

A Boost for Beginners



Those seeking to start farming or ranching can find opportunities through programs that link land and people.

by Kindra Gordon

With the average age of the American farmer above the 50-year mark, a large percentage of farm and ranch assets will change ownership in the next 10-15 years. The question is, "Who will those new farmers and ranchers be?"

For many families, there are no heirs to pass the farm or ranch on to, or there are no sons or daughters willing to take on the work. Likewise, some young people have the passion to farm or ranch, but the high costs of land, equipment and livestock prevent them from pursuing their dreams.

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Network of help

There is a network of state programs that exist designed specifically to give beginning farmers and ranchers a boost. Headquartered at Iowa State University (ISU), the National Farm Transition

Network (NFTN) is an umbrella effort for various state programs throughout the United States that link farmers who have no returning heirs with beginning farmers looking to enter production agriculture. Some states also offer seminars on succession planning for young people returning to family farms and ranches.

As an example, Iowa's Beginning Farmer Center (www.extension.iastate.edu/bfc/) was established by the Iowa legislature in 1994 with the aim of encouraging new farmers.

Today, they offer two primary programs: The Farm On program matches unrelated parties of retiring and beginning farmers. The AgLink seminar helps guide families with the planning process to transfer the farm to the next generation.

Mike Duffy, an ISU Extension economist, has directed Iowa's Beginning Farmer Center since it was established and reports that both Farm On and AgLink are securing the future of agriculture.

AgLink, which features two 2-day seminars for parents and their adult children returning to the farm, had its largest participation ever

last year. "This program has been very successful in helping families with estate planning, communication and goal-setting for the transition to an intergenerational farm," Duffy says.

Additionally, through a database with names of interested retiring farmers willing to be matched with a young person looking to start in production ag, Farm On has made 104 matches in Iowa during the past decade. Once matched, Farm On helps with some of the tools for succession planning, but ultimately

leaves the plan to the two parties involved. "We feel it needs to be their plan," Duffy says.

With this approach, he reports that several of the matches are still going, though some have ended. But he adds, "Because it didn't work doesn't mean it is failure."

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Find a program near you

The Farm Beginnings Program will offer two 10-month courses in Minnesota beginning in late October 2006. The fee is \$1,000, and the course is open to anyone with an interest in agriculture. One course will headquarter out of Winona, Minn., [contact Karen Stettler at (507) 523-3366] and the other course will headquarter at Hutchinson, Minn. [contact Amy Bacigalupo at (320) 269-2105].

Stettler reports that Minnesota is also working to pilot Farm Beginnings programs in Illinois, Missouri and Nebraska. For more information visit www.farmbeginnings.org.

To learn more about the National Farm Transition Network and links to the states it has programs in, visit www.farmtransition.org/homepage.html.

Instead he points to the success that two unrelated parties were willing to work together for a period of time for agriculture.

Similar to Iowa's efforts, Minnesota is reaching out to ag enthusiasts through the Land Stewardship Project's Farm Beginnings Program, now entering its 10th year.

The program was initiated in 1996 when a group of established farmers were concerned by the number of young people leaving rural areas. "These established farmers wanted to help young people find opportunities in agriculture," says Karen Stettler, current coordinator of the Minnesota Farm Beginnings Program.

Working with Land Stewardship, a private nonprofit membership organization in Minnesota devoted to local, sustainable farming, the Farm Beginnings Program was created as a 10-month course for individuals with a passion for getting started in agriculture.

The course (which has a fee of \$1,000) includes seminars — taught by established ag producers — on everything from networking to goal-setting and financial planning. It concludes with farm tours, working experiences and one-on-one mentoring between students and producers.

Stettler reports that more than 260 people have graduated from the first nine classes, with more than 60% of those graduates now engaged in agriculture from beef and dairy operations to raising goats and cut flowers.

More land needed

Both Duffy and Stettler agree that one of the biggest challenges agriculture needs to overcome is getting retiring farmers and ranchers to reach out and help young "want-to-be" producers. An Iowa survey conducted in 1999 revealed that only one in four farms had a successor in mind.

Duffy estimates that there is about a 10-to-1 ratio of young people who want to get started in farming or ranching compared to retirees who are willing to work with the beginning farmer programs.

Stettler reports that accessing land for

beginning farmers is often a challenge. She says that in Minnesota they have an informal network to try and help link Farm Beginnings students with retiring landowners.

Duffy adds, "We are not asking retiring farmers to give up or give away everything." Instead, he says, there are a variety of scenarios that can be helpful, from cost sharing to loaning equipment and livestock in exchange for labor.

One example that Duffy found especially heartening was an older farmer who loaned a young man some sows. The young producer then used his capital to buy some boars and rent facilities, and over the next couple years he was able to build a swine herd without a lot of capital investment.

When Duffy thanked the older farmer for his efforts, the gentleman replied, "It didn't cost me anything, and I eventually got the animals back."

Duffy says it is that type of giving attitude and creative thinking that are going to be necessary to help the next generation of farmers and ranchers get started.

"Creative thinking is a must," he says. "If we are going to farm on volume, there's not going to be very many farmers. If we are going to get young people in, they need to farm on value not volume."

He gives value-added examples like organic production, specialized crops or livestock, and even nontraditional products like vegetables and pumpkin patches.

And in some instances, Duffy says young people may need to delay going into farming for the time being. "I've seen some beginners keep a full-time job and build capital and then work into farming gradually," Duffy says, noting that every individual has to do what works best for their situation.

Plan ahead

John Baker, coordinator of the National Farm Transition Network, says the key to the next generation of farmers and ranchers is that current producers must plan ahead. "You can't transition a business in two weeks. You

USDA also trying to help

Even the U.S. Department of Agriculture (USDA) has looked at ways to help new farmers and ranchers get started. The Beginning Farmer and Rancher Land Contract Guarantee Pilot Program was created by the 2002 Farm Bill and guarantees that the USDA will make payments to the seller of the land if a USDA-approved buyer misses payments.

The pilot program is being tested in Indiana, North Dakota, Oregon, Pennsylvania, Wisconsin and Iowa through 2007. Every year, up to five land contracts in each of the six pilot states may be guaranteed. For more information, contact your local Farm Service Agency (FSA) office.

can sell a farm or let the business dissolve, but if you want to transition the business to the next generation — be it a son, daughter, nephew, grandson or non-related owner — it needs to start much earlier," Baker says.

He suggests producers between their 40s and 50s should be thinking about retirement succession plans. "Succession is not just about getting assets into the next generation's hands," he adds. "Assets and the business are two different things, and that is why you need to plan for that transition."

Baker also encourages retiring producers to think creatively and find ways that their farm business assets may help a young producer get started, while still generating income for retirement.

A key message that established farmers share with young producers through the Farm Beginnings course is the ability to be adaptable, Stettler says. "They share their successes and mistakes and how they've had to be creative so others can learn from that."

She points out that beginning ag producers must also realize that as times change, the way you start your operation may not be the way you end up. "You have to ask yourself hard questions along the way," she adds, emphasizing that the ability to adapt to change is key.

Looking ahead, Baker says there will always be farmers and ranchers, but he anticipates the trend of more large farms and more small farms to continue.

He adds, "I think we'll always see larger farms producing commodities and smaller players that fill specialty ag niches. Every industry seems to have large and small players."

But no matter the trends, this trio is convinced that these beginning farmer programs are helping find opportunities in ag for the next generation.

It's never too late

In a survey of some 6,500 farmers conducted by the University of Illinois in 2001, researchers found that the average age of "new" farmers was 42, and the average age at which they started farming was 38. In all, about 10% of the farmers surveyed were "new" operators.

Researchers concluded that these new farmers had sought city jobs, but then returned to farming because they missed it or wanted to raise their family there.

A Statistics Canada survey seems to confirm that conclusion. It found that about 25% of rural youth who migrated to larger cities for careers eventually returned when they started families of their own, and another 15% came back at retirement.