; Marvin, R. Paul; Morine, Shirley; Murray, John; Nelson, Stanley; Nodland, Truman; O 'Connell, Edward; Painter, Charles; Pa/an, Ralph; Palmer, Rodger; Palmer, Ernest; Persons, Edgar; Peterson, Milo J; Peterson, Edwin; Pierce, Harry Jr.; Probasco, Peter; Routhe, Hal; Schmidt, Harry; Seeling, Dalton; Sissier, Ed; Smith, Ralph; Sorenson, Fred; Swanson, Gordon; Swanson, Leroy; Teske, Phillip; Thell, John; Tilleraas, Truman; Ulrich, Harold; Vangsness, Dwain; Walker, Donald; Weigand, W.G.; Wenberg, Stanley; Wick, S.K.; Zwiebel, John.

August 31, 2023

Farm Business Management Friends and Colleagues,

Congratulations on your 70 years of service to Minnesota's farm families! This milestone is met with many worthy achievements, chief among them being the success of Minnesota farms because of your important work.

I know firsthand how important agricultural education is at all levels, and the education that takes place through Farm Business Management is no exception. As we know, farmers are faced with making decisions across sectors daily. The assistance that is available through Farm Business Management to help farm families with their business decisions is such a critical resource.

Over the years, FBM has also been an asset to Minnesota decisionmakers by providing important and timely data. Annual reporting allows policymakers, businesses, and agricultural organizations to make decisions based on reliable information that we can now compare over time.

While 70 years is certainly something to celebrate, I am also looking forward to what's next. I am thrilled that FBM had the foresight to bring on expertise to help Minnesota's beginning and emerging farmers. The new farms and operations coming online today might be producing new crops or livestock, using new methodology, and may be doing business at a different scale than some of the farms FBM has served over the last 70 years. Ensuring they have access to FBM programming will certainly aid in their individual success and the success of Minnesota agriculture.

I'm also excited about how FBM is analyzing use of climate-smart farming practices with their students, providing real data on how environmental work on farms impacts the bottom line. With many different entities working in this space from the private sector to the federal government, having reliable business data produced through FBM each year will certainly be of service to farmers making decisions in this new carbon market environment.

Congratulations once again to everyone who has been a part of Farm Business Management's mission and impact over the last 70 years. Here's to the next 70!

Sincerely,



Whitney Place
Minnesota FSA State Executive Director

August 18, 2023

Keith Olander
Executive Director, Northern Agricultural Center of Excellence

Keith:

The Center for Farm Financial Management team congratulates Minnesota FBM for 70 years serving the farm business management education needs of Minnesota farmers. The state of Minnesota is fortunate to have the preeminent farm business management education program in the country. For over 35 years, CFFM has had the good fortune to partner with MN FBM to support the educational needs of Minnesota farmers. Having worked nationally with the many fine FBM programs across the country, we can absolutely attest to the fact that Minnesota FBM is the best program nationwide.

We are confident that both CFFM and MN FBM have been made stronger by FBM's adoption of FINPACK for farm financial planning and analysis. The use of FINPACK by FBM and many Minnesota lenders provides a unique opportunity for Minnesota farmers to "speak the same language" financially. FINPACK is the tool, but it takes a talented and committed group of instructors to make it work.

Our ongoing partnership in support of FINBIN provides a tremendous resource for Minnesota farmers to benchmark their financial progress and to explore alternatives. It also provides a wonderful tool for all of Minnesota agriculture to keep a finger on the pulse of our ag industry. Experience tells us that no benchmarking tool will work without accurate data. Minnesota FBM's history and culture of providing complete and accurate financial analysis to participating farmers is key to that success.

Over the years the CFFM team has been fortunate to work with hundreds of talented and committed FBM faculty as well as a talented leadership team. We have been fortunate that our public stakeholders have had the foresight to see the value of the service FBM provides to Minnesota agriculture. At CFFM, we look forward our continued partnership with Minnesota FBM long into the future.

Congratulations!



Kevin Klair
Director, Center for Farm Financial Management
University of Minnesota

What FBM Lenders have to say...

As a lender please describe the differences you see when working with an FBM student vs. a non FBM student?

"I think the FBM students know their numbers better. They have a better handle on their breakeven analysis and their expense structure. They have a little better vision in terms of what they need to improve on because they're breaking those numbers down. They know what expense or what areas of their operation, whether it's on the income/revenue side or the expense side, which areas they need to focus on to get better."

"They are better prepared financially. Certainly, in our world when they come prepared with a balance sheet, an analysis, and a projection; we are a step ahead of those that don't have that preparation."

"There is a difference...Generally speaking, the clients that use the farm business management program really have a good sense of their numbers. They have consistent yearend financials each year that reconcile. It makes my job as a lender much easier to navigate the numbers with the clients in the farm business management program. Generally speaking, they are probably a higher tier producer just because they do have their heads wrapped around the entire scope of their business."

"Probably the timeliness. The FBM students are working with their instructor so it is at the forefront of their mind to get yearend financials. Whereas the non-FBM students, I am prodding them along to get me yearend financials and maybe even helping them also to do that. I am OK with doing that but the FBM organization helps with doing that."

"They are prepared, they understand the terms, the ratios. They have a greater understanding of cash flow and they understand margin management. So they know what it takes to make sure that they're profitable in their operation."

"I would say the timeliness with the financials. Working with a bank, that is our lifeblood to the customer...what we need from the customer. The individuals that do not use FBM, their often struggling, they are behind the eight ball. They come in wanting to borrow money and we say "Do you have your financials done?"...and they don't. Then it comes to haste makes waste... If FBM instructors are helping them get those good numbers in, they can take a look at those numbers in a timely manner. If the individual's not using them, then and most likely they won't have their financials done in a timely manner."

"Well, the easy one is that FBM students have their numbers together. The FBM program instructors force their students to keep those good records and they visit the farm monthly or quarterly, and they are looking to see those records. The students...maintain those records, so when we get the information from an FBM student, everything's balanced out and we can see that there's some good solid information and reliable records. That's, again, invaluable to us."

"An FBM student is going to get us their yearend balance sheet sometime in January, they are going to get us their P&L probably in February-early March, and they're going to get us projections shortly thereafter. If they're not in the program they are not really talking to me until after the snow is off the field and by then we are scrambling, we may or may not get their operating loan done on time...which just causes all sorts of issues on that end of things."

"There are several advantages that I see. The information is all formatted and it's usually put together with a lot of information within the reports. They know their cost of production, their breakevens, and they typically have a lot of extra resources. They are more familiar with their operation."

"Probably the biggest thing is that the FBM students will come in with FINPACK. FINPACK has been great product to work with as far as the balance sheets, the cash flow plans, and the yearend analysis."

The Next 30 Years: 70's and Beyond

by Gene R. Kuntz

FBM Instructor at South Central Technical College, Faribault

Abridged by Dr. Edgar Persons, Professor emeritus, U of M, Jan. 2003

In the early eighteenth century in Gulliver's Travels, Johnathan Swift (1706) wrote, *"Whoever could make two ears of corn or two blades of grass grow upon a spot of ground where only one grew before would deserve better of mankind and do more essential service to this country than the whole race of politicians put together."*

To maintain the instructional integrity of the Farm Business Management (FBM) program throughout the state, a comprehensive and sequential curriculum was adopted in 1970.

It was based upon a program of instruction for adult farmers developed by Ralph Palan, an FBM instructor from Faribault and a course of study in farm management developed in 1966 by Gene Francis, the FBM instructor from Blooming Prairie.

The curriculum incorporated instructional materials for teaching farmers for the first four years of enrollment. It included suggestions for both group and individual instruction.

The instruction was organized into four segments: Farm Management I, Farm Records and Accounts; Farm Management II, Farm Business Analysis; Farm Management III, Farm Business Organization; and Farm Management IV, Advanced Farm Management.

One of the strengths of the program was the involvement of the farm operator and his wife in a serious study of the home farm business. Throughout all the changes in programming and instruction during the first 30 years of FBM in Minnesota, the methods of delivery remained fairly constant.

The method of delivery focused on group instruction with on-farm instructional visits that were supported by a thorough and accurate analysis of the farm business of the student.

The early FBM instructors understood the educational needs of the learner and the process of transformation of the learners existing knowledge into new constructs and a new knowledge base. In 1973 a call went out to all states that had adopted the Minnesota model for FBM to attend a conference in Faribault, Minn. This first national invitational farm management conference incorporated an exchange of ideas

among instructors and state staff.

The group continued to meet annually, and eventually formed the National Farm and Ranch Business Management Education Association (NFRBMEA). The current membership of the NFRBMEA (2002) is about 240 members from 22 states and Canada.

The funding structure of the FBM program underwent numerous changes in the early years. State and federal policy initiatives had much to do with the financial support needed to establish and maintain these programs.

The 1970's were marked by heated debates in Minnesota over the role of public financing of adult education.

Several legislative attempts were made to limit the participation of farmers in the FBM program.

In 1977 legislative action firmed up support for adult education in farm management, but not without great controversy. The State Department of Education, which wrote the rules by which legislation would be implemented, sided with earlier opponents of long-term public support for FBM education.

The department promulgated rules that severely restricted the use of public funds for long-term enrollment.

A special legislative commission was convened that was responsible for the oversight of rulemaking to insure that the rules promulgated matched legislative intent. As a result of efforts made by FBM supporters, a hearing was convened to test if the state agency had indeed complied with legislative wishes. In the end, the final rule for financial support more closely matched what legislators had in mind and insured that farmers could participate for longer periods of time.

The claim that new students were not enrolled in FBM programs because they were full of "old timers" proved to be untrue. A solution was found by mandating that a certain percentage of the enrollment had to have six years or less of student tenure.

Student enrollment in FBM programs peaked in

the early 1970's, and then began a short, but rapid decline. Two major factors contribute and then began a short, but rapid decline. Two major factors contributed to the decline. First was the closure of the veterans programs. They had enrolled several thousand veterans included in the farm analysis program; entitlement for the programs expired.

Second was the exodus of farmers from production agriculture due to low prices and high costs, and the re-evaluation of assets. Farm management instructors responded by providing the right kind of just-in-time education necessary for farmers to remain in business.

Farmers remaining after the farm crisis of the early 1980's needed knowledge that emphasized business management with a special focus on financial management.

In 1983 the State Board of Vocational Education was established. The new authority had responsibility for all educational programs in the AVTI (Area Vocational Technical Institute) system.

As a result, all FBM programs located in AVTI's came under supervision and management of the system and all local school district FBM instructors remained under the supervision of their respective districts.

This split responsibility would remain until 1991 when a major college merger was enacted. Additionally area coordinators were relieved of their responsibility for high school program and regional FFA supervision.

In 1984, the SB VTE (State Board of Vocational Technical Education) appointed John Murray, the area agriculture coordinator at the Jackson AVTI, as the new director of management programs in Minnesota.

John replaced Odell Barduson, a longterm director of the program and one who shepherded the program through its most trying growth phases and legislative conflict. There had been considerable investment in research for program development and program evaluation from 1953 to 1983.

It is estimated that over one million dollars was expended by institutions and individuals in Minnesota in research related to management education. Several major research initiatives and scholarly research papers evaluated the effectiveness and resulting benefits to students.

Many of the research studies were in support of master's or Ph.D. pursuits by FBM instructors and university students. Some were major projects funded by the U.S. Office of Education.

The farm crisis of the 1980's brought profound changes to the Minnesota FBM program. The Minnesota Legislature responded to the cries of rural Minnesota with the Omnibus Agriculture Act of 1985.

The act provided funds for 19 new FBM programs;

portable personal computers for every instructor; FINPACK financial management software; FINPACK training for each instructor; and tuition assistance for enrolled families.

The result was significant growth in enrollment, but more importantly, a reinforced focus of developing the financial management skills of farmers. By 1991 the Minnesota Legislature took action to merge the Minnesota Technical College System, community colleges and state universities into a single higher education system called the Minnesota State Colleges and Universities (MnSCU).

The 1994 legislative session finalized that action and mandated that all FBM instructors become direct employees of MnSCU. On July 1, 1995 all FBM instructors, regardless of where they were located, came under the direct supervision of the regional program manager (formerly called the area agricultural coordinator).

The title of regional program manager was changed to "Regional Dean of Management Education" in 1996 to reflect continuity across the Community College and the Technical College System. This was the first time since 1982 that all programs and instructors were under a single system.

Program delivery also changed in the early 1990's. In 1992 the new six-year credit based curriculum went into effect replacing the hour based program then in operation. Enrolled farmers could now receive a two-year certificate in farm management after successful completion of the initial six-year program.

The program was built on the longterm argument that due to the nature of the instructional program, a farm operator student who fully participated was equivalent to one-third of a full-time student.

It then stood to reason that if a day school full-time student could complete a certificated program in two years, an FBM student because of the one-third FTE (full-time equivalent student) rule could complete the same program in six years.

To compensate for the differences between persons in school and full time farmers, a new concept of credit termed a "management credit" was developed. The management credit focused more attention on experiential learning and concept application with a reduced emphasis on seat time.

The management credit equipped the FBM program to deal in a common currency of credits used by other kinds of college programs. Little has changed since the merger except for conversion to semester credits in 1998 and the addition of two new programs.

One is the newly created "marketing certificate." The other is the "advanced FBM certificate," which allows students to enroll in the FBM program for an additional

three years after receiving their FBM certificate.

The adoption and use of personal computers along with ANAKEY, a registered software program developed by Specialized Data Systems (SDS) in 1988, did much to bring the capacity to complete the farm business analysis at the local level. Instructors quickly adopted the program and completed the analysis at their office or sometimes at the farmer's kitchen table in one personalized student/teacher meeting.

In 1996 the FBM program discontinued its relationship with SDS and joined the analysis process with the University of Minnesota Center for Farm Financial Management using the FINAN (analysis part of FINPAC) option of FINPAC (analysis program) as the analysis tool.

Adoption and use of other technologies have allowed FBM instructors to become more efficient with their time and more creative with instructional methods. The fax machine, e-mail, cell phone, lap-top computer, personalized digital assistant (PDA) and the Internet are now essential tools for practicing FBM instructors.

The widespread use of PowerPoint and other display software packages have helped to change the way instruction is delivered in group instruction. Recent additions of digital cameras allow teachers to visit a farm in the daytime and show pictures of that visit as part of a PowerPoint presentation in the evening, instantly bringing the farm into the classroom.

At South Central Technical College - Mankato, the first year of FBM instruction was available on-line for the fall semester 2002.

Instructors from Northland Community and Technical College in Thief River Falls have created the on-line marketing courses for teaching basic marketing principles and practices. All instructors have cell phones, lap-top computers and some have their own web page.

Significant efforts have been made since 1983 to focus on the future of FBM in the new century.

Persons, Lehto, Casey and Wittenberg published a study that focused on defining what FBM students considered to be the most important objectives and benefits of the FBM program.

The study revealed that individual instruction, especially using computers, assistance in keeping farm records, and interpreting and analyzing farm records were the most important benefits of the FBM program.

Students reinforced the idea that individual instruction was the most beneficial method of instruction for management education. In 1999 a task force met to design the components of a uniform statewide customer focused educational program to meet the

needs of farm and small business owners, operators and managers.

The task force was charged with defining uniformity for the following deliverables:

- Program definitions;
- Suggested second version of the memorandum of understanding (the first was written in 1952);
- Recommendations for improved processes;
- Recommendations about college and MnSCU responsibilities;
- Program outcomes;
- Program review mechanisms;
- Funding recommendations.

The task force made several recommendations that helped provide uniformity across all campuses that delivered instruction in management education. Briefly summarized they were:

- Use the established statewide curriculum;
- Continue to deliver management education on a credit basis;
- Evaluate programs on an annual basis;
- Develop and implement a uniform billing process for management programs;
- Provide students with flexible tuition payment options;
- Develop workload policies that are flexible enough to accommodate special circumstances such as those faced by a new instructor.

Research conducted by Joerger, Ipe and Persons (2000) from the Division of AFEE and the U of M, supported by MnSCU, supported many of the previous findings of research.

Their study sought to study the perceptions of students, FBM instructors and agricultural lenders as they assessed the program objectives and selected activities and features of the FBM program. A key finding revealed that students believed they received an annual increase in farm income of nearly \$5,000 as a result of FBM education.

Additionally, students enrolled in FBM programs received greater annual net income than most Minnesota farmers. The research also revealed students were very satisfied with the FBM program, and 60 percent of the enrollees intend to participate for seven or more years.

The FBM regional deans of management education were charged with completing a strategic plan for FBM in the summer of 2001. The purpose of the plan was to address the changing need so FBM customers and to remain a viable educational program for Minnesota farmers as we moved into the new millennium.

The strategic plan identified the goals, vision statement, a mission statement, and strategies to achieve the goals. The mission statement identified was: “The Farm Business Management Education program provides student focused management education that will help individuals, farm or agricultural business managers, who are in a position to make managerial decisions in achieving their business goals.” Education of farmers in the principles of business management, and the application of those skills, will continue to provide useful sources of knowledge to help develop strategies for survival and prosperity.

The program has remained purposeful and viable because FBM instructors have constantly examined the industry and examined the needs of their clients. Over the past 50 years the curriculum, direction and purpose has been critically examined 18 times. In each

case the examination and recommendations were guided by purposeful research and evaluation.

As the new century unfolds, students will be affected by the choices and activities of policy makers, administrators, researchers and FBM instructors. If the Minnesota Farm Business Management Education Program continues to exercise visionary practices, it will remain a vibrant and essential institution to serve the industry of agriculture for years to come. -

“The professional teacher is one who learns from teaching rather than one who has finished learning how to teach.”

ABRIDGER’S NOTE:

This paper, “The Next Thirty Years” is based on the masters paper of Mr. Kuntz titled, “The Evolution of the Minnesota Farm Business Management Education Program From 1952 to 2002.” The paper is 70 pages long, not including references and appendices. This abridgement starts on page 46 of chapter four titled “Farm Business Management Education Program in Minnesota from 1954-1983” and includes chapter five titled “Farm Business Management in Minnesota After 1983.” Mr. Kuntz begins his summary of the history of adult education in agriculture with the actions and activities that occurred before the Smith Hughes Act of 1917. This paper starts circa 1970 where the history according to Charles Painter left off. Mr. Painter’s closing paragraphs express the hope that someone would pick up the story of the Minnesota Farm Business Management Program to report the activities of the 1970s and beyond. Mr. Kuntz has done that with a well-documented report.

It is obvious that a summary of a 70-page document leaves out many important events that could be mentioned. Those details will be left to the curious who wish to read the entire document. A copy of the complete paper can be found at the Farm Business Management web site at www.mgt.org.



August 8, 2023

To the Minnesota Farm Business Management Team,
As Farm Business Management turns 70, Minnesota Farm Bureau would like to thank you for supporting the vitality of Minnesota's farmers and ranchers!

Through your conversations at farmhouse dinner tables all across the state, farmers are better able to achieve their goals, remain competitive, and understand the latest industry trends. The program has proven valuable to many of our members, who have used it to sustain their farms for years to come.

As a true representative of everything we need to keep our industry thriving, your pursuits go beyond the field. Your efforts around farm transition and rural mental health are an important aspect of improving the quality of life in rural communities. And the historical database also serves as a valuable tool for showcasing the impact of agriculture in Minnesota.

We are honored to partner with FBM, and to advocate for the importance of your work. The Minnesota Farm Bureau wishes you many more years of success and looks forward to continuing to work with you.

Congratulations and best wishes,

Dan Glessing
President, Minnesota Farm Bureau



305 Roselawn Ave E | Suite 200 | St. Paul, MN 55117
Phone: (651) 639-1223 | www.mfu.org

September 6, 2023

Farm Business Management

c/o Keith Olander

Dear Farm Business Management partners:

On behalf of Minnesota Farmers Union (MFU), I write to congratulate Farm Business Management (FBM), your host institutions, staff, and partners on 70 years of excellent service. This milestone celebrates generations of farm families who have benefited from financial planning, timely business advice, farm transition help, and other personalized assistance that has made their operations more financially resilient. What an accomplishment!

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. Our members are invested in the success of FBM, because they see the real impact the program has on their farms and communities. When the Governor signed this year's agriculture bill at our Pine County President, Hannah Bernhardt's, farm, she was quick to highlight the investment in FBM scholarships. She summarized the value of your programs well:

'When I started farming, I knew how to raise livestock . . . But I'd never even looked at QuickBooks, let alone made a business plan. Having a farm financial advisor through FBM has meant all the difference.'

Just as our members look to FBM for help with their farm business, our organization relies on your leadership and staff for sound data, policy analysis, and other information needed to inform our work with policymakers. Whether it be making changes to Whole Farm Revenue insurance to better serve emerging farmers, establishing new incentives for climate-smart agriculture, or strengthening programs to support farmland transition, FBM is a first call and a valued partner.

Thank you for your work over the past decades and for the opportunity to share our sincere congratulations for 70 years. We look forward to working with you into the future.

Sincerely,

Gary Wertish
President, Minnesota Farmers Union

What FBM Instructors have to say...

What 1 or 2 things do you believe are the most important aspects of FBM for educating students to better ensure business success and goal achievement?

"The number one thing we need to always keep in mind is their individual and personal goals. We need to help them meet their goals. We need to make sure that we understand their operation and help get them to that point. Another aspect would be making sure they understand how to interpret the analysis so they understand where their position is, and can relate their operation to their lender...so they can speak the same."

"One of the goals of Farm Business Management is to help them evaluate the current situation, look at where they were the year before, determine whether or not they've moved forward, compare them to others...and then also compare to industry standards. When you compare to where you were, where the industry is, and where others are going, you get a pretty good idea of how successful you were the year before. From there they can decide on a plan for the future. Our goal is to listen, to evaluate, and to help them with their individual needs..."

"It definitely starts with their ability to keep accurate records, income and expenses, but also inventory numbers...taking that little extra time to really understand the numbers...that's really the key. And then really taking the time to go through benchmarking their numbers and understand what the numbers are telling them and comparing how they are doing from year to year. Another strength of being in Farm Business Management is seeing the trends and just looking at the advancement of how their farm has grown financially over a period of time."

"I think the strength of Farm Business Management is the programs ability to help the students really understand the financial aspects of their business and apply those numbers to the real life situations they're in...Not only knowing the numbers, but also being able to adapt them and to their situation."

"One thing would be to accurately measure how they are doing and develop a trend of their profitability and productivity, and also show them how they are doing compared to other like farmers. This helps answer questions like "Am I doing well enough? Are there areas where I should pick it up a little?" I find that kind of education and the things that I show them to be very important."

"Benchmarking and goal setting are two of the things that are very important in my job. I think that it is a big step to take their year of data, analyzing that year, and then setting some benchmarks. Then also being that extra set of eyes...and the experience and knowledge that I can bring to their operation."

"The biggest thing that FBM offers is helping students figure out what their cost of production is for each enterprise. I have several farms that have several different enterprises...Knowing what is actually making money and what isn't, and then looking at what kind of a price they could actually expect and make marketing decisions off of that."

"To help students understand their farm enterprise as it stands by itself, and not necessarily compare them to other farms or other operations. I'm a big proponent of understanding your cost of production, which allows them to make good marketing decisions...and of course having good records to back that up is critical."

"I think we show the importance of the students knowing their finances and helping them manage their farm operations as a business. The most successful students that I work with could run multi-million dollar operations in almost any enterprise they chose to, it is just that they chose Agriculture as their field."

MN FBM Program Faculty and Leadership



2007



2022

Recent 20 years of Farm Business Management...and Beyond



Richard M. Joerger, Retired
Former State FBM System Director
Agricultural Education Professor
(2003 – 2012)



Keith Olander
Executive Director
AgCentric, Northern Agricultural
Center of Excellence
(2013 & Beyond)

Background

Early in this era, producers regularly experienced low annual net farm income. As a result, the educational need for timely and useful business management education was very high. Operating the FBM programs was also challenging for program leaders who experienced reduced local resources and loss of students due to increasing tuition. Special legislative resources were extremely important to maintain reasonable tuition rates for the producers. Turnover of college presidents and leaders was high and college presidents and their campus leaders sought to fully understand and offered limited support to the FBM program. With continuing financial pressures and declining state funding, supportive college presidents took steps to better understand the FBM educational model joined the RDMEs and instructors to identify or create alternate ways to increase program revenue, lower operating expenses, and enhanced instruction and delivery methods.

Leading in Transition: 2003 – 2012

The Minnesota FBM program worked in tandem with the Center for Farm Financial Management at the University of Minnesota (CFFM) to provide resources and data to create various planning and analysis tools to assist producers, lenders, researchers and instructors. For example, the Minnesota State system provided initial funds for development of myFINBIN, one of the summary and analysis tools of the FINPACK suite of farm business management programs. With a common goal of extending the Minnesota FBM program to other states, the Center for Farm Financial Management at the University of Minnesota received funds for the “Uniform Farm Management Project” in 2003 and 2004 for Minnesota and other states to establish and strengthen FBM programs and create uniform data for individual analysis and state summary reports.

A quality and accurate annual farm business analysis process and documents form the cornerstone of the FBM program for producers. Internal and external stakeholders expressed growing interest in the reports generated from the data in the FBM database. This resulted in

additional publications to compliment the MN Dairy Sort Report, established in 1998 for 1997 data. In 2005, the first official State Executive Summary was published for program stakeholders and agricultural communication outlets.

The first MN Crop Sort Report was published in 2007 to update the comparisons of selected crops and business metrics. After working for years to create a perennial group of organic farmers in the FBM program, 2007 was the year of publication for the first Organic Farming Annual Summary Report for Minnesota. The FBM program also received funds from the National Benchmarking Project in 2007 to expand efforts to further develop and expand business data entry practices.

The 50-year career of the current State Management Program Director, John Murray, was celebrated in 2007. Dick Joerger assumed job responsibilities for the Minnesota State (MnSCU, at the time) Business Management Education programs; postsecondary Agricultural, Food and Natural Resource Programs, and various related agriculture and economic development functions in the late summer of 2007. As the State Director, he worked closely until June of 2012 with the Regional Deans of Management Education (RDME), college presidents and other partners to strengthen the shared vision of the program; curriculum, instruction and program development and delivery; program finances, and relationships and FBM program development activities with the college presidents. One year later, Deena Allen retired from the System office of MnSCU. Deena had been instrumental in support FBM programs at the state level for over 15 years. Her support was critical during times of governance change, managing the program to meet the expectations of the new entity, and communications at all levels.

Beginning in 2008, the MN FBM program has secured grants to support the program through the Farm Business Management and Benchmarking Competitive Grants Program which began due to the of CFFM at the national level. Since that time, over \$1,000,000 of federal funds from the National Institute of Food and Agriculture (NIFA) have

been used for database coordination; instructor transition, mentoring and coaching; specialty crop program development; and environmental metrics and report development.

Curriculum development and instructional design efforts remain critical to provide updated instruction for producers making a livelihood in the dynamic business environment in Minnesota agriculture. In 2008, the Regional Deans of Management Education and State Director initiated a FBM Curriculum and Instruction Project involving FBM instructors and selected producers. Design specialists from Worldwide Instructional Design Systems (WIDS) guided the statewide effort. After updating course outcomes using data from producers and instructors, the FBM instructors provided the updated subject matter and andragogic strategies for teaching each of the new or revised courses. The completed course materials were piloted in 2010 and later placed on a customized website for easy instructor access and use.

An internal task force comprised of FBM instructors, regional deans, and Office of the Chancellor representatives met in 2009-10 and also generated goals for guiding the FBM program to become more responsive and efficient in delivering current and new forms of business management education strategies. The final recommended goals were to: 1) Increase the percentage of direct costs which are covered by tuition and other financial resources secured through the FBM program. 2) Establish FBM programming options which provide (for) the business management education and training needs of producers. 3) To more efficiently deliver instruction relating to financial statements, reports, and business analyses. 4) Develop and secure new funding sources to sustain the statewide FBM program. 5) Expand the public awareness of the FBM Program.

An external task force of three working groups also met in 2010. The Goal of the taskforce was to “Further develop Farm Business Management Education Programs which are accessible by more student audiences, who receive timely and sound instruction, in a program that is fiscally efficient and sustainable.” After multiple working group meetings they submitted five goals to guide the future of the program that were accepted by the Chancellors Office: 1) Implement alternative program and course delivery methods. 2) Conduct research of the FBM database for information that can be used to: (a) enhance curricula and instructional materials, and (b) identify other factors that contribute to

producer success. 3) Explore new approaches to partnering and programming that maximize the inputs (financial, educational, marketing, etc.) provided by partners from business, industry, and education. 4) Work with key partners to leverage the economic development aspects of the program to secure additional resources. 5) Establish a comprehensive marketing plan to support revenue generation and program development efforts. The goals were soon used by the RDMEs and State Director to establish a revised strategic plan in the fall of 2010.

The RDMEs and the State Director were jointly known as the Leadership Council for Management Education (LCME). One response by LCME to the 2010 Taskforce recommendations was the creation of an investigative team in 2011 and 2012 organized to identify the instructional preferences, business education, and production management education of all Minnesota farmers. Following the study, two publications were completed and distributed to instructors, College Presidents, Office of the Chancellor personnel, and all internal and external stakeholders in 2012. They were the: 1) Business and Production Management Education Interests, Needs, and Learning Preferences of Minnesota Farmers. 2) Educational Interest, Needs and Preferences of Producers Enrolled in the Minnesota Farm Business Management Education Program. They each provided additional information for updating existing curriculum and planning multiple forms of instructional programs for producers by FBM instructors and others.

The LCME also helped complete and advance two additional documents designed to attend to the recommended goals of the external FBM Taskforce. Input concerning the research needs for Farm Business Management Education was secured in 2012 and reported in 2013 from highly regarded FBM instructors, administrators, extension educators and researchers from across the USA in “Research Priorities for the Minnesota Farm Business Management Education Program Experts’ Views of What the Annual Databases May Reveal.” And finally, with the goal of extending farm business management education resources to all Minnesota farmers, authors produced: Foundations of Farm Business Management: A Curriculum with Resources for Individual and Group Learning Experiences in 2013.

Final Thoughts

The Minnesota Farm Business Management Education Program was impacted by the unprofitable and highly profitable farm

economies during this era. Instructor and administrator professional lives were challenged by re-organizations and new operating requirements. Yet instructors effectively worked with the producer, and they contributed to the good of all by assisting with development of new curricula and instruction and implementing regular program changes! During this time the program was positively impacted by new grant funds from partners, a successful FBM PEP program, invaluable input and visionary thinking from internal and external stakeholders, more uniform annual benchmarking and accounting processes, and on-going legislative support all while the need for FBM education increased with changes in the economy. This was an era of much change, innovation, and frustration with program refinement and growth in many ways and forms!

Launching a new Leadership Structure: 2013 - 2023

In 2012 the Minnesota State created the first Agriculture Center of Excellence. It was located at South Central College in Mankato. In 2014, a second Center was funded and was located at Central Lakes College in Staples. Named as “North” and “South”, these Centers would serve their respective geography with the specific challenge to “lead the collective work of Minnesota Farm Business Management”.

The atmosphere among the FBM colleges included a lot of uncertainty and faculty attrition was rampant as the number of program faculty reduced to 55 state wide and there were less than 2,000 analysis submitted annually. This uncertainty hampered the Center’s ability to garner trust and being recognized as legitimate FBM leadership. Fall FBM conference was brought back to foster state cohesiveness, professional development, and build program strength through unity. Additionally, the Center Directors built relationships with FBM Presidents and Deans to ascertain commonalities and move forward to minimize pitfalls programs were experiencing. PEP was formally sustained through funding of a staffed coordinator and leader. The Database team was formed to replace the Regional Dean model and their efforts to review data and approve for publication.

In 2015 the FBM program challenges had reached the ears of several commodity groups and political leaders, and action was needed for stabilization. MAAE led an effort to bring about what we know today at the MAELC Challenge Program for FBM. If ever there was a pivotal

moment this decade of FBM, this was it! As the legislative session ended, joint efforts within the program and of stakeholders had secured a \$2.0 million appropriation to MAELC to challenge the FBM programs to SUSTAIN and GROW their respective FBM program. Along with this legislation was funding to sustain mentor programs of PEP, PIM, TIP, and RPL. This was a major support mechanism that had been missing as the System would embark on the task of adding new faculty to BUILD the FBM program.

As the decade began, FBM would see the largest portion of faculty retiring up to this point in history. Over this 10-year span, 58% (38 of 65) of the FBM faculty have been successfully replaced! This demonstrates a major shift the programs ability to overcome the attrition that put the program’s future in jeopardy. PEP and related mentorship were crucial in faculty support and retention. Additionally, our partners in the lending community, and our students, had to be assured that all these new faculty were going to deliver a premier program with premier data accuracy. Over the decade the program moved from 55 to 65 faculty, with colleges supporting annuitant and phased retirement to onboard new faculty and support farmer student retention. Additionally, about 300 analysis were added to the State FBM Database. The decade was bookmarked with record farm profitability to begin and with a multiple year low of farm income and related farm operation complications to conclude.

New Audiences

As we look to the future, we see the public interest in our data has grown with perhaps a different “lens”. The Minnesota FBM data has become recognized as a national “gem” that can support farmer adoption of various practices because it is comprehensive and valid in telling a story of economic impact. These practices include water quality certified, cover crops, organic, and whole list of environmental enhancements around tillage, carbon sequestration, soil health, and water quality. The value to the FBM student has not changed by this new interest but is an enhancement to their experience. As outside pressures to adopt new practices intensifies, they have a wealth of related data to guide their decision-making process.

Value of FBM to Students

In collaboration with CFFM we completed a “value” study of our FBM students. Repeatedly students identify the significant impact that FBM has had on their family farm and the achievement

of their personal and family goals. In each of the studies (2016 & 2021) the students indicated 600-800% return on their tuition investment in the program. This value leads to many families enrolling in FBM for decades, not just a few years.

Farm Transition

Special attention in FBM was paid to the issue of farm transition. As farmers aged out and new generations entered, the stakes grow as assets gain value and the stakes around decision making. To assist in this special need, several FBM faculty were trained to work within these situations and partnerships were created with the U of M Extension to deliver specific programming to all stakeholders of the operation and to provide on-going contact to plan and execute farm transitions.

FBM Partnerships

Partner relationships grew over this decade to support farmer viability and education. The Minnesota Department of Agriculture has supported FBM beginning farmer students with \$450,000 dollars per year in scholarships to mitigate program access for that segment of our students. Additionally, MDA also facilitates the Beginning Farmer Tax credit program which contributes about \$250,000 per year in tax credits to eligible individuals. The Water Quality Certification program supports over 100 certified farmers to enroll in FBM, again, creating over \$100,000 in tuition support and a special report demonstrating this cohort of farm's profitability.

Additionally, partnerships have been established through grants with Environmental Defense Fund, Morgan Family Foundation, Extension Risk Management, Natural Resource Conservation Service, and others to generate special data reports. An excess of additional \$500,000 in FBM scholarships is provided to support farmers as they strive to improve their operations.

Student Demographics

With the support of MAELC, a specialty crops instructor position was preserved to serve producers across the state who have educational needs slightly different from conventional crop and livestock production. Serving emerging farmers and urban agriculture producers has also been added to FBM programming, with the hiring of a dedicated faculty to serve this demographic by identifying needs and modifying curriculum to reduce barriers to successful business management education.

Program Sustainability

Beginning in 1960 and continuing through 2012, the Area Ag Coordinators/Deans of Management Education and the State Director had provided statewide leadership for the program. This structure set Minnesota apart from other states. Today, the Agricultural Centers of Excellence (COE) are critical for centralized leaderships and industry connections. Over this decade we have observed several other states' FBM program shrink or even cease to exist while Minnesota has not only sustained but grown at a modest rate. The one common link we have learned in communication with those state's faculty is their lack of central leadership and coordination. This coordinated leadership allows partners to gain confidence in the whole program and drastically improves grant applications when a state can be unified in efforts to support farmers. One example is the Federal Benchmarking program, where we have participated in a 5-state consortium and have been successful 8 of the last 10 years securing nearly \$1.0 million in support of Minnesota FBM; which would have been much more difficult if a single college was competing in this arena. Another example of the value of central leadership during this decade was exhibited when moving from eight colleges hosting farm business management to seven. COE leadership was critical to successfully facilitating college leaders to work together to serve students and faculty. The FBM program as whole was maintained at consistent levels, just different players administering instructors from that region of the state.

Additionally, Minnesota FBM began and continues today to insure that the primary focus is on farm financial management. This core focus allows the program to be relevant regardless of technology, fad, economy, of leadership persuasions. Finally, the program is designed around student needs and goals. Students need to recognize value each time they interact with faculty as it relates to their own operation in real-time education. This single component, when done successfully, creates an ambassador in the student when talking to neighbors or political leaders. As a result, a public need for FBM is created to help the program continue to educate farmers, enhancing the ability of the state's economy to remain strong in the food production sector.

Center for Farm Financial Management

A Partner's Perspective

Dale Nordquist,
Retired Agricultural Economist
CFFM staff member



The Center for Farm Financial Management (CFFM) team congratulates Minnesota FBM for 70 years supporting the educational needs of Minnesota farmers. We have had a unique partnership with FBM for over 30 of those years. As a Center within the University of Minnesota's Department of Applied Economics, this partnership has gone a long way toward meeting CFFM's mission. It has been noted that there are not many examples of successful partnerships between the two largest educational institutions in our state. It is a testament to both institutions that this partnership has been successful and continues to benefit Minnesota farmers as we look to the future.



**Center for Farm
Financial Management**

The FBM/CFFM/FINPACK relationship started during the Farm Financial Crisis in the 1980's. FINPACK was developed in the 1970's by Extension Farm Management at the University of Minnesota. CFFM was established in 1984 to provide a dedicated home for FINPACK and related education programs. When the Farm Financial Crisis hit, it was one of the only tools available to help farmers look at their financial alternatives. The Minnesota legislature provided funding for, among other items, "luggable computers," FINPACK software, and training for FBM instructors to help Minnesota farmers explore their financial options at a critical time. At that point, training focused on FINPACK's planning tools, primarily FINLRB. The oldest among us will remember a tool that was not exactly user friendly, requiring us to type in data line by line from input forms, saving the data before we lost it all, and correcting mistakes by retyping the entire line. But we all, or at least most of us, thought it was wonderful.

Financial analysis using FINPACK was not part of the package at this point, as FBM was still using the SDS analysis system. Over time FBM leadership and instructors saw the benefits of a tool that could be used at the office or at the kitchen table to provide instant results rather than waiting for results from the analysis center. That began a period of working together to make the analysis as accurate, complete, and meaningful as possible. In 1996, FINAN was adopted by FBM in all regions of the state of Minnesota.

As all this development was going on, the internet also changed our world. Suddenly, it did not seem like enough to print annual summary reports. In conversations with FBM leadership, we agreed that students, educators, and all producers in Minnesota would benefit from the ability generate

benchmark reports for farms of the same type, size, and financial status as theirs. That resulted in the development of FINBIN. As other farm management programs around the country saw this effort, they joined in our benchmarking efforts. FINBIN is now the largest and most accessible public farm financial database in the US and probably in the world. But of course, FINBIN would be nothing without quality, accurate, and complete data. MN FBM is by far the largest contributor of FINBIN data. The FBM/CFFM partnership has provided tremendous public value for the public support and funding that has been provided by our federal and state stakeholders.

The FINPACK slate of tools now includes FINPACK for financial



analysis and planning; RankEm for local database reporting and data aggregation; FINBIN for financial benchmarking; and myFINBIN for detailed benchmarking by individual FBM students. All of these tools have been revised and refined based on feedback from users, in particular based on FBM instructor feedback. MN FBM instructors have never been shy about suggesting improvements and those improvements have been a big part of FINPACK's success.

As we worked with farm management programs around the country, it is very clear that program leadership is a key to success. From our earliest collaborations, FBM leadership has stood out as the example of how to make it work. We want to especially highlight the leadership of the Deans of Management from those early years and our current Database Leadership team. They have consistently cultivated a culture of accuracy, uniformity, data integrity, and educational excellence. Without that data integrity, FINBIN would not work.

As much as we in CFFM love to tout FINPACK, it is still just a tool. It is nothing without motivated and knowledgeable users. FBM's commitment to FBM students and to Minnesota agriculture is what makes FINPACK and our other tools work. We at CFFM want to thank FBM for this relationship that has grown over the years, and we look forward to many, many more years of working together to serve Minnesota agriculture.

What FBM Students have to say...

How would you describe what your instructor has done for you as a part of the FBM program?

"First and foremost, they really improved my bookkeeping. When I first started my bookkeeping was just terrible. Over the first several years that has been ramping up and then finding the way to do it correctly. Keeping track of things where I can use the data for my operation to make informed decisions."

"Probably one of the most important things was showing us possible paths to success with budgeting, planning and projecting; but also the other side of it. When something isn't going so hot, they're willing to say 'you know that isn't going so hot, what are you going to do to change'? The instructors we have had have been willing to challenge us. When a question needs to be asked, they have always been willing to ask it, and I have always respected that."

"He has been a huge part of our success and keeps us feeling like we are moving in the right direction. You get the years when markets are down or yields are poor or whatever so you question what the profitability was like and how you are going to keep moving forward. It seems like every year when you sit down with them they can find the positives and give you pointers and tips from other lessons they have learned."

"They have always been there to answer our questions. They don't have an investment, they're not trying to sell you anything.... They see a lot of different farms out there and different ways of doing things, so they always have knowledge there to offer you."

"He is always challenging us to look at things from a different perspective. Especially when it comes to marketing, he is keeping us up to date when markets change because they are obviously the biggest risk; and then staying on top of what we have sold and what we have open as markets fluctuate. Then helping us track at the end of the year on an enterprise basis on owned and rented land so you know your breakeven, and see how we stand compared to others in the program."

"He has given me the bigger picture. You look at more specifics and that helps to broaden your view of your operation. He also explains the numbers from groups of other farms in the area and then relates it back to my own operation."

"I have worked with 4 instructors and in the early years it was guidance on your books. As it has evolved, it has become very in-depth. When we (my son and I) were starting to farm together, our instructor gave us ideas on how we should structure our operation...with examples he recommended or had seen."

The FBM Curriculum - An Original Design

DelRay Lecy

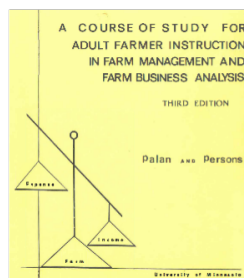
Agricultural Education requires a curriculum that is unique in many ways. At the high school level, it is critical to focus the curriculum for hands-on, experiential learning. At the FBM level, working with adults who are active producers, the focus needs to be expanded to a sequential, financial management curriculum to address the “just-in-time” need for education.

In the third edition of the “Course of Study for Adult Farm Instruction in Farm Management and Farm Business Analysis”, Edgar Persons and Ralph Palan provided this overview of farm management instruction:

The farm management phase is the foundation for the entire adult program of instruction. It begins with individual farm families enrolled in specific courses composed of definite units taught in an organized sequence. This study of farm management should be spread over a period of three or more years to permit families to keep pace with the instruction in carrying out programs to reach their objectives.

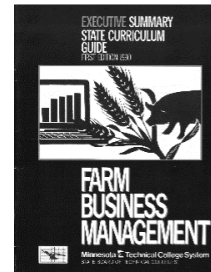
Management is primarily a decision making process. To be successful in management instruction it is important that instructors understand the logical organization of activity which leads to making a sound decision. The topics which are suggested in the lessons for farm management follow the sequence suggested by the ten steps. These steps are as follows:

1. Analyze the present situation.
2. Locate the problems.
3. Set up objectives or goals.
4. Size up the resources.
5. Look for various alternatives.
6. Consider probable consequences and outcomes.
7. Evaluate the expected results.
8. Decide on the course of action.
9. Put the plan into effect.
10. Evaluate the results of the decisions.



Because agriculture is a dynamic industry, it is not possible to locate a problem, follow through on alternatives, put a new plan into effect and expect the job of farm management to be completed. Management decision making is a continuing process with new problems coming in and new solutions being found. It is likely that several problems will be in the various stages of the decision process at any one time. For some problems the farmer may be establishing goals; for another problem he may be still analyzing the present situation, while for still another he may be choosing a particular course of action which he intends to put into effect immediately. The management education program is simply the starting point in the over-all evaluation of the farm business and a systematized approach to solving problems that will follow.

This original curriculum was developed in a system that used an hourly-based instructional model. Program delivery was both individualized and classroom-based, was tracked by recording the total hours spent in each delivery mode. Program focus was on delivering a completed curriculum over time rather than basing instruction on individual courses leading to a diploma or degree. Hourly-based instruction was used by FBM programs up to the early 1990s when preparations were being made to move into the newly established MnSCU system.



Using these basic instructional concepts, the FBM curriculum has matured over time and adjusted to the needs of the students enrolled, and the anticipated future needs of the greater farm community. In 1992, the curriculum was converted to the quarter credit model to align with the technical college system. This model would enable the FBM program to merge into the credit-based offerings of the new college system rather than continue in the hourly-based model. At the time, there was concern over the future of the program without moving into the realm of instructional programs earning a degree or diploma.

Converting the curriculum to a credit-based system was not an easy task. All instructors

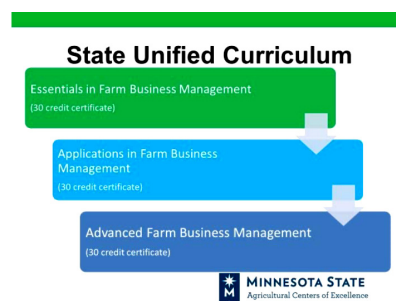
were asked to step up and help modify the existing materials so individual courses could be established for an FBM diploma in the college system. Several meetings were held and many hours were spent completing the task. The FBM program was ready for moving into the MnSCU system as a regular program offering at each local host technical college campus.

The credit model was short lived in the new system and the expectation to convert to a semester-based system surfaced with a deadline of 1998 for its completion. Once again, the instructor team was called on to complete the conversion. Under the direction of the State Director (John Murray) and the Regional Deans, a committee of instructors worked to merge, add, and in some cases eliminate courses to create the new semester curriculum. FBM was one of the first MnSCU programs to complete the conversion which demonstrate the ability of the program to adapt to system expectations and helped to establish a long-term view of the program at the system office level. The FBM program had effectively moved into the new college model and, in doing so, had found a place for the future. The most significant change in governance to impact the program had not diminished the will of the instructors or leadership. FBM could and can proactively adjust to expectations because the instructional model was sound.

Curriculum improvements continued in the 2000s and again in the late 2010s. In 2008, under the direction of the current State Director (Dr. Dick Joerger) and the Regional Deans, the FBM courses were converted to the Worldwide Instructional Design System (WIDS). Yet again a team of instructors stepped up to lead the development of the expanded version of the existing curriculum. Historically, the FBM curriculum had been focused on a quality syllabus providing direction for the instructors and enabled high degree of flexibility for each instructor. Flexibility was critical to program and instructor success but additional curriculum resources would add significant value to the curriculum. Moving to the WIDS model provides instructional and student guides bringing each course to a new level. In a time where instructor retirements were increasing and new hires were continuous, an expanded curriculum would help to enable success for the new instructor in this transition.

As the Minnesota State Colleges and Universities

System curriculum delivery expectations change and adjust to meet current student and system leadership philosophies, modifications to the curriculum were again needed in the 2017. As would be expected, under the leadership of the Agricultural Centers of Excellence Directors, a new instructor team led the development of updated curriculum for the FBM program. In this case, local college curriculum committee members were included in the process. This not only expanded the knowledge of the program at the local college level, it also ensured the updating process would be in line with the local expectations. In addition, consensus could be found when the unique nature of the FBM program required flexibility in the new curriculum, but would enable the development of an approved statewide FBM curriculum. In 2023, the most recent curriculum update was made, providing expanded assessment tools that would complete the curriculum...until the next round of updates are needed.



Currently, the FBM curriculum leads to the following program completion options:

1. **Essentials of Farm Business Management**
(30 credit Certificate)
2. **Applications of Farm Business Management**
(30 credit Certificate)
3. **Advanced Farm Business Management**
(30 credit Certificate)
4. **Commodities Marketing**
(25 credit Certificate)
5. **Current Issues in Farm Business Management**
(30 credit Certificate)



The History of the Professional Excellence Program (PEP)

By: Ron Dvergsten, Northland Community and Technical College FBM Instructor

At the turn of the century, the idea of developing a Professional Development Program designed specifically for new/first time Farm Business Management instructors surfaced. The purpose would be to build skill and confidence levels of new instructors entering the profession to help them succeed in the profession long-term. On the drive to the 2000 NFRBMEA Annual Conference in Enid, Oklahoma, John Murray, State Director for Management Education and three Minnesota State FBM instructors brainstormed ideas for such a program. That fall with approximately twenty first time FBM instructors in the Minnesota State system, it was time to implement such a program. John Murray worked in conjunction with Dr. Dick Joerger, University of Minnesota AGED Professor to get the newly created Professional Excellence Program (PEP) started.

Teacher mentoring was a key component of the program along with multiple in-person professional development training sessions held each year. New instructors are required to participate in all the training sessions during their first three years of FBM instruction. The PEP training sessions would cover the key areas of FBM instruction such as financial ratios, cash flow planning, enterprise analysis issues, tax planning concepts, along with the importance of record keeping requirements. PEP also focuses recruitment and retention of students, salesmanship, time management concepts, mental health, and other issues tied to delivering adult education. College and employment specific topics dealing with MSCF contract issues, credentialing requirements, credit load expectations, and general professional ethics are also included. Another key aspect of the program was to select an FBM instructor who would serve as a mentor and set regularly scheduled meetings during these formative years to deal with the real-time issues that occur as part of the job.



During PEP's first year of existence, John Murray and Dr. Joerger realized the PEP program needed an assigned coordinator in order to succeed long term. Below is the list of those PEP coordinators up to the current time.

- **2000-2004:** The first individuals were FBM instructors, Larry Griffin and John Hobert.
- **2004-2008:** Ron Dvergsten, as a part of his Regional Dean of Management Education duties.
- **Note: In 2008,** State Director of Management Education, Dr. Dick Joerger, and the RDME team decided a paid PEP Coordinator position was needed to manage the duties and time commitment required of that role.
- **2008-2012:** Retired FBM instructor, Ron Van Nurdén was hired as the PEP coordinator.
- **2012-2019:** Ron Dvergsten, FBM instructor, returned as PEP coordinator.
- **2019-Present:** Betsy Jensen, FBM Instructor, assumed the role of PEP coordinator.
- **2021-Present:** Denise Reeser, FBM Instructor, became the PEP coordination assistant, focusing on instructors in their 4th year and beyond.

Very few if any of the current Minnesota State FBM instructors have not been involved in the PEP program either as a participant, a teacher/mentor, or as a presenter at a PEP session. Professional development in FBM is a necessity and PEP plays a huge part in meeting that need.

What Lenders have to say...

What are 1 or 2 areas where FBM is having the greatest impact on the businesses you work with?

"I really encourage my young and beginning farmers to enroll in the FBM program because it gets them off to the right start, that right financial footing...doing balance sheets, doing cash flows and learning about their business more from a financial standpoint and thinking about it as a business. That is a really great aspect of the program. For clients that have been in the program for a number of years, another aspect would be the value of the breakeven analysis and enterprising. Many of the farmers I work with who are not in the program do not have a good handle on their cost of production, they don't have a really good understanding of "Am I making money on corn, or soybeans, or cattle? What in this operation is making me money?" That enterprise analysis and breakeven analysis is pretty key to my clients"

"The impact I see is that FBM is a partner or a teammate to the farms. They're not just crunching numbers and letting it go for the rest of the year. They actually serve as a part of their team and guide them through the year. They'll help set goals, they'll help them transition from one generation to the next. The program is very helpful."

"We work with farmers that are looking to get started or expand or maintain their operation and a big part of that is the cash flow planning. You want to make sure that you've got your ducks in a row and the decisions you are making are responsible decisions...and that's where the farm business management program comes in. They've got people that help our producers with the cash flow planning, and what would it look like if we did this, or what would it look like if we did that. They've got the tools to do those cash flow plans, but they've also got the knowledge and experience of seeing what has worked for other people and what hasn't worked, so it's an excellent tool for our producers."

"The farmer gets what they put into it, so as long as you have a farmer that is keeping up with their finances they get a good product and they can compare themselves on baseline. What are they doing well, what are they doing poorly? How do we fix those areas? That is the best benefit that I have seen."

"I see two main things. There's a huge time savings on my part when I have a farmer that comes prepared with their balance sheet, cash flow and FINAN. The second part of it is that I see that these clients are very focused, and have a great understanding of cash flow and their breakevens for their operations, and that seems to set them apart from people that aren't part of the program."

"The program helps farmers to know exactly where they're at financially in order for us as bankers to give them good advice on how to improve their situation. If they want to add something, a piece of equipment or land purchase, having those good records really helps us to determine whether or not they can purchase that item."

"The biggest thing would be that they understand their numbers, and really knowing their cost of production, their yields, acres, equipment payments, and just having their heads wrapped around the full scale of their operation."

"The program makes my farm customers' jobs easy as far as keeping records, doing balance sheets, cash flow plans, yearend analysis. The instructors are out there on a regular basis, working with the balance sheets and cash flow plans so they are seeing the information. They're going to have a pretty good handle on what their finances are and what changes they need to make in their operation as far as trying to cut some costs or improve their production or find other ways to generate income."

"With our shared interest in individuals that are customers, working with the farm business management instructors, those individuals are able to get their financials done in a timely manner and they always know that it is to their benefit. I don't think farmers realize the benefits of FBM until they start working with the program and actually start seeing the numbers"

"Probably the two things that I see are the quality of the financial statements that I am looking at from the customers along with the timeliness and accuracy."

A History of Coordination & Leadership

By Jim Molenaar

Farm Business Management Instructor,
Past Regional Dean of Management Education



No individual, group or organization can lay claim to the success of Minnesota's farming industry. We have been blessed with great resources and the means to develop them. The farm management education program has played a critical role in educating the farmers of Minnesota to maximize those resources. The Agriculture Advisory Committee for Farm Management Education developed a policy review (1977) stating, "of all of the States in the Union, Minnesota has been most careful to insure that an adequate education system existed for agriculture at the high school, post high school and adult levels." This commitment to adult education has continued into the present. The legislature, state colleges and universities, farm management instructors and most importantly Minnesota farmers, have developed and participated in an educational program that is both vital and unique.

The position of "Vocational Agriculture Program Coordinator" was established by amendment to the State Plan for vocational Education in 1960. A great deal of vision and planning had been required to bring about this unique leadership position in agriculture education. The coordinator was charged with conducting activities in agriculture education for the area that could not be accomplished by individual schools or instructors. He was asked to conduct the farm record analysis process, provide in-service to teachers, develop teaching materials, direct the regional Future Farmer of America activities, and organize and teach classes on an area-wide basis.

The people who have served agriculture education in this position have been organized under five different titles. Initially (1953-60) they were called "Area Agriculture Instructors" but only had a partial assignment to lead analysis processing. When the State Board of Education officially approved the position in 1960, the term "Vocational Agriculture Program Coordinator" was attached to the position, which transitioned to "Area Agriculture Coordinator" over time. In 1991 the Area Agriculture Coordinator was renamed to become "Regional Agriculture Program Manager." Under the Minnesota State Colleges and Universities Higher Education Merger the position was reclassified to become the "Regional Dean of Management Education" to reflect the added duties of supervising the Small Business Management Program. When the Minnesota State Colleges system "un-fenced" what was previously dedicated funding for this regional leadership

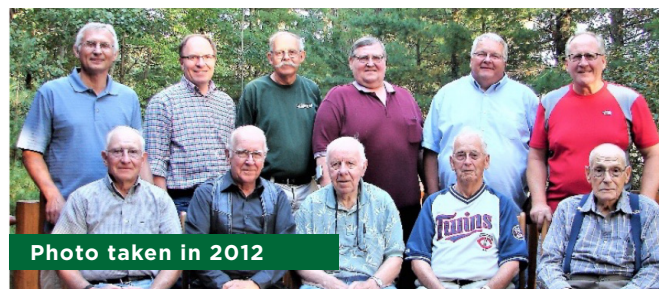
position, a major change would take place. The system of six regional areas was discontinued along with the people serving in those positions.

Fortunately two colleges had the vision to request funding under Minnesota State Colleges and Universities Center of Excellence model. A southern Agriculture Center of Excellence was established in 2012 at South Central College in Mankato and a northern Agricultural Center of Excellence was established in 2014 at Central Lakes College in Staples. Both the northern and southern center directors have provided leadership to the farm business management program since that time. It is noteworthy that the center directors are also tasked with workforce development, soliciting grant funding, and providing leadership to secondary and post-secondary agriculture instructors drawing comparisons to the position descriptions that the early Agriculture Coordinators served under.

NOTE FROM AUTHOR:

This is an excerpt from The History and Future of the Area Agriculture Instructor, Agriculture Coordinator, Regional Agriculture Program Manager and Regional Dean of Management Education, August 1995, written in 2002 and updated in 2023 to reflect the current position status. It may be noteworthy to recognize that a regional leadership position of this nature is unique within Minnesota education systems as well as nationally. For whatever part we have served in the development and success of the farm business management education program, I wish to join the individuals who have served in this position, past and present, in congratulations and wishes for a continued bright future.

Leadership over the Years



Front row: Verne Spengler, Dr. Edgar Persons,
John Murray, John Thell, Bill Guelker

Back row: DelRay Lecy, Peter Scheffert, Al Brudellie,
Ron Dvergsten, Jim Molenaar, Dr. Richard Joerger

The Minnesota Rural Mental Health Program

- A Bit of History -

Jim Molenaar, Retired Management Dean and FBM Instructor

I was introduced to Ted Matthews and if my memory serves it was the spring of 1998. There had been quite a bit of flooding in the Northwest and Western Counties of Minnesota. The (FEMA) Federal Emergency Management Program provided crisis funding for counseling services to people affected by the flood. Ted Matthews served as a FEMA counselor for Morris MN and areas to the west.

When we began talking, Ted shared that he saw people from many walks of life seeking counseling from the devastation of the flood. He noted with concern that there were no farmers coming to him for counseling. He then asked the key question,

“Why not? I would think farmers would have been impacted as much, or more so, than business people, homeowners, and people who were seeking help. Why am I not seeing any farmers?”

I was employed as a Regional Dean of Management Education at that time, officed in Willmar. My background as a farm business management educator and former farm mediator provided some insight. My own experiences suggested that farmers might be unlikely to walk in to a psychologist's office in Morris, as by nightfall the entire community would “know” that Jim Molenaar was “breaking up.” Farmers are stoic, independent and have a work ethic that suggests that you can solve any problem by just working harder.

The idea emerged that maybe a different approach might help. The farm business management instructor provides one-on-one instruction to farmers – at the farm in a private setting. The farmer has a high level of trust in their instructor and has a great deal of trust in both matters of farm finance but also the goals and wellbeing of the farm family.

What if a partnership could be established that would provide mental health education and services under the umbrella of the local farm business management instructor? Could that farm business management instructor relationship with the farmer overcome the

stigma of mental health, by introducing Ted Matthews as a part of the farm business management education team?

The idea was launched and an informal partnership was established. Ted Matthews began working as a partner with Dan Perkins the Morris, Minnesota farm business management instructor. The idea was effective and the word spread. Soon multiple farm families were seeking advice from their “farm business management specialist” who was really good at helping people solve family issues, reduce stress levels and just about anything related to their mental health. Except that it was not “labeled” as mental health. It was just “Ted” and Ted was just a part of the farm business management education program.

As the demand for Ted began to grow, we realized that we needed resources to provide for a greater need and one that extended beyond the boundaries of the FEMA flood relief package. I worked with assistance from a local grant writer, and multiple applications were proposed. Two organizations found the idea intriguing. The Otto Bremer Foundation and the Phillips Foundation provided enough funding to launch the Rural Mental Health Program for Willmar – Ridgewater College. I served as the administrator and of course Ted Matthews the counselor. One of our first efforts was to develop the relationship and trust level between Ted Matthews and the staff of fifteen farm business management instructors – who incidentally covered an eighteen county area of West Central Minnesota.

We began to realize that there was an immense need for this model and the skills of Ted Matthews. We appealed to the Bremer Foundation for a second grant – and believe it or not a few years later a third round of funding. It is generally understood that the Bremer Foundation usually provides “one grant” so we were ecstatic to have received this level of support. We also began to understand that we had a very important role to fill and we had a compelling story to tell.

Serving as president of the Minnesota Association of Agriculture Educators and as a board member for the Minnesota Department of Agriculture Rural Finance Authority, I had the opportunity to network with the MN Commissioner of Agriculture and his staff, as well as key members of the Minnesota House and Senate Legislative Agriculture Committees.

When you have a compelling story to tell, you might as well share it.

It was very rewarding to earn the support of Senator Dallas Sams, Senator Steve Dille, Representative Steve Wenzel as well as Assistant Commissioner of Agriculture Jim Boerboom. There were many others who bought in to the idea of moving the Rural Mental Health Program Forward.

I believe the first legislative funding was approved in the 2002 legislative session. The initial funding was directed to the Minnesota Department of Agriculture. It was correctly believed that the funds would be most “protected” and “directed” to the appropriate use under the direction of the commissioner of agriculture. The funds were then “passed” to the Minnesota State Colleges and Universities System and then “passed” to Ridgewater College where the program was administered. While it seems like quite a bit of “passing and paperwork” the multiple agencies involved has provided a common vision. Initial funding included two positions. Ted was joined by Dan Marquardsen who worked out of CLC. Unfortunately, even with funding that was initially “protected”, system level financial struggles resulted in the loss of that position after just a few years.

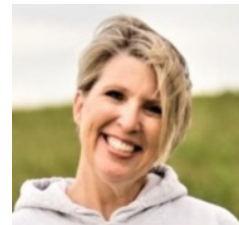
Today the Rural Mental Health Program partnership is seeking the renewal of funding from the MN legislature. The Rural Mental Health Program now has over twenty years of service to farmers under the umbrella of the Minnesota State Colleges and Universities farm business

management education program. There have been fits and starts issues to overcome and problems to solve. As the years have rolled by, new leaders and people have come forward to support this model and have provided for the need.

In the end, the one-on-one counseling approach in partnership with the farm business management program has been the cornerstone of the program. It has proved effective and I believe Minnesota is the only state to provide this type of program for farmers. Yes, Ted has been invited to be a speaker at many engagements, but the true work is his availability to farmers in a private, confidential setting that does not require a waiting list, referral, or medical insurance diagnosis. For many years, the bottom line was that if you need to talk to someone - **“Please Call Ted.”**



As of 2019, you could also **“Call Monica”**. The program was expanded to provide greater coverage for Northern Minnesota. Monica McConkey joined the program and brought 25 years of experience in behavior health to her role as the second Rural Mental Health Specialist in Minnesota.



It has been very humbling and rewarding to be part of the Rural Mental Health Program and understand the positive impact that work of Ted Matthews, and now Monica McConkey, have provided to Minnesota's farmers.

What FBM Instructors have to say...

What are your key roles when working with your FBM students?

"Our primary or key role is to help guide the student to make good financial decisions and to provide them with the resources they need in order to make those decisions and the resources that they need to work with their other stakeholders in their operation. This will help them understand "What is the best interest of my farm and how can I make my farm more profitable, more efficient"? Our goal is to try to make sure that they're doing the things that they need to on records and then we're putting everything together for them and making sure they understand what we put together. Then, when they are asked questions about their operation, they are knowledgeable as well."

"I think working with benchmarking is where the student gets the greatest value. Being able to go through the data and, no matter where they rank in the benchmark reports, to be able to explain the why. If there's not a reason why, then how can we fix that. We can really walk through the reports with them and ask if this makes sense. If it is a true number and not your goal, how are we going to fix that as well?"

"The FBM instructor's key role is to assist the student and his or her family in thinking and managing like an entrepreneur. One of the first steps in achieving this ability is to help them craft a set of their own goals and a realistic timeline to reach these goals. This overarching plan is unique to their business, their family and their own long term objectives."

"A key role is really listening to determine what the student's needs are. As an instructor you have goals of things that you want to accomplish with them but you have to meet their individual needs first and then from there you can get to the needs of the program which will help him move forward. Being able to listen and to know where they are is crucial. We also need to be another pair of eyes and ears for them because they need a team that will help them and I think the farm business management program can be there to help them in determining where they are and where they can go."

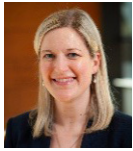
"Our key role is being the main person to help students learn how to manage their financial records and how to be sure they're accurate. We are also the person that interprets it and being the person they ask questions of, if there is a need for cash flow planning or questions on their analysis. We are really a problem solver to help see what will and won't work."

"I think mentorship with my younger students, and I think providing another person that they that they can bounce ideas off for both my new and my experienced farms."

"My key role is keeping them on task, keeping them focused to do the things that are most important at the time, but also looking at the big picture. As instructors, we see so many different things and we go over the numbers with our students, but we can see what other students are struggling with or having success with and bring that to the table and say hey, maybe you need to be looking at something different and concentrate your energies a little differently."

"My key roles are to bring the information in front of them and go through the data on an analysis basis and look at their operations. We need to take a good look at their strengths and weaknesses and to guide them to do better in their farming operation."

"I am a bit of a liaison between them and their banker, a guide to what they should be thinking about with financial aspects of their farming operation, and I help them understand whether decisions will help them grow or if the timing is right if they choose to pursue it."



Farm Business Management Challenge Grant History

Sarah Dornink, MAELC Executive Director

During the 2015 Legislative Special Session, the legislature awarded \$2,000,000 per year (\$4,000,000/biennium) in additional funding to the Minnesota Agricultural Education Leadership Council (MAELC). These funds were made available to MAELC through the Agriculture Research, Education, Extension, and Technology Transfer grant provided by the Minnesota Department of Agriculture. This funding is meant to “enhance agricultural education with priority given to Farm Business Management challenge grants.” Further language allows this funding to be used for “farm business management, mentoring programs, graduate debt forgiveness, and high school programs.” With this new funding, MAELC determined to focus spending in four areas and continues to prioritize these areas today: FBM Challenge Grants, FBM Additional Instructors, Mentoring Programs, and Program Evaluation

The following amounts were appropriated by the MAELC board for the FY24/FY25 biennium (increased to \$4.5 million):

FBM Challenge Grants - \$4,000,000

FBM Capacity Building Grants - \$140,000

Mentoring Programs - \$250,000

Professional Development - \$90,000

Program Evaluation - \$20,000

FARM BUSINESS MANAGEMENT CHALLENGE GRANTS

The Minnesota State FBM program is extremely important to the state’s farm economy. As the agricultural economy fluctuated, there was an increased demand for FBM education. At the same time, the number of FBM instructors had decreased from 87 in 2004 to 57 in 2015, leading to a shortage of instructors available to students. Also exacerbating the problem were funding challenges at the Minnesota State colleges, which put increased pressure on the programs. Instructors are expected to recover program costs, which led to significantly increased student tuition. To address these challenges, FBM Challenge Grants were made

available to Minnesota State FBM programs starting in FY16. Programs apply for funding to cover a portion of their direct expenses. Funds are awarded to applicants who maintain and increase the number of instructors and students in their local FBM program and meet other program parameters.

Colleges receive 50% of grant funding up front. Upon submission of a progress report, an additional 25% of the initial grant is awarded. The remaining 25% is paid upon submission of a final report and verification parameters set forth in the application were met.

For the first year, five parameters were laid out for the Challenge Grant program, however, the current program allows for more flexibility and requires colleges to meet five of eight parameters to receive full funding.

COLLEGES MUST MEET FIVE OF THE EIGHT PARAMETERS:

1. Maintain current number of credentialed FBM instructors under an Article 12 MSCF FBM contract
2. Maintain current FBM student credit numbers (collegewide, not per instructor)
3. 85% of full-time students in the FBM program complete a FINAN analysis (whole farm at a minimum) and submit to the Minnesota statewide database
4. Local college encourages professional development for new FBM instructors (less than 4 years of FBM experience) by supporting them in the Professional Excellence Program (PEP) for early career mentoring
5. 70% of eligible students are enrolled as full-time students in the FBM program (10 credits per year)

**If college is below this number based on FY23 student credit numbers, they must show 2% growth towards meeting this criterion



6. Local college hosts at least five public stakeholder meetings, with at least one meeting required to be with a new audience (a minimum of five people in attendance at the new audience meeting)
7. Local college completes a demographic report of FBM students, including age, gender, race/ethnicity, and number of years farming
8. Local college administrator (i.e., FBM Dean), attends two of the four following statewide FBM activities (for at least one day): Minnesota Association of Agricultural Educators (MAAE) Ag Tech Conference, MAAE Summer Conference, FBM Fall Statewide Meeting, or a database review (regional or state level)

- Professional Excellence Program (PEP) - Intended for Farm Business Management instructors with four or less years of experience; also provides additional dollars for PEP 2 which focuses on faculty in years 4-6 and for instructor transitions

Grants were administered annually (i.e. two grants over the biennium). The three mentor programs submit their plan of work, budget, contract and invoices each year and received their initial 75% of that respective year's funding. Upon submission of final reports, they receive their final 25% of funding.

These programs are successful in mentoring, building confidence and knowledge, and retaining instructors.

FARM BUSINESS MANAGEMENT - INSTRUCTOR CAPACITY BUILDING GRANTS

This non-competitive grant program's purpose is to sustain and grow FBM faculty including supporting instructor transitions, additions and other FBM college faculty needs. Colleges can apply for up to \$20,000 to support an instructor project that must be connected to one of the FBM Challenge Grant parameters. In the first three bienniums, FBM Additional Instructor grants were administered to support colleges increasing or adding a new instructor position. In the FY22/FY23 biennium, an FBM Targeted Additional grant was administered to support two specific instructor positions focused on specialty crop and urban farmers. For these grants, colleges receive 50% at the onset of the grant period and the remaining 50% upon completing a final report.

AGRICULTURAL EDUCATION MENTORING PROGRAMS

Recognizing how important mentoring programs can be to the success of agricultural educators, three programs receive funding for their activities:

- Teacher Induction Program (TIP) - For first-year secondary agricultural instructors
- Post-Secondary Instructor Mentoring (PIM) For new/early career post-secondary agricultural instructors

PROFESSIONAL DEVELOPMENT

A portion of funding is utilized to support professional development of instructors at all three levels including school-based agricultural education, post-secondary and Farm Business Management.

PROGRAM EVALUATION

MAELC hired Doris Mold of Sunrise Agricultural Associates, LLC to evaluate the grant programs, complete an FBM instructor satisfaction survey and focus groups, and dive deeper into specific FBM studies.

The FBM Challenge Grant reinvigorated programs and put them back on track to focus on the important work of educating student farmers and developing new programming. It allowed for growth in programs, as well as new and innovative programming that has helped the colleges reach new audiences, especially beginning farmers. Most importantly, instructors reported they are more positive about their work.

Two “Big Impact” Events

Omnibus Agriculture Act of 1985



Brought computer-enhanced on-farm delivery of education and computerized decision making tools. Moved FBM into the next level of adult education.

Brought FINPACK software to FBM.
Established a 35+ year partnership,
25+ with the State FBM Database

Tuition Subsidy

Introduced concept of a tuition subsidy to support struggling farmers. That subsidy existed from 1987 to 2011, ranging from \$13.50 to \$30.21 per credit.

Subsidy provided to students over 25 years: almost \$12,000,000

Challenge Grant Funding - 2015

The difficulties of college leadership change and instructor transition in the early 2000s and into the early teens have been noted in other documents. In 2009, there were 73 instructors and 3300+ students. With the reducing numbers through 2015, an influx of funding was needed. MAAE and other supporters worked to secure annual legislative funding to stabilize the program. MAELC, with funding through MDA, would be the lead.

The table to the right shows the percent change over that time period.

	<u>FY16</u>	<u>FY23</u>	<u>% Change</u>
Instructor Headcount	57	63	110.5%
Student Headcount	2,769	2,820	101.8%
Total Student Credits	22,937	24,347	106.1%
Number of Analysis	2,103	2,154	102.4%

Support from this program since 2016: \$16,000,000 to date

Farm Business Management Grant Evaluation Project Briefing

Minnesota Agricultural Education Leadership Council (MAELC)

Year one of Challenge Grant era

Doris Mold, Outside Evaluator | 9/12/2017

Abridged by DelRay Lecy, - August, 2023

The purpose of this project is to assess the Minnesota State Colleges and Universities' (Minnesota State) Farm Business Management (FBM) Challenge Grants program, by assessing its ability to maintain and increase the number of instructors and students in local FBM programs. This assessment will provide the basis for the evaluation of the grant program and will provide information that will communicate the impacts of the program.

The responder (Outside Evaluator) developed questions for the evaluation process; conducted focus group discussions with instructors; has reviewed progress reports and instructor responses to questionnaires; developed an interim report and will work on further assessments; will review final report data and in turn develop that data and previous data collected into information that will provide answers to the following questions: 1) Is the grant program effective at maintaining and increasing instructors and students? Why or why not? 2) What are the most meaningful outcomes and impacts?

The Outside Evaluator recommended that progress towards grant parameters and indicators be evaluated in an interim report made during the program rather than waiting until program completion so that corrections could possibly be addressed during the process. This interim report was outside the scope of the RFP but it was agreed that it is an important step in the process.

College Challenge Grant Recipients Progress and Final Reports Overview

All successful Farm Business Management Challenge grant award recipients received an e-mail notification reminding them that they were required to complete a progress report at the end of the 2016 Fiscal Year and a final report at the end of the 2017 Fiscal Year. Reports were gathered utilizing the Qualtrics system available through the University of Minnesota. Eight out of eight recipients responded.

At the time of their reporting overall the Colleges reported the following:

- In 2015 - 55 total instructors, 48 full-time, 7 part-time; 2016 - 57 total instructors, 52

full-time and 5 part-time; 2017 - 64 total instructors, 56 full-time and 8 part-time.

- In 2017 - 2,602 students (1,833 full-time, 769 part-time) - 70% of all students were full-time; 2015 - 3,047 total students (1,778 full-time, 1,269 part-time) - 58.35% of all students were full-time.
- In FY17, a total of non-amended 23,498.7 credits sold (22,626.2 amended) at an average cost of \$178.01 per credit. In FY15 non-amended credits sold 23,880.9 (21,205.9 amended) at an average cost of \$182.54.
- 1,967 Full time students completed a FINAN in FY17, 2,071 in FY15
- Four colleges have instructors under four years of experience. Across these four colleges there were 17 instructors that had under four years of experience.
- Seven of the colleges had 100% of their instructors participate in the Professional Experience Program. One college had 60%+ of their instructors participate.
- All colleges reported that receiving the FBM Challenge Grant had impacted their local college "A lot", the highest level option available.
- All colleges held public meetings in both 2017 and 2016. In 2017, colleges held 114 meetings that reached over 6,521 people. In 2016 the colleges hosted 82+ public meetings with an attendance of 4,131 people.
- Colleges reported the following attendees at their public meetings: administrators, ag finance/lenders, agri-business professionals, community members; farmers (non FBM students), FBM instructors, and FBM students attended. Colleges also reported that others participated including legislators; Minnesota Department of Agriculture and college faculty and students.
- In the final report, seven colleges reported that as a staff they were involved in statewide Farm Business Management initiatives "A lot", the highest level of activity offered. This is an increase from four colleges from the interim report; one college reported at the next highest level "some", while it was four colleges in the interim report.

NOTE: This is an abridged version of the "Project Briefing" for the "Farm Business Management Grant Evaluation" 12/1/1017, by Doris Mold.

The reports completed by the colleges show that the Challenge Grant had meaningful impact on their Farm Business Management programs and that they were all progressing in the eyes of the parameters, especially after amendment on credits were allowed. The Challenge Grant brought “new life” and a forward thinking attitude to many programs. It allowed for some new and innovative programming and helped the colleges reach some new audiences with the program.

College	# FBM Instructors under MSCF Contract - Full-Time		# FBM Instructors under MSCF Contract - Part-Time		TOTAL	
	FY15	FY17	FY15	FY17	FY15	FY17
Alexandria	1	1	0	0	1	1
Central Lakes	4	7	1	0	5	7
MN West	7	9	4	6	11	15
Northland	6	7	1	2	7	9
Ridgewater	8	8	0	0	8	8
Riverland	8	9	1	0	9	9
South Central	12	13	0	0	12	13
St. Cloud	2	2	0	0	2	2
Totals					55	64

Recommended Quality Program Indicators

- 95% of students have completed an assessment within their respective business model. FINAN and enterprise submissions follow state parameters for submission (pricing, methodology, etc.) All colleges are on track with this indicator.
- Instructor possesses and follows a professional development plan supported by the college.
- Local college offers public meeting setting to present data related to FBM.
- Local college is aware of statewide initiatives within FBM and supports instructor involvement. All colleges are aware of and appear to support statewide initiatives within FBM and support instructor involvement.

Colleges found that the grant was an excellent motivator to grow the program. They did have suggestions on the parameters including: to have a “meet 3 of 5 goals” approach instead of an all 5 or nothing approach. The reality is that farm markets and farm education are linked. When the

economy or markets go bad, it is difficult to remain in a growth mode when retention is the goal. There are challenges that continue to be raised with retired instructors “taking” students away from the program and doing farm management consulting.

Beyond the excitement of having resources and good attention focused on Farm Business Management programs across the state, colleges reported some new and innovative programs and new audiences being reached because of the Challenge Grant program. Some of the new or innovative programs included: 1) drone and imagery education across multiple audiences including farmers; educators; and agriculture industry people; 2) Introductory online Farm Business Management programs for new and beginning farmers; 3) Risk management education programs; 4) Estate and transition planning programming; 5) Exploring distance learning for delivery of education; and 5) Items to bolster current programming including equipment purchases and student scholarships. Non-traditional audiences have been reached including: women; veterans; minority/immigrant farmers and farm transitions. When doing the innovative programs and working with non-traditional audiences, the students/participants do not always follow the traditional parameters that are being used to measure progress. Progress might not be seen as significant because of these “different” types of programming and not meeting the parameters.

A brief view from the instructor questionnaire:

- 46 of 51 invited instructors completed a questionnaire - Fall 2016, 90% response rate
- Average completed years = 14.8 years, Median = 12.5 years, Range 1-37 years
- Average 6 meetings per year per student

Annual Number of Students

	Full time	Part time
Total	1,763	624
Average	38.33	13.57
Median	41.5	9.5
Minimum	0	0
Maximum	65	47

n=46

Instructor View of Their Farms

To what level do your farmers	Not at all		Some		Quite a bit		A lot		Don't know		Total
...feel financially stressed?	0.00%	0	17.78%	8	37.78%	17	44.44%	20	0.00%	0	45
...use information gained from participating in the farm business analysis program?	0.00%	0	6.67%	3	37.78%	17	55.56%	25	0.00%	0	45
...make more informed management decisions after participating in the farm business analysis program?	0.00%	0	4.44%	2	22.22%	10	73.33%	33	0.00%	0	45

n=45



What are the features, advantages and benefits of this program?

FBM features	Advantages of the program	Benefits to the farm manager
1 FBM program offers individualized one-on-one instruction.	<ul style="list-style-type: none"> ✓ Occurs at your farm business or in a private setting. ✓ Information is always confidential and private. ✓ Instruction is tailored to your wants and needs. ✓ The relationship can develop over a number of years allowing for evaluation of trends, progress and issues. ✓ Instructor is an unbiased, knowledgeable and experienced source of advice for you and your business. 	<ul style="list-style-type: none"> ➤ Producers value that the information is unbiased and based on what is "in their best interests." ➤ Farmers are busy; the program focuses on what is important and relevant to that individual business. ➤ Participating in the program provides value to the farm business. A recent survey of our students suggests that the value may be at least \$5,000 annually.
2 Accurate, efficient, financial and production record keeping systems.	<ul style="list-style-type: none"> ✓ Records are available in a useable format for analysis, budgeting, planning, tax management and preparation. ✓ Improved communication and relationship with lenders, family members and business partners. ✓ Information can ease farm transition planning and communication. This applies to both family and non-related future owners of the business. 	<ul style="list-style-type: none"> ➤ Timely and accurate information allows confident financial decision making. ➤ Saves time, gives confidence. (both are factors in lender's interest rate pricing) ➤ Accuracy in tax planning and reporting can maximize your after tax earnings. ➤ The financial history of the farm business is of great value to a future owner of the business. ➤ Better understand and manage risk.
3 Financial analysis and trend history.	<ul style="list-style-type: none"> ✓ The annual analysis provides a clear picture and understanding of business progress. ✓ An easily understood format that is recognized as the industry standard. ✓ Provides comparative data for benchmarking. 	<ul style="list-style-type: none"> ➤ Understand your business; be confident in the direction you are going. ➤ Improved business planning may lead to a more profitable business. ➤ Benchmarking can identify strengths and weaknesses that are critical to your business success.
4 Setting personal and business goals. "Strategic Planning"	<ul style="list-style-type: none"> ✓ Prompts and helps you to establish goals, direction and accountability. ✓ Your FBM instructor can facilitate and provide valuable insight in this process. ✓ It is critical that business partners and/or family members be involved and informed. Improves communication and satisfaction with the business. ✓ Becomes more important as farms and the agriculture economy become more complex. 	<ul style="list-style-type: none"> ➤ Farmers that establish and communicate goals are more successful according to research conducted by Dr. David Kohl. ➤ Provides direction for your business as you make decisions that will impact your business for years to come. ➤ Provides direction for your family, business partners in case of an emergency or unplanned event.
5 Teach Organizational and Management Skills	<ul style="list-style-type: none"> ✓ Have accurate information gathered and stored in a user-friendly format. ✓ Make decisions with information and rationale. ✓ Understand and utilize all of the resources available to your business. 	<ul style="list-style-type: none"> ➤ Improved organizational skills can lead to improved farm profitability, better communication, reduced stress and time savings. ➤ Can lead to greater satisfaction of family members, business partners and employees.
6 Technology, advancements and adoption of new farming practices.	<ul style="list-style-type: none"> ✓ FBM instructors attempt to participate in industry training and be informed in the newest technologies. ✓ Can help you understand the application of technology or new practices in your business. ✓ Help you identify sources of information and advisors to assist you in your decision and adoption of a new practice. 	<ul style="list-style-type: none"> ➤ Understand the "financial implications" of technology or new practices in your business. ➤ Your instructor can assist you in finding critical information potentially reducing your "learning curve." ➤ Reduce your risk in adopting a new technology or farming practice.
7 Programs/group meetings/ newsletters.	<ul style="list-style-type: none"> ✓ Provides you with access to industry "expert" speakers through programs and seminars. ✓ Newsletters include selected information from industry experts such as Dr. David Kohl. ✓ Benefit from associations and communication with other farmers. ✓ Gain access to a broader base of knowledge. 	<ul style="list-style-type: none"> ➤ We are part of the "information age." Farm managers profit from having access to relevant, timely information. ➤ Improved access to industry experts is an asset in business management. ➤ Associations with other farmers can lead to improved farming practices but also can provide important social connections.
8 Partnership with other agencies and industry groups.	<ul style="list-style-type: none"> ✓ We are an authorized training program in cooperation with the Farm Service Agency, Minnesota Department of Agriculture; Rural Finance Authority, Organic Project, Dairy Initiatives and Sustainable Agriculture Programs. 	<ul style="list-style-type: none"> ➤ Partnerships and cooperation provide access to the latest financial incentives, information and best management practices for Minnesota's farms and agriculture.

What advantages and benefits can we provide to your farm business?

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Circa 2006

The History of the National Farm and Ranch Business Management Education Association (NFRBMEA)

By: Ron Dvergsten, NFRBMEA President 2023-24

In 1973 a group of Minnesota FBM instructors, together with University of Minnesota FBM/AGED Professor Edgar Persons, decided it might be a good idea to bring together farm business management educators from across the country once a year to discuss ideas and problems connected with teaching business management to farm families.

Since no one knew if the idea would “fly”, the first and second meetings/conferences were exploratory and were set up on an invitational basis. The first two conferences were held in Faribault, MN at the Vo-Tech Center. The idea did fly and as the years went by, more and more states and instructors became involved. The annual conferences soon moved out of Minnesota and have been held in nineteen states along with Lethbridge, Alberta, Canada (1994). The 2020 annual conference was held virtually due to COVID.

2006 provided a significant change for NFRBMEA as it joined forces with the National Association of Farm Business Analysis Specialists (NAFBAS) to host the annual National Farm Business Management Conference. That first joint conference was held in Omaha, Nebraska. In 2007, the North Central Extension group joined in every third year for what became known as the Triennial Conference. The first Triennial National Farm Business Management Conference was held in Rochester, Minnesota. This arrangement continues to date.

As the years went by it became more and more evident that a formal organization was needed to sustain the conferences due to finances tied to hosting a National Conference. A committee was organized in 1984 at the St. Cloud, MN Conference with a mandate to report at the following year’s conference, held in Pierre, South Dakota. The FBM instructors in attendance at the 1985 conference in Pierre signed the original charter of the NFRBMEA organization and elected the NFRBMEA’s first officer team. Dr. Edgar Persons was elected the first President of NFRBMEA. To date 16 of the organizations Presidents have been from Minnesota and 12 from other states. Membership dues were originally set at \$10 per year for active membership and \$5 for affiliate dues. Today, active memberships are \$60 per year and \$30 for affiliate dues.

The 1986-87 NFRBMEA officer team discussed the

idea of instituting a newsletter for the organization and presented it at the 1987 Conference, held in Worthington, MN. The membership endorsed the concept and appointed John Hest from Hawley, MN as its first editor. The first edition of the newsletter was published in August, 1987. John Hest introduced the NFRBMEA newsletter as “Nuts and Bolts”. Why name it “NUTS & BOLTS”? According to John, when he operated a garage/repair shop, he mentioned that he had a line item in his billing statement called “nuts & bolts” that was used to cover the odds and ends that wasn’t included somewhere else in the billing statement. When thinking of names for the newsletter, John stated that it struck him that Farm Business Management Instructors are change agents for the farm families they work with. Shouldn’t we be teaching our students to look at all parts of their business and “not to forget the nuts and bolts”? John concluded that any tips we can pick up from our newsletter could easily be called “NUTS & BOLTS”. Four editions of the “NUTS & BOLTS” are produced each year. Debra Pike from Rochester, Minnesota currently serves as the editor, along with serving as the membership secretary and communications director.

Another point of interest for the NFRBMEA organization is the fact that it officially became a 501(c)(3) non-profit in 2004. This allowed the organization to seek outside sponsors to support the conference and organizational activities, where the sponsors can utilize contributions as a business expense.

Also in 2004, NFRBMEA decided to sponsor a member to be on the National Council for Agriculture Education. Richard Baumann, FBM instructor from New Ulm, MN was selected by the 2004-5 officer team to be the first council member representing NFRBMEA. The organization continues to sponsor a member on the National Council for Agriculture Education. Deron Erickson from Morris, Mn is the current member on the National Council.

Additional information related to the National Farm and Ranch Business Management Education Association’s history can be found on the website at www.nfrbmea.org.

NFRBMEA INC.

Farm Business Management is a Family Affair

Ed Uhlenkamp & DelRay Lecy

Farmers who enroll in the FBM program are unique in many ways. These producers have the mindset to seek out concrete information they can use to make decisions that will improve their business over the long term. When the time comes to decide on a direction or change, their instinct tells them to go to “their analysis data” first. This is often unlike other producers who have a tendency to go to “general data”, “partial data”, or “their gut” to decide on the future of their business.

Using their own farm data to make informed decisions is critical to enabling their farm to improve and prosper into the future. Those informed decisions help them accomplish both business and family/personal goals. When those family/personal goals include passing on the business to the next generation, they have an advantage over the average producer. Their decisions may not have resulted in a positive outcome in each case but they know the decision was based on accurate financial data. Their son or daughter who participates in the business also knows.

There are numerous examples of multi-generational farm businesses being enrolled in the FBM program in all areas of the state. The unique nature of the first generation FBM student tends to provide the second generation with a business set on more solid ground than the average producer and the second generation individual often sees the value of ongoing enrollment in FBM. As the third generation moves to take over the farm, the foundation is strong and participation in the FBM program is considered a normal part of doing business.

One example of multi-generational participation in the program is the Salber family from Browerville, Minnesota. Family members are enrolled in the FBM program out of the Staples office of Central Lakes College. Jerome and Frances (lower right) were dairy farmers who began their enrollment in the Veterans Farm Management program in 1965, transitioning to FBM and continuing until 1982. After a short time away from the program, Mike and Keri Salber (shown in the back row) started in FBM in 1985. They transitioned the farm to organic and have continued their enrollment to the current day. Their daughter, Anna Butler (lower left), enrolled in FBM in 2016



and also continues to the current time. The family still has analysis and record books that date back to the time Jerome and Frances were enrolled.

In their own words: Mike and Keri say this about FBM: “The cash flow is nice for borrowing money, and the instructor sits down to help do a scenario so we can look at what’s going to happen with the plan and then we see what our costs are from year to year. We sit down and go through our analysis at the end of the year... We start with the dairy, and we compare it to other farms in the region and throughout the whole state. Then we go into the cropping enterprises and we can see how we measure up with everybody else. It’s not a completion but it shows where you are at with your operation.”

About FBM, Anna says “It really helps with financials...when we are making bigger purchases, you can go back and analyze all your data that you’ve had over the years. I like going back and comparing trends for when my parents started and when my grandparents were in it. It really helps to see how things are going now and how the years fluctuate... It really helps make decisions by going through your financials and looking back in your data, and being able to compare what you know you want to do and how you want to do it, and being able to see how you’re actually going to have go about doing it...”

Ed Uhlenkamp comments about the Salbers and multi-generation students: “I currently work with two generations of the Salber Family. They regularly tell me how much they value the information that I, as a third party, bring to the table. Working with multi-generational families can be challenging because each generation looks at the operation a little different. As the FBM Instructor, it’s my job to keep the big picture in focus as we talk through goals for the farm and the families.

Merging Balance Sheets to look at all assets and liabilities, along with running Cash Flow’s to help all generations see what will happen with each decision, are important steps. Running multiple scenarios helps guide this process.

When transitioning from one generation to the next it takes time because there are a lot of moving parts. FBM instructors have a unique role in guiding farms through the process and are able to see multiple sides of the transition. In order for us as FBM instructors to see the WHOLE picture we need information from all generations, including those not directly involved with the farm operation.”

Special Funding Initiatives that have impacted FBM

A.J. Duerr and DelRay Lecy

Since the establishment of the FBM program in 1953, when Minnesota Farmers Union Grain Terminal Association, the Minnesota Iron Range Resource Commission, and Hill Family Foundation provided start-up funding...external financial support has been sought for program support and special initiatives. There is limited information about external funding during the rest of the 1950s, the 1960s, and the 1970s. This was a time of program growth and support from the local school districts and Area Vocational Technical Institutes. Local high schools had provided partial funding for the program throughout those first three decades in an effort to support farmers living within the school district. Over time, as the program expanded and the area of service changed, that traditional support came under increased pressure as public funding was being scrutinized as it had not been before.

In the 1980s, the Farm Crisis brought severe financial pressure on the farm community and on the FBM program. As a reaction to the stressed farm economy, the MN legislature passed a funding initiative included in the Omnibus Agriculture Act of 1985. This initiative was by far the largest to impact FBM up to this point in the program's history. The act provided funds for 19 additional FBM instructors; portable personal computers for every instructor; FINPACK financial management software; FINPACK training for each instructor; and a tuition assistance plan for enrolled families. This initiative would lead the FBM program to an enhanced delivery mode and would enrich instruction by enabling the FBM instructor to bring computer-based financial tools to the farm.

The tuition assistance came in the form of a standardized tuition subsidy totally \$135 per enrollee or student. This subsidy became a reality in 1987 and would become the longest running subsidy for student enrollment through legislation or support from an outside entity. The tuition subsidy would continue at the same level until after the merger to Minnesota State Colleges and Universities where it was converted to a per credit amount, with 10 credits as the base load. The subsidy would now be applied based on \$13.50 per credit of enrollment rather than a lump sum. After two successful legislative initiatives, in an effort to better align with the significant increases in tuition, the subsidy increased to \$18.50 per credit in 2001, \$25.36 per credit in 2006, and topped at

\$30.21 per credit in 2007. In 2012, after a three year phase-out, the subsidy was unfunded by the System Office. It is estimated that this tuition subsidy provided almost \$12,000,000 to assist students during that time.

The list of special initiatives below focuses primarily on legislative packages that were specific to FBM or included FBM in the language and spending plan. The list begins in the 1990s and runs to the current time.

1996 - \$150K of one-time money in the Higher Education Bill was allocated to update the electronic capabilities of FBM.

1996 - \$300K was appropriated in the Agriculture Bill to establish "Dairy Profitability Teams." FBM was included as part of these teams. That appropriation was increased to \$1 million in 1997.

1997 - The MN Agriculture Education Leadership Council (MAELC) was established, which would later administer grants to FBM.

1999 - \$5 million appropriation in the Higher Education Bill for grants to "historically underfunded institutions demonstrating financial distress." Increasing access to FBM was one of the possible uses of these funds. A \$5 per credit increase in the tuition subsidy was provided through special appropriation.

2000 - \$150K of one-time money was appropriated for mental health counseling for farm families through FBM. In the 2001 special session, an additional \$150K appropriation was included for mental health counseling.

2001 - 2005 - \$100K per year of base funding for mental health counseling was included during the 2005 special session.

2006 - 2007 - \$500K per year was provided by the legislature to: support the Management Program tuition subsidy increase, provide revenue coverage to local colleges to support specialized delivery, enhance instructional technology, and address diverse education needs.

2007 - Disaster Assistance Bill provided grants to agriculture producers affected by

natural disaster. FBM was included as an option for this appropriation.

2010 – The budget following the great recession saw all programs reduced across the board in the Ag Budget. \$6k was un-allotted from the mental health counseling program. \$15k was un-allotted from MAELC.

2013 – First time the FBM challenge grant bill was introduced at \$1 million per year, however, it did not pass this session.

2015 – \$50K per year was included in the Higher Education Bill to develop online FBM courses.

2015 – \$2 million per year for FBM challenge grants was included in the newly-established Agriculture Growth Research Education Extension Technology Transfer (AGREETT) program.

2015 – Funding for farmer mental health counseling increased to \$113K per year.

2016 – Farmer Lender Mediation Task Force was established that included participation from FBM.

2017 – \$450K in FBM tuition assistance was included in the Agriculture Growth Research and Innovation (AGRI) fund. This funding would continue throughout future budgets, usually as an open appropriation at the discretion of the Department of Agriculture.

2019 – Funding for mental health programs for FBM was increased to \$250K per year to hire a second person to provide counseling services. The base appropriation would drop to \$238K.

2022 – Funding for mental health programs for FBM was increased to a \$260K base appropriation and the delivery of the funds was changed to the Region Five Development Commission.

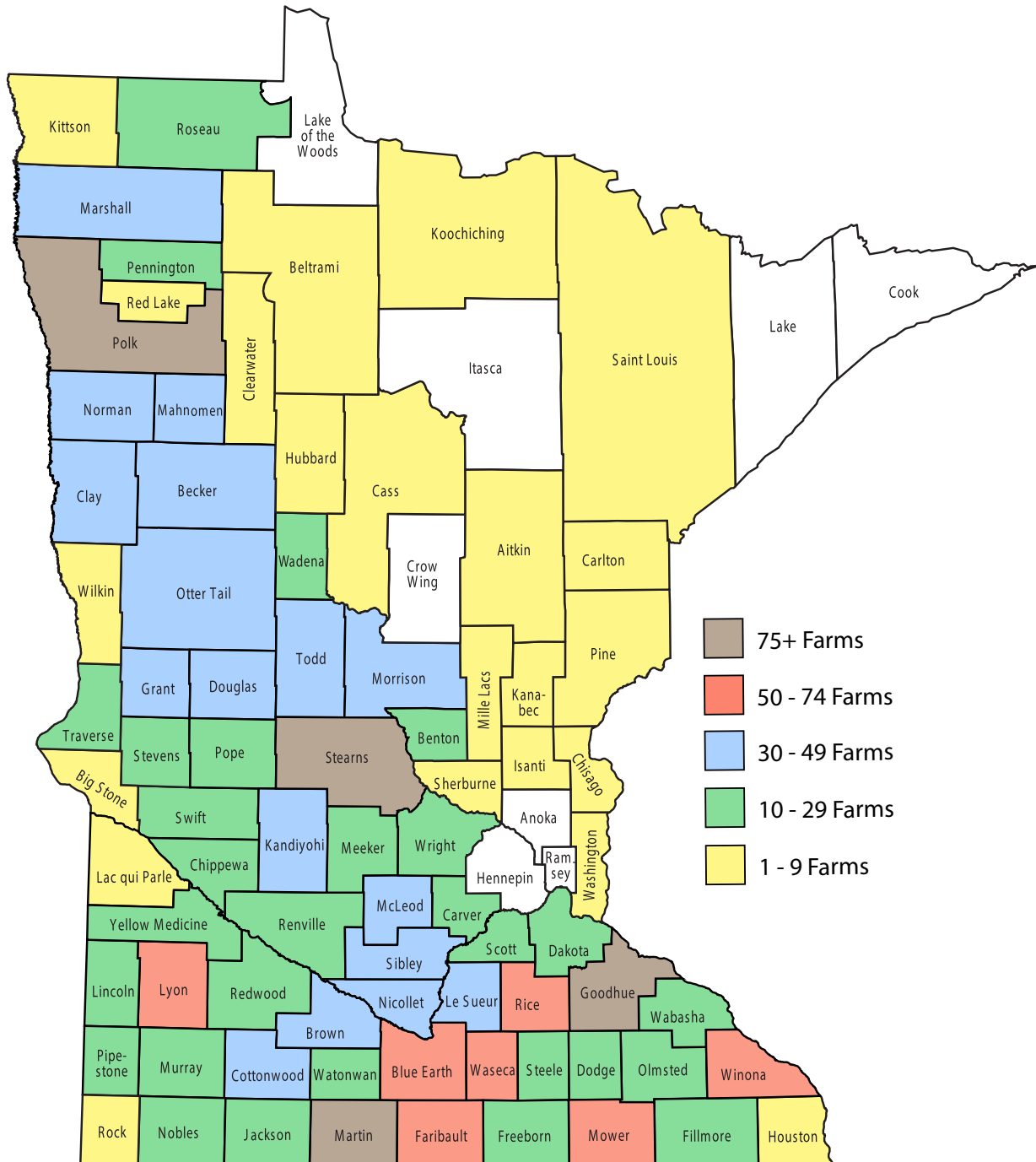
2023 – FBM challenge grants through the AGREETT program were increased to \$2.25 million per year as a new base appropriation. Up to this point, this initiative has provided about \$16,000,000 to support FBM programs.

A unique program with a non-traditional delivery method and a history of success in educating thousands of farm business owners across the state, therefore adding tremendous economic value to the state, should be given special consideration. The FBM program has proven to be a dynamic program that can adjust to meet the needs of the students enrolled in the program and also follow through on the expectations of the governing body that administers the program. This has not been without challenge nor has the success of the program only been attained from within.

A combination of legislative funding initiatives, as noted above, and financial support from program partners has been significant. In recent years, the partner support has significantly increased as public interest in transparency has become more pronounced, the interest in economic data on incorporating expanded environmental practices has increased, and as the state and federal understanding of the value of the data provided by the FBM program and its partners has increased. FBM, in cooperation with CFFM, provides a database like “no other”. Farmers enrolled in the program are to be commended for their understanding of the need for financial management in their operation, their ability to provide the data necessary to complete an accurate business analysis, and their willingness to share that data.

2022 State FBM Database

Financial Analysis by County



First and foremost, we thank DelRay Lecy for his tireless work on the 70th project. He reviewed hundreds of documents, looked at and for a multitude of pictures and did the HUGE job of editing the documents for this publication. Hauling, and reviewing boxes of documents and pictures gave Del the strength to bring a “portable (luggable) computer” to events.

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