

ABOUT NEW FARMERS

Address to the National Conference on Family Farm Succession

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Who will farm? In the US, there are twice as many farmers over the age of sixty-five as under 35. Eight per cent of US farmers are under 35, a drop of 46% between 1987 and 1997. It is estimated that 400 million acres of farmland will change hands over the next twenty years. For those who care about a future agriculture that embraces farms of all sizes and types, that nurtures family farmers, that cares for and protects the land and other natural resources, these figures suggest a crisis in the making. While farm entry has never been easy, it has never been as challenging. At the same time, traditional methods of farm entry are no longer sufficient to assure success, and traditional supports and services are not adequate to meet the needs of next generation farmers. It used to be that young farmers learned farming at their parents' knees, or from relatives. Today, in Wisconsin, for example, only 20% of next generation dairy farmers stayed continually on the family farm. In New Zealand, 30% of new dairy farmers come from non-farm backgrounds; the industry sees this as a positive trend to revitalize itself. Traditionally, farm succession included the passing on of skills and knowledge. Nowadays, it is harder for next generation farmers to acquire contemporary technical and business skills in that way. Land grant institutions and vocational high schools and colleges taught agricultural skills much more

extensively. Farm organizations such as FFA and the Grange nurtured new farmers into a vital community where sharing of resources and advice was standard.

Today, the support fabric for new farmers is frayed, if not unraveled. (At this point I want to make clear that I include ranchers in my use of the term "farmers".) Most higher education Institutions do not teach practical farming. A group of university students approached the New England Small Farm Institute, where I work, over twenty years ago. They asked: can you help us? The university teaches us how corn grows; we want to learn how to grow corn. Twenty years later, the situation is worse. University resources are stretched, and mandates have shifted toward non-production agriculture priorities. In our investigation, we found that high school vocational agriculture faculty actively steer students away from considering farming careers. Farming organizations struggle for new members. People who grew up on farms are more likely to leave the farm, often with the blessing of their parents who discourage their children from farming. The challenge is to encourage farm entry by removing barriers that face next generation farmers, whether on-farm heirs and unrelated new farmers.

In our thinking, the barriers to entry fall in four categories:

- Access to education, training and technical assistance
- Access to capital and credit
- Access to land
- Access to markets

All of the obstacles encountered by people who wish to begin farming are exacerbated by the lack of support and community that many experience, from doubtful spouses, disapproving parents and indifferent, if not hostile communities.

Nonetheless, *people want to farm*. In my organization (and others with whom we work) calls come in every day from people who want to pursue a career of some sort in production agriculture. The Institute is a private non-profit organization founded in 1978 to provide services and advocacy for small scale and beginning farmers in the Northeast US. It manages 400 acres of public land as a training and education center. NESFI runs a regional land linking program, as well as apprentice placing, business planning, competency assessment and training, a resource library, comprehensive referral, professional development and capacity building, and policy development.

Who are new farmers? About three years ago, the Institute began a regional collaboration to rebuild the regional service infrastructure to serve new and beginning farmers. We worked with Cornell University/NY Farm Link, PA Farm Link, Rutgers University and others to investigate the Northeast new farmer "customer", inventory new farmer programs and services, and launch several pilot programs. I'd like to share some of our findings from that project.

While our investigation was focused on the 12 states of the Northeast region of the US, many of our conclusions hold across other regions, and likely apply in Canada as well. First of all, we came to appreciate the rich diversity that is represented in the new farmer constituency. They come from farming and non-farming backgrounds; they are young; they are mid-life career

changers; they are increasingly culturally and ethnically diverse; they bring a wide range of goals, experiences and enterprise preferences to their farming decision. The challenge for us as service providers is to understand the "customer's" specific needs and learning preferences to design effective programming.

What do we mean by a new farmer? We developed our own typology, which I offer you here. First we assume by farming we mean *production for profitability and commercial intent, within a personal and family definition of "success"*. New farmer and small farmer agendas are sometimes confused in US policy discussions. New farmers are not defined by scale or volume or income, but by their position on the farm development continuum. At the same time, many new farmers start small, have lower revenues, and farm part-time. A smaller, part-time developing farmer is not a failed full-time, "big" farmer.

Our typology embraces the spectrum of farmers along a career path. We start with people who are not yet farming. We end with people who have operated (or participated in the operation of) a farm for ten years or less, which is the definition of a beginning farmer used by the US Department of Agriculture. In the following typology, beginning farmers may be starting "fresh" -- on their own farms. They may also be the junior operator with a parent or other senior relative on the family farm. In the case of a junior family farm operator, it is the amount, type and timing of decision-making that moves them along the continuum, or career path. Typically, decision-making responsibility shifts from elder to junior farmer during the first six years of a transition. However, it is difficult to mark the beginning and track the course of that process; as Professor Errington and others have pointed out, the process is complex.

NEW FARMERS

Prospective

Beginning

Recruits → Explorers → Planners → Start-up → Re-strategizing → Establishing

Recruits are those whose interests and aptitudes might enable them to have satisfying farm careers, but who have not necessarily considered farming as a career option. For example, students in the natural sciences. They need an introduction to the possibilities that farming offers, and encouragement. *Explorers* are actively investigating farming as a career option, but they are undecided. They need a comprehensive orientation to farming opportunities, a realistic introduction to the realities, and a supportive process of goal, values, skills and resource assessment.

Planners are committed to becoming farmers but are not yet farming commercially. They are developing their skills and assembling resources. They need specific training. They need connection to the farming community. They need guidance to make extremely important decisions in order to maximize their success.

Having made the leap, *start-up* farmers are in their first three years of operation. They need all kinds of practical and technical information, from where to find used equipment to how to do a business plan to where to find organic seeds. To no one's surprise, this is a particularly critical time, when many bubbles burst, family relationships falter and financial pressures build. After the first three years, many new farmers go through a *re-strategizing* or restructuring phase, in

years four through seven. They make significant modifications to their operations, from product to market selection to a shift from part-time to full-time, to increasing acreage, and so on. At this stage, they need reliable, often sophisticated technical information and encouragement to help them make good decisions.

The working definition of a beginning farmer used by our USDA is anyone who has operated a farm for ten years or less. This last phase in our typology consists of farmers who are on their way to *establishing* their farming operation, becoming stable members of the farming community, and successfully integrating farming into their lives. They still have needs, though: additional capital, for example, or technical information on production problems. They may only at this point be ready to consider purchasing a farm.

"Junior" farmers -- sons or daughters of aging farmers on family farms -- have a related set of issues as they re-strategize and establish themselves. Acquiring new skills, particularly business and current technical skills while farming is a challenge. Another challenge is smoothing the transfer of decision-making between senior and junior farmers, with all the associated personal and interpersonal, as well as business implications.

Now we may turn our attention to another way to characterize new farmers. Our collaboration held a series of focus groups, from which emerged some conceptual frameworks for understanding the new farmer "customer". New farmers may be described by: 1) what they bring to their decision to farm; and 2) their farming goals.

Each new farmer comes to farming with a unique set of attributes. Regarding their farm background and expertise, do they have any farming skills or knowledge? Did they grow up on a farm? If they are staying on the family farm, how can they obtain exposure to new farming information and experience? How committed are they to farming? What is the nature of their family and community support? What resources (e.g. land, capital, equipment, etc.) do they bring? Regarding their farming vision, what amount of time do they want to spend farming (part-time or full time)? How much income do they hope to derive from farming? What type of production philosophy and production system do they favor? What market outlets do they prefer? In our project, we described these attributes in several three-dimensional matrices.

Programming for new farmers: From our investigations, we found that different types of new farmers have different service needs and learning preferences. It may be obvious that a recruit doesn't need advanced production technical assistance, but needs classroom exposure to positive images of farming. But it is less obvious that a mid-life career changer prefers to acquire information electronically or in evening workshops, because he or she has another full time job and often family commitments. A junior farmer might need a way to acquire business management skills, or to spend time on another farm through a mentoring or farm exchange system. So, as service providers, we need to consider not only the specific target audience and the content of our programs, but the delivery approaches and mechanisms as well.

Some of the barriers to more effective programming lie in the realities of the service provider network. Many are simply not aware of new farmers as an audience. Many feel pressure *not* to deal with new farmers, who are often perceived as marginal or a threat to existing farmers.

Their limited resources prevent them from expanding programs or innovating. Also, they may not have, or be able to build, expertise in dealing with the specific issues of farm entry. This analysis leads us to understand the critical importance of professional development and service provider capacity building and networking.

Another important finding regards targeted versus relevant programming. When we surveyed dozens of organizations, many reported programs for beginning farmers. Whether they actually thought about new farmers before we asked the questions or whether it suddenly seemed desirable to jump on the new farmer bandwagon isn't clear, but we had to conclude that many programs may be useful to new farmers, but they are not explicitly targeted to them, let alone to a recruit or a start-up farmer. The difference is important. For example, a business planning course might be open to all farmers including start-ups, but if the curriculum presumes that he or she bring three years of financials, the start-up farmer isn't well served by this course. Compare this to a NxLevel curriculum called "Tilling the Soil of Opportunity" which is a business plan curriculum for start-up farmers. It assumes no financial history, and presumes that the learner is on the beginning of the learning curve when it comes to assessing target customers, or determining price. *While there are many relevant programs out there, there are very few programs and services targeted to new and beginning farmers.* In the US, land linking programs are really the only place where the range of beginning farmer needs, focused on *but not limited to* acquisition of land, is occurring.

US farm transition programs: Land linking programs first appeared in the US in the early 1990's to address unrelated farm transfers -- that is, the succession of the farm business and/or transfer of farm property when there is no farming heir, and the placement of new farmers on farms. The non-profit Center for Rural Affairs in Nebraska created the first linking linking service. Now there are about eighteen programs representing 22 states. Program representatives have met annually as the National Farm Transition Network, and last year formed a non-profit educational corporation. Its mission is to support programs that foster the next generation of farmers and ranchers. The network and its member programs focus on land linking, but include a range of related services. NFTN hosts a website and list serve, and disseminates information about member programs. It also does advocacy and outreach -- all on a shoestring, with in-kind support from the Beginning Farmer Center at the Iowa State University. Attorney John Baker serves as the coordinator.

Farm transfer programs are housed in various entities: state departments of agriculture, universities and university extension, and non-governmental organizations. They have two common denominators. One is some sort of matching between entering and exiting farmers, and the other is instability. Regardless of where they are housed, the lack of recognition and support for the services in specific, and farm entry issues generally threatens the sustainability of every program, whether supported by foundation grants or government budgets.

Linking programs are designed in a variety of formats, and some cater to customers besides entering and exiting farmers. These include relocating farmers, non-farming landowners, and managers of agricultural open space (such as municipalities and land trusts). Depending on the

region and the personality of the program, the focus might be more on the exiting farm family, with retirement, estate and succession planning, or on the entering farmer, with credit, business planning and land use planning. All programs have come to appreciate (and insist) that matching is one element, and not the most important element, of their program activities. Other linking program features include workshops, publications, resource and referral, study circles, and the like. Most program staff would say that the individual assistance they provide -- some combination of a dating service and social service -- is the most critical part. A casework approach is essential, and we in the US have been impressed with the thinking of our Canadian counterparts who have advanced some sort of certified farm transfer caseworker system. Some programs focus more "casework" on exiting farm families, assisting with retirement, estate and succession planning and transfer agreements; some work more with entering farmers, and provide assistance in business planning, skill building, referral and networking. In either case, casework includes personal, family and business goal and values clarification and communications.

We especially need more trained and motivated technical assistance providers. Your "expert of the month" on the farmsuccession.com website is a terrific example of an engaged, responsive service infrastructure. In some parts of the US, attorneys, financial advisors and the like have no interest or expertise in farm-related matters, and even those who do are not typically thinking at the edge of the envelope. We understand that we need professional development and capacity building, networking, and multi-disciplinary team building, and we are a long way from success in this area. We also need research into new tools and models for tenure and transfer -- tools and models that are innovative, contemporary, flexible and regionally appropriate.

At New England Land Link, we emphasize non-traditional tenure models and non-traditional partners. For example, we promote non-ownership tenure such as long-term leases, and the use of conservation easements and limited equity agreements to address the critical issue of affordability. These tools and approaches are especially critical in regions where the *agricultural* value of land can run over \$8,000 per acre. The Northeast has the highest mean land values of all US regions. We believe that tenure on land not owned by the farmer (either presently or ever) must be a part of an effective overall strategy to address farmland access and farm transfer. There are hundreds of thousands of acres of important farmland owned by non-farming landowners, including farm widows and other non-farming heirs, land trusts and other absentee landlords. It is the dream of many, but not all farmers to own their farm. Security, redemption of equity and legacy are possible in non-ownership tenure arrangements. Another aspect of the tenure investigation is the relationship between tenure and stewardship -- that is, the relationship between how the land is held and how it is managed. We care not just that the land is farmed, or that a farmer has the opportunity to farm, but that the tenure arrangement fosters long term care for the soil and other natural resources.

A few years ago, in the Northeast US, several linking groups came together to address the issues of farm entry from a more comprehensive framework. PA Farm Link, Cornell University's Farm Link and the New England Small Farm Institute received government and foundation funding to investigate and analyze Northeast new farmers, produce an inventory and gap analysis of programs and services, and sponsor several new farmer pilot projects. From that two-year initiative, we applied for additional funding from the US Department of Agriculture. In

September of 2000, we received \$1.7 million to launch the Growing New Farmers Project. It is the only region-wide effort in the country designed to address service development for new farmers. We are addressing the needs of new farmers by: fostering new programs and services for new farmer customers; building the awareness and capacity of the service provider sector; and encouraging systems change through policy reform and innovation.

Growing New Farmers is a multi-faceted project. Its purpose is to rebuild the "service infrastructure" for new farmers. A service provider consortium has attracted over 150 agencies and organizations committed to improving their services to new farmers. We are conducting research in three areas: new farmer decision-making; a comparison of farmer learning models; and cultural variety in farm succession. Providers commit to professional development activities. A website, www.northeastnewfarmer.org, has several interactive features including a searchable directory, calendar, distance learning courses, publications and discussion forums -- for service professionals and farmers, both. We will be creating strong links with your www.farmsuccession.com site, which has some terrific features. We have several publications, including: "Listening to New Farmers: Findings from New Farmer Focus Groups"; they can be found at our website.

There are specific projects that are: developing on-farm skills curriculum and mentor guides; promoting state-level involvement in new farmer financing; creating a market entry assessment workbook; and strengthening and networking the region's seven linking programs. A "competitive initiative" small grant program is encouraging innovation in: linking farmland protection with farm succession; promoting collecting marketing strategies; creating farm entry

decision tools; and supporting alternative and community based lending models. We have a twenty-four member Farmer Advisory Committee that is engaged in every aspect of the project to keep the two dozen service professionals engaged in these activities grounded in the true needs and experiences of new farmers. The last component of the GNF Project is policy education. We are investigating the policy barriers at the state level regarding farm entry and development, holding public issues education sessions, and developing recommendations.

As a "policy wonk", I am particularly attentive to both policy barriers and opportunities for new farmers. As the chair of the USDA Advisory Committee on Beginning Farmers and Ranchers, I have the privilege of listening to fellow Committee members hammer out recommendations to reforms to current USDA beginning farmer lending programs, for example. There is good and not-so-good news regarding federal policy and new farmers. While the Advisory Board has met four times, it took 7 years from authorization to convene it. We have crafted thoughtful and informed recommendations to the USDA Secretary that receive polite responses. In 140 years of the agency's existence there has never been, save the group of targeted loan programs, a program directed at new farmers.

As I write this paper, the US Congress' agriculture conference committee is debating the House and Senate versions of the 2002 Farm Bill. The Senate version has several unprecedented provisions for new farmers. One is in the Research Title and authorizes a beginning farmer and rancher development program, offering grants to develop a wide range of programming, including farm linking and succession services. There are proposed reforms to the credit title, and new incentives in the conservation section, with more generous cost-share for new farmers,

for example. In the credit title, one proposed innovation is government guarantees for contract sales of farms and farmland. It looks as if we have secured many of the credit reforms, and the competitive grant program is authorized, but without mandatory funding, which means we must fight, probably for several years, for any appropriated funding. In the Conservation Title, we have proposed additional incentives for beginning farmers -- increasing the cost-share amount, for example.

At the state level, quite a few states, mostly in the Midwest, have what are called "aggie bond" programs -- tax-free bonds targeted to new farmer lending. In the Northeast they are not common because they are industrial bonds, and most NE states prioritize other industries over agriculture within their bond cap. A few states, notably Nebraska and North Dakota, have a state income tax credit for lease income from leasing to beginning farmers. And some states, including Maryland, Iowa, and Wisconsin, tag state funds to support farm linking and entry programs. In general, states can and should do more. For instance, purchase of development rights programs are popular in many urbanizing states. It would be great to link PDR with transfer plans, by requiring or providing incentives such as bonus points to farmers with transfer plans in place. There could be tax breaks for transfers of farm property to new farmers, and breaks on state death taxes on farmer to farmer property transfers.

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It is a privilege to be here and to learn from my Canadian colleagues. Your thinking and programming around farm succession inspire those of us in the US who care about farm entry. There needs to be more of us, just as there needs to be more programs for new farmers, and more attention paid to the next generation of farmers. Thank you.