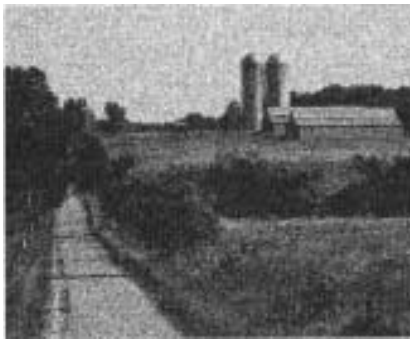


# Passing the Farm On

## To Next Generation

# Is Easier Said Than Done

BY JANET MAYER



**B**ob and Betty were the owners of Oak Springs Farm located in south central New York. Bob was the fourth generation of his family to own the 425-acre farm, and he and his wife, with the help of one full-time employee, managed a successful commercial cow-calf operation.

Some years ago, the couple, both in their 70s, had agreed to do an interview with a reporter in preparation for a story on beef herd management for an agricultural publication. The three people sat drinking coffee before a comfortable fire in the snug dining room of the couple's picturesque stone house, built in the mid 1700s by one of Bob's ancestors.

Thus far, the interview with the personable couple had been informative, and things had flowed along smoothly. Nearing the end of the visit, the reporter looked down at her notes and asked one final question: 'What do you see for the future of Oak Springs Farm?'

It was after several seconds of silence that she finally looked up to see Bob's down-cast head and sad, tear-filled eyes. He tried to speak in a choked voice and failed. His wife looked near to tears herself. The reporter quickly changed the subject, knowing the couple clearly felt the future for the farm was uncertain.

In an earlier conversation during a tour of the farm, Bob had mentioned they were parents of three children who were involved in successful careers and lived away from the farm. It was evident from the parents' reaction to the question about the future of the farm, that their children had no interest in continuing it.

A few years later, because of deteriorating health, the couple retired and dispersed their cattle and machinery. The land was sold to developers. Town houses now cover the pasture and cropland of what had been Oak Springs Farm.

**In an agricultural business,** whether it's a 50-acre farm in New Hampshire or a 78,000-acre ranch in west Texas, most owners have one thing in common: They have made vast investments in their operations, both financial and emotional. When these owners retire

or die, most hope their farm or ranch will continue to grow for generations under the ownership and management of family members.

Like Bob and Betty, not all owners have children or other family members who want to take over a farm business. Still, when this situation occurs in an economically viable operation like Oak Springs Farm an important question arises: Are there alternative measures they could have chosen to see their farm continue?

John Becker, a professor of agricultural law and economics at Pennsylvania State University, advises against coercing family members into taking over a business they don't want.

"In the event a family member is persuaded to assume the responsibility and is not capable of doing it successfully, all types of complications can arise. Farming is too complex a business to get into this type of situation when there are other alternatives to keep a farm in operation," he points out.

Before an older farmer considers dis-

persing an operation, Becker says they might want to consider turning it over to a non-family mem-

ber. "A good prospect may be a younger person who would like to get into farming. The economics of buying a farm at fair market value with a commercial loan makes it difficult to acquire the land needed to embark on a productive agricultural enterprise.

This keeps many young people out of the industry."

To locate this type of aspiring young farmer, Becker suggests working with the National Family Farm/Ranch Transition Network (Farm Link), headquartered in Ankeny, Iowa. A nonprofit network, operating in about 20 states, Farm Link is dedicated to bringing together aspiring farmers with those who are retiring in an effort to foster the next generation of family farms and ranches. (See sidebar on next page.)

**The latest Census of Agriculture** indicates there are twice as many farmers over the age of 65 as those under the age of 35. Agricultural experts believe this is due mainly to the fact that many aspiring young farmers are unable to assume the heavy debt of an outright purchase of a farm or ranch.

Workers in the Farm Link programs have found the ratio of registrations of young farmers to that of retiring farmers in some states to be as high as 100 to 1. According to Marion Bowlan, coordinator for the program at the Center for Rural Pennsylvania in Harrisburg, the program is stirring a lot of interest in the state's farming industry.

Bowlan feels the program is designed to ensure a viable future for the family farm, which is a real priority in most parts of the country. It also gives owners the opportunity to serve as mentors in the transfer and in future farm practices to preserve tradition and wisdom.

"Since Pennsylvania's program started in 1994, we have had about 540 inquiries from people wanting to get into farming and about 120 who want to retire," she says. "Of course not all of these people have followed through on the program, but the ratio here in this state is about 5 to 1."

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Although funding and the operating procedures vary from state to state, Bowlan says each program offers its own range of services. Some may include clearinghouse services which match applicants through a statewide database networking system. Other states provide directories and leave the people to find each other. Many also provide consultation service and guidance to all participants in the areas of real estate, financing and sustainable farming practices.

Applicants to the Pennsylvania program must complete an extensive questionnaire. The applicants who want to get into farming must give full information on their background, their education and

what experience they have had in agriculture. They must specify what type of farm they are looking for, the location and size. They must also identify their farm business goals and the kind of business arrangement they would like to have with the owner, and they must give a complete credit history and references. Although most of the applicants are aspiring farmers, in some states established farmers also have used the program to buy farmland to improve and increase size and profitability.

The questionnaire for owner applicants asks for the specifics of the farming operation and what type of business arrangement the owner would like to

have with the beginning farmer. Bowlan says although most of the applicants who own farms are retiring, others, usually falling in the 40- to 50-year-old category, have made use of the service to establish partnership arrangements.

To be considered for the program, Bowlan says, an operation should be economically viable and at peak production. The program advises older farmers to seek expert advice from reliable legal counsel and to decide what goals they hope to achieve through the transfer, whether to see the land continue in farming or to provide themselves with adequate money for retirement.

**Through experience** Bowlan says Farm Link has developed a detailed survey of lifestyle values and choices to help retiring farmers and younger farmers better compare likes and differences. Since no two farms are alike, and all of the applicants have differences, this is done to ensure that both parties are compatible and have the same values.

**Prior to working** with the Farm Link Program, Bowlan spent eight years with a social service agency, which she feels has helped give her insight into assisting compatible matches.

After all data is collected and entered into their system, Bowlan visits with the owners and tries to get a feel for their farms and for the type of young person they are looking for.

After the visit, she sends out a list of prospects to the owners. If they make a selection from the list, she contacts that person and lets him or her make the initial contact.

"From that point on, I'm involved as little or as much as both parties would like," Bowlan says. "With the links we have made so far, it seems to work better

if I'm involved in negotiations. Mostly, I supply necessary resource type of information, but in the end, both parties have to be happy and live with the arrangement they agree on."

A match Bowlan is currently working on involves a farm that has been owned and operated by the same family for more than a century.

Since the family was not interested in selling, but family members didn't want to continue the farm, they opted to sell their herd of dairy cows through ownerfinancing to a young couple. The retiring couple supplies the feed for the cattle and rents the facilities to the younger couple, who do the milking. The plan is to split the monthly milk check.

Bowlan who grew up and still lives on her family's farm in Lancaster County with her husband, feels strongly there is a need to transfer family farms to the next generation.

"I think farmers can find a solution for most any problem, but preserving the family farm is a tough one," she says. In Pennsylvania there are 44,000 farms, and 10,000 of those farms are operated by people who are 65 or older.

Conservatively speaking, in the next

decade we need to transfer a quarter of all of our farms over to the next generation. And to Bowlan that points to the need to get young people involved.

*"With family farms we are passing on more than just the land; we are passing on a lifestyle and values important to us all. "*

— Marion Bowlan  
Center for Rural Pennsylvania

