



Will Your Child Be Able To Farm?

The obstacles for young people wanting to enter agriculture are more challenging than ever. But with the right knowledge and determination, those hurdles can be overcome.

By NANCY DORMAN-HICKSON

When Steve Patman was just 19, his buddies wanted him to go on a canoeing trip for the weekend. The Waxahachie, Tex., teenager had already been farming on his own for two years. "I had a milo field that I was cultivating at that time," he recalls.

Almost two decades later, Patman, now 37, still regrets that ill-fated trip.

"While we were gone, it started raining," he explains. "It rained so much that the milo got too big for me to plow. When it finally dried, it was nearly time to harvest it."

His impulsiveness cost him money, but it taught him a valuable lesson: "If you want to farm, you had better be there to do the work when you need to do the work."

Dedication is still a requirement for a beginning farmer. So is a head for business, an eye for marketing, an ear for self-promotion, and more than a dollop of good luck.

Having an education and a technical background are bare essentials. In fact, many say getting into farming today is almost impossible.

"I'm about ready to retire," says William H. Greiner of the Iowa Agricultural Development Authority. "And ever since I've been a young kid, I can remember people saying: 'This isn't the time to start farming.'" Greiner's agency issues bonds that are exempt from federal taxes for first-time farmers.

"The problems are different than they used to be," says John Baker.

"But are they tougher? I don't know that they are."

Baker is with the National Family Farms/Ranch Transition Network, a coalition that links beginning farmers who are interested in buying farms with retiring farmers who want to sell.

Programs That Help

"It's tough for a beginning farmer to compete with an established farmer when it comes to downpayments and other terms of purchase," says Congressman Tim Penny (D-Minn).

Penny sponsored the Beginning Farmer Downpayment Loan Program, which is just now coming into play. The

program offers farmers under the age of 35 a 30% low-interest purchasing loan if the farmer has 10% of the purchase price. The FmHA loan can be up to \$75,000, with a maximum purchase price of \$250,000.

"Even a 10% cash downpayment is prohibitive for some farmers," Penny notes. "We're now contemplating a modification so that the farmer can have the collateral in equity rather than as a cash downpayment."

In addition to this program, aggie bonds (tax-exempt special activity bonds) are available for loans of up to \$250,000 for farmland and capital improvement. Those who have never owned a farm worth more than \$125,000 are eligible.

The Farm Credit System offers help as well. For instance, Farm Credit Services of the Midlands in Omaha, Nebr., allocated \$20 million last year, with more lenient underwriting



"Ask a lot of questions, and keep your mouth shut on giving advice."

Steve Patman, Waxahachie, Tex.

PHOTO: NANCY DORMAN-HICKSON

"The reason Andy stays in farming is because he truly enjoys what he's doing most of the time. And I like being in the country and raising the boys."

Cindy and Andy Grimes of Boaz, Ala., with sons Daniel, 2, and Drew, 4.



PHOTO: NANCY DORRIS-HECKMAN

standards for a pool of loans for beginning farmers.

The Farm Credit Association also budgeted \$850,000 for its Youth in Agriculture program. The program allows 4-H and FFA students to borrow up to \$1,000.

The young people are allowed to apply and sign for the money with no adult co-signers. Although legally they can't be held financially responsible if they default, this gives them practical experience in applying for a loan. And they learn that the ability to pay back a loan is matched to how much they produce.

Getting Loans

Even with these special programs, for many young farmers knowing the requirements and, well, the schmoozing to get a loan from a commercial lender are essential.

"Not too many years ago, if I saw something I wanted to buy, I just bought it," says Patman. "Then I called the bank and told them to make me out a note. Today, there is no way you can do that."

At the least, a farmer trying to get a loan today should have a financial statement, an equipment list, two years' records showing expenditures and profits, a cash-flow statement, and a good relationship with the banker.

"For my operating money, I set up a line of credit on the maximum amount before I ever plant anything," says Frank Howey, Jr., a young producer in Monroe, N.C. "Then I use it as the bills come in to stay current and keep a good credit rating."

He advises getting the maximum amount in case adverse conditions demand quick cash. "A banker will hardly talk to you in the middle of the year because he knows then there's a problem," he reasons.

Overextension is also a problem. That's why many of Patman's contemporaries failed, he believes.

"They bought new equipment, and then when we went

through some hard times in the 1980's, they couldn't make their payments," he says. Patman started out by exchanging his labor for the use of his father's equipment and by buying used equipment.

"A lot of times, young people will invest in pleasure things like a new pickup or a boat, rather than investing back in themselves," says Howey, 27. He drives a 1985 teeth-rattling pickup — "It's paid for," he says — and a 1986 no-frills car.

"You have to put the business before yourself to make it successful," he cautions.

Many young farmers spend money because a crop looks good early in the season, and then disaster strikes. Always put some money back for the bad years, Howey and Patman advise. Use sweat equity to build your operation and to keep initial production costs low.

For Tifton, Ga., farmer Wes Shannon, 34, being frugal with purchases has been crucial to his survival. "For \$50,000, you can have most of the equipment you need versus having one new tractor," he contends.

Shannon also believes that the key to long-term survival in farming is not to be greedy. "Anytime you can lock in a profit, you never lose any money," he says. Aim for a profitable price each year, not the highest price of the season, he advises.

Finding Land

Many contend farming has become what someone has called a landed aristocracy. A farmer either inherits or marries into farming. For many, that is true.

But those without such advantages may find help in fledgling land-link programs sprouting all over the country. Essentially, the programs offer data bases matching beginning farmers with retiring farmers who wish to sell their land to a young family. Many programs also offer

Does Government Help or Hurt Young Farmers?

Talk to almost any farmer, and you'll find regulations are their biggest frustration. The financial burden is doubly troubling for farmers just starting out.

Says Congressman Charles Stenholm (D-Tex.): "If you're carrying a debt load already and then you're required to spend additional monies for something that has no economic benefit, that can prove disastrous for a young farmer."

"Some of their demands are almost ludicrous," grouses Terrell Weeks, the executive director of the Georgia Young Farmers Association. "You've got to have 2 gallons of water per migrant worker out in the field in case he gets contaminated."

That's reasonable if you have 5 migrant workers, Weeks says, but not for 100. "What are the odds of 100 people being contaminated at the same time?" he asks.

Hog producer and row-crop farmer Andy Grimes, 37, of Boaz, Ala., minces no words on how regulations affect him: "The first thing that would shut me down would be the environmental concerns."

Not all that Government does hurts farmers. Commodity programs, for instance, help large producers. The price-support system provides stability for lesser established farmers as well, Weeks believes.

"If you open it up to free enterprise, some will plant more than market demand," he contends. "Then they're going to stifle themselves and smaller producers."

But Government subsidies also increase farmland prices, which prevents cash-poor young farmers from owning land. Capital gains taxes often push older farmers to hold on to their farms until they die, thus making land both scarce and pricey.

reality, counseling, and financial consulting services.

Baker, who heads Farm On, a program based at Iowa State University, explains: "We're not looking at a quick sale of the farm assets. We're looking at transitioning those assets over a period of time to avoid loading the young person with a lot of debt and to avoid a lot of capital gains impact [taxes] for the retiring farmer."

He offers this advice to a young farmer living in a state with no matching program: "Talk to your Farm Bureau, legislature, and Extension about getting [a program] started. Contact local banks or an attorney to see if they know of anybody who wants to sell."

To find out if there is a program in your state, call Baker at 1-800-747-5465.

Is Bigger Better?

"Getting bigger is really the only way people in agriculture in the past 10 to 20 years have been able to survive," says Andy Grimes of Boaz, Ala. "Our produce prices haven't gone up, so



"A beginning farmer today better not start farming unless he's got a real good business mind, because that's where it's at."

Frank Howey, Jr., Monroe, N.C.

PHOTO: NANCY DORMAN-HICKSON

the only reason we've survived is that we have increased production."

Grimes points to environmental concerns, the uncertainty of the marketplace, and farming's capital-intensive nature as sure signs its future is in corporate, integrated operations. "Where does that leave small farmers? Or the independent farmer?" he asks.

Patman also feels growing pains. "I don't want to get any bigger than we are right now," says the young Texan, who farms 7,000 acres with his father and seven employees. "We could work more land, but I think we'd be hurting ourselves because we couldn't do as good a job."

Howey, too, has found it necessary to expand to survive. "When I was a kid, a lot of families made a living off the land I farm now as one unit. And I'm not getting rich," he says. Howey farms more than 5,000 acres.

"Normally in economics, the higher the risk, the higher the returns," he continues. "But farming doesn't follow that principle. In

farming, the higher the risk, the higher the exposure."

Mike Duffy advises young farmers just starting out not to think they have to begin with a large operation.

"Size and efficiency are not the same thing," says this Extension economist at Iowa State University.

Farmers who, like Howey, are close to urban areas, might consider direct marketing to obtain premium prices. Along with his staple crops, Howey raises wheat straw used for landscaping to accommodate the burgeoning development from nearby Charlotte, N.C.

"Before long, we'll see that it's not enough to produce a crop and take it to the marketplace and say, 'What will you give me for it?'" says Paul Lasley, who is a rural sociologist at Iowa State University. "In the future, I believe that a lot of the crops will be marketed before they are planted."

One way young farmers can keep informed about trends that affect them is to be involved in groups such as the National Young Farmer Educational Association. "The one characteristic of all successful farmers is a willingness to never stop learning," says association president Gordon Stone.



"With farming, you don't have any guarantees whatsoever."

Rhonda Shannon, Tifton, Ga., with husband Wes and son Marc. Rhonda was not raised on a farm, but she understands the love her men have for the life.

The Desire Is Still Strong

With all its hindrances and risks, why should anyone choose to get into farming? For most, it's a calling that elicits deep emotions.

Howey tells the story of his grandfather's giving him a cow when Howey was nine years old. "Around Christmas, she calved. I was so excited when I saw the calf, I passed out," he laughs. "Fell face first. My dad had to carry me back to the house."

Investing in a farm today should provide more benefits in the long run. "The average age of farmers doing the kind of full-time farming I'm doing is getting higher every day," says Howey.

"At some point, these guys are going to phase out, and somebody is going to have to come in and take their place." That's when Howey thinks he will reap his reward.

But there is a more intangible reason why he farms. "I could sell my land today, pay off what I owe, and probably I could find a more financially rewarding career," the young producer admits. "But I don't want to see my land with houses on it. I wouldn't be happy doing that." ■

Why the Public Should Care About Young Farmers

Behind efforts to help the young farmer is a larger dilemma. According to the USDA Economic Research Service, exits by farmers 55 and older should remain at about 48,000 per year through the 1990's. No more than 15,000 under the age of 35 will enter the profession each year. And the number of farmers today, 2 million, should decrease to 1.75 million by 2002.

"We can see the economy of our small communities decline as the number of farmers has declined," says Congressman Tim Penny (D-Minn.). "It's a trend that has to be reversed, if possible, or at least stalled. Or else there is not going to be much left out there."

John Baker of the National Family Farms/Ranch Transition Network agrees. "What we're trying to do with land-linking programs like Farm On is rural economic development," he says.

"Otherwise, you're going to have rural people mov-

ing into urban areas, and they're not going to leave their problems 'out there.'"

William H. Greiner of the Iowa Agricultural Development Authority adds: "Your economist would say it doesn't matter if you help beginning farmers or not. Somebody is going to farm the land."

"I don't disagree with that. But I think it's better to let these young people be out there on the land, rather than forcing them into town, trying to compete for jobs that aren't really there."

The decline of farming and its effect on rural areas could mean a drastic change for all of America.

"Thomas Jefferson envisioned a nation of small farmers and landowners and thought that would maintain a democracy," Baker says. "I'm not sure how easy it is to maintain a democracy where you have people that don't own much."