

College Gives Grads a 'Leg Up' in the Cow Business



The 100 Beef Cow Ownership Program is designed to put students on their way to owning sustainable, profitable cow-calf operations.

by Troy Smith

You probably know people who have always wanted to be in the cow business. Even when they were youngsters, it's all they wanted to do. Maybe you're one of them. If so, you probably understand how hard it can be to realize that ambition.

Cow country still produces plenty of young people who yearn to own and operate ranches or stock farms. A good many go to college and seek agricultural degrees, hoping for an opportunity after graduation. For some young people, opportunity waits at home, with a family operation capable of expanding. Others must choose alternative careers. Maybe they can manage a few cows on the side. And maybe, after spending most of their working lives in other pursuits, they can afford to own more substantial operations.

In many instances, an aspiring cow-calf producer goes to work for an established outfit and gets stuck. Even though good help is hard to find, most farms and ranches pay modest wages. Opportunities for advancement may be limited or nonexistent.

It can also happen when the fresh college graduate returns to a family operation to work for "Dad." Particularly if there is neither a succession plan nor opportunity to build equity, the young person often remains a hired hand — even after 10, 20 or 30 years.

The point is that desire and a degree usually aren't enough to put a would-be producer on course for owning a sustainable farming or ranching business. But what if the graduate also came away from college with 100 cows? That could make a difference. It's no guarantee of success, but it would be a significant "leg up,"

says Weldon Sleight, dean of the Nebraska College of Technical Agriculture (NCTA) at Curtis, Neb. According to Sleight, another element essential to the successful launch of a fledgling cow-calf producer is a willing partner.



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The next generation

Under Sleight's guidance, NCTA has developed a program to return graduates to production agriculture with sufficient assets to enable them to partner with existing cattle producers, rather than becoming hired hands. More than a help to students, Sleight sees the 100 Beef Cow Ownership Program as a way to pump new blood into the beef industry and help revitalize rural communities.

Sleight fears many rural communities are going the way of his own hometown, Paris, Idaho. Basic services offered by "main street" businesses dwindled away over time,



as ownership of farms and ranches consolidated into fewer hands. Opportunities for young people disappeared and so did most of the young people.

Sleight says the same thing is happening in many agricultural areas. He cites Nebraska, for example, where more than two-thirds of counties are losing population, and 40% of rural communities have 300 or fewer residents.

Of the country folk operating farms and ranches, many are getting a little “long-in-the-tooth.” According to Sleight, ownership of 70% of Nebraska’s agricultural land will be transferred in the next 30 years.

The same is true for many states. If heirs do not carry on, due to lack of interest or financial ability, into whose hands will their farms and ranches go? Will they be sold to neighboring operators?

It’s likely some properties will sell to developers and be taken out of production agriculture. Could some of this property go to homegrown young people wanting to operate sustainable farms and ranches and raise families in rural communities?

Thinking they deserve a chance, Sleight believes the 100-cow program can enable NCTA graduates to be among the next generation of cow-calf producers.

“We think students leaving here with a 100-cow asset will be on their way to owning viable and sustainable beef operations. It starts with accumulating cattle and building equity until they can come up with the capital to buy land,” Sleight explains. “It could take 30 years. We know that, and the students know it. They must have a high level of commitment.”

NCTA students seeking a two-year degree in beef cattle management study traditional subject matter, including production-related courses, economics and accounting. Agribusiness classes emphasize entrepreneurship. Between their first and second years, students typically serve an internship in a real-world setting. To be eligible for the 100-cow program, students also complete a “Capstone”

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Forging partnerships

The 100 Beef Cow Ownership Program is new, available for the first time to the Nebraska College of Technical Agriculture’s (NCTA’s) 2008 graduates. NCTA instructor Dave Smith guides students through the “Capstone” class, which includes development of their business plans and application for low-interest loans. And he’s helping bring students and existing producers together to discuss potential partnerships.

“If I had gone home to ranch with my dad [more than 30 years ago], I’d still be the hired man. There was no opportunity to share in ownership and management. That’s what this program is designed to foster,” Smith says. “We’re not trying to paint things too rosy. The cattle business is not easy. But we believe the program can give students a start toward owning a profitable business. It all hinges on a good workable partnership. It has to be a win-win situation.”

Smith says program publicity is attracting the attention of serious producers. As this is written, several students have met with potential cooperators to discuss personal goals and explore the possibilities. A few students have already established partnerships. Most of those, however, involve arrangements with students’ parents or other relatives.

That kind of arrangement isn’t likely to emerge for Riley Licking, but the NCTA grad still sees the 100-cow program as a means for someday owning his own ranch. The Stapleton, Neb., native is talking with prospective partners about his plan for managing commercial cows and marketing their calves as yearlings. He’s looking for a rancher who could benefit from his youthful ambition and education, while supplying the land resource and guidance that will further his plan.

“This could be the best way for me. Maybe it’s the only way. There’s no opportunity to go home and ranch,” Licking explains. “I’ve talked to one producer that’s offering a pretty fair deal. He wants to hire somebody to manage his ranch, and he would let me run cattle of my own for a per-head fee. I could increase my herd numbers over time. I’m sure thinking about it.”

Partnerships between NCTA graduates and cooperating producers are meant to be long-term arrangements. That’s what producer Cal Schulz, Paxton, Neb., wants. The owner of Korty Cattle Co. has hired scores of young people throughout the years to work on the ranch and for his hay business. Now, Schulz hopes to find a young person who would stay and, someday, take over the ranching operation.

“I’m 61 years old, with arthritis, and I can’t do what I used to do. My kids are involved in other things,” Schulz explains. “My wife heard about the [100-cow] program first and brought it to my attention. I would like to find someone to do the work — someone that I could partner with and mentor — and eventually take over. If that person has their own cattle here, too, they’ll be motivated and do a better job. I might just find the right person through this program. I’m pretty enthused about it.”

Sharina Buoy is enthusiastic about starting her own cow herd, and she is forming a partnership with her parents. Buoy first pursued studies in equine management at NCTA, thinking she would seek employment with a horse breeding operation. However, after spending more time on the ranch southeast of Bassett, Neb., Buoy started having second thoughts. The opportunity offered by the 100-cow program cinched her decision.

“I want to build my own herd, and my dad has grass to lease so I can get started. This is what I really want to do, but it’s so hard to get started on your own. But I’ve got a business plan and, with the loan and my parents’ help, I think I can,” Buoy says.



PHOTO COURTESY OF NCTA

► Sharina Buoy is partnering with her parents, with hopes of owning her own ranch someday. “It’s so hard to get started on your own. But I’ve got a business plan and, with the loan and my parents’ help, I think I can,” Buoy says.

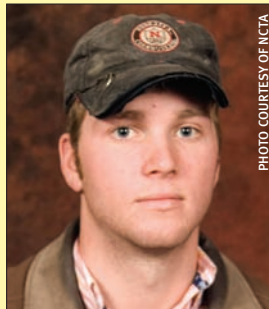


PHOTO COURTESY OF NCTA

► 2008 graduate Riley Licking of Stapleton, Neb., is talking with prospective partners about his plan for managing commercial cows and marketing their calves as yearlings.

Pleased with his daughter’s enthusiasm, Gary Buoy says the program makes her “coming home” realistic. In addition to his own cow herd and a calf-backgrounding enterprise, he has taken in some cattle for others. With the available land base, he can accommodate a partner’s herd.

“I might as well be taking in Sharina’s cows,” the senior Buoy says. “I really can’t justify hiring a full-time employee, but I sure can use the help. She’s already become my right-hand ‘man,’ and this program helps make her help more affordable for me. She can gain experience while she’s building equity and, hopefully, we can keep this ranch in the family.”

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course during which each one must develop a business plan for developing a 100-cow enterprise.

The plan is submitted to the U.S. Department of Agriculture's (USDA's) Farm Service Agency (FSA), along with an application for a low-interest loan for the purchase of cows. The graduate doesn't have to purchase 100 cows at the start, but an acquisition of up to 100 cows fits within FSA guidelines and is considered feasible.

Still, it won't matter if the aspiring producer doesn't have a place to go with the

cattle and help in executing the long-range business plan.

Producer partners

"There's no way we can do this without producer partners," Sleight says. "It can be a parent or other family member, or an unrelated producer, but they have to be just as committed as the graduates."

Sleight says the program can be particularly advantageous for graduates who don't have a place waiting for them on a home ranch, when matched with producers

who don't have sons or daughters coming home to join them. In such situations, the business plan is submitted to the Nebraska Department of Agriculture, as the producer partner may be eligible for a tax credit.

"It's not huge, but we're talking fairly good money," says Marian Beethe of the Nebraska Department of Agriculture. She says the producer may be eligible for a 5% (or higher) state income tax credit for each of three years. Beethe hopes producers would consider splitting the amount of the tax credit with their younger partner. Another option would be to put an amount equal to the tax credit in an escrow account for the younger partner to use, eventually, as part of a down payment on his or her own land.

"I would hope that the producer would want to help the younger partner succeed as much as possible — not just as a mentor, but financially," says Nebraska's chief FSA farm loan officer, Rich Barta. "How they share their land base and equipment and assign costs for grass and winter feed will be important."

All producer partners and graduates are required to attend a series of seminars designed to help fine-tune the graduate's business plans and strengthen partnerships. Sleight says forging and maintaining good working relationships is fundamental.

"It has to be a good fit. It's meant to be permanent — where the graduate continues to gain practical experience in management, as well as production, and the cooperating producer gains long-term benefits, too," Sleight says. "Hopefully, a succession plan will grow from it, so the younger partner can one day own the operation."

As the 100-cow program gains traction, supporters hope it will inspire other institutions to develop similar student opportunities. Albion, Neb., producer Jay Wolf, manager of Wagonhammer Ranches and former president of the Nebraska Cattlemen's, says the producer organization strongly endorses the program.

"Too often, young people become good cow-calf operators, but only as hired employees," Wolf says. He praises the program for combining college coursework and field experience with entrepreneurial training and an opportunity for financing needed to become equity owners in a cow-calf enterprise.

"It will serve as a model for the rest of the country," Wolf states.

History of NCTA

Located in the southwestern part of the state, in Curtis, the Nebraska College of Technical Agriculture (NCTA) boasts a unique history. The campus was established in 1911 as an agricultural high school. Students resided on campus, with many coming from families whose farms and ranches were located in remote areas, far from town and traditional schools. Along with the high school curriculum, the facility offered manual training in agriculture for young men and home economics for young women.

In 1965, the state legislature responded to a shortage of young people with adequate technical training to serve the needs of Nebraska's farmers, ranchers and agribusiness firms. The school at Curtis became part of the University of Nebraska system and evolved into today's Nebraska College of Technical Agriculture, offering courses to prepare students for careers in livestock or crop production, horticulture, natural resource management, veterinary technology and agribusiness management.