

YOUNG FAMILIES ON THE FARM

Beginning farmers have never had it easy, but now it may be tougher than ever. What does it take to make it? Young farmers told us themselves: courage, determination, some smarts, and a little luck.

“Ever since I was a young kid, I can remember people saying, ‘This isn’t the time to start farming.’” says William Greiner, who is now retired as head of the Iowa Agricultural Development Authority.

The authority uses the proceeds from the sale of tax-free bonds to underwrite loans to beginning farmers.

It has never been easy to begin farming. It takes dedication, 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.

“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.

The obstacles young farmers face in getting established are daunting.

But if today is not a good time to start farming, tomorrow won’t be much better. Behind efforts to provide opportunities for young and beginning farmers are concerns about the future of rural America.

“Your economist would say it doesn’t matter if you help beginning farmers or not. Somebody is going to farm the land,” Greiner says. “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 force them into town.”

According to USDA, the number of farmers 55 and older leaving the business will average 48,000 a year in this

decade. No more than 15,000 farmers a year under the age of 35 will enter this business.

The number of farms today, about 1.93 million, will drop to 1.73 million in two years and to just more than 1.5 million in seven years.

“We can see the economy of our small communities decline as the number of farmers has declined,” says former U.S. Representative Tim Penny of Minnesota. “It’s a trend that has to be reversed.”

Government and private business have found ways to help young farmers.

While in Congress, Penny sponsored the Beginning Farmer Downpayment Loan Program. The program offers farmers under the age of 35 a 30% low-interest downpayment loan.

A program offered by Farm Credit Services of the Midlands in Omaha, Nebr., is an example of a private effort. Last year, that Farm Credit district allocated \$20 million, carrying more lenient underwriting standards to create a pool of loans for beginning farmers.

But even with these special programs, many young farmers still face difficult times.

Through interviews with young and beginning farmers and those who work with them, *Progressive Farmer Midwest* has compiled this 10-point survival guide.

✓ **Put the business before yourself.** Spending money because the crop looks good is a recipe for disaster. Use sweat equity to build assets. Work like the devil to keep production costs low.

✓ **Know the requirements for getting a commercial loan.** At a minimum, prepare a financial statement, an equipment list, two years’ records showing expenditures and profits, and a cash-flow statement. A good relationship with a banker counts.

✓ **If you can take a profit, do it.** Aim for a profitable price each year, not the highest price of the season.

✓ **Anticipate your money needs early.** You might establish a line of

Getting Started With the Help Of a Friend

Sometimes beginning farmers can overcome the obstacles they face with a little help from their friends.

For the Ehrenberg family, retired veterinarian Louis Otto proved to be such a friend.

Otto and his wife, Marilyn, own a farm in Arlington, Nebr., that is in trust to their children. They wanted to find a beginning farmer as a tenant.

The vet contacted Land Link Realty, a project of the Center for

credit for the maximum amount offered to you by a lender. Use the line to stay current on bills and keep a good credit rating.

If a problem arises during the year, the line would provide a quick source of cash. A banker will hardly talk to you in the middle of the year when he knows there's a problem.

✓ **Avoid overextending yourself.** A \$75,000 tractor may look pretty. But for that amount of money, you may be able to get an entire line of used and capable equipment.

✓ **Use programs that link beginning and retiring farmers.** Many contend that farming is becoming the province of a so-called landed aristocracy — a farmer either inherits or marries into farming.

That's probably a valid point. But for those without such advantages, there is help in the fledgling land-link programs sprouting all over the country. Essentially, the programs match beginning farmers with retiring farmers.

You can also contact banks and attorneys to see if they know of anyone who might be interested in transferring their operation over time to a beginning farmer.

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

Rural Affairs in Walthill. Land Link is one of more than two dozen programs in the nation that work as clearinghouses to bring beginning farmers and retiring farmers together.

A few months later, David and Devonne Ehrenberg and their children, Joshua, 15; Joy, 12; and Rachael, 2, moved into the four-bedroom farmhouse.

"The two couples seemed to hit it off, and things moved along really fast," says Joy Johnson, assistant project leader for Land Link. The matching process took about three months.

"The Ehrenbergs were just really neat people," Otto says. "I felt they were willing to put the effort into helping themselves."

Land Link has helped make nearly four dozen such matches.

The veterinarian went out of his way to help the personable young family.

✓ **Don't confuse size with success.** It may be true that the higher the risk, the higher the returns. But that's a risky rule of thumb for beginning farmers. Size and efficiency are not the same thing.

✓ **Look for nontraditional business opportunities.** If you are farming near an urban area, direct marketing can be a route to earning premium prices for some of your produce.

For the wider farming community, there are increasing opportunities to produce crops for specialty markets.

✓ **Keep in touch.** You're not the only young farmer out there. The Farm Bureau and commodity associations all have young farmer programs for their members.

The National Young Farmer Educational Association is one group that helps keep members informed about trends that affect them.

The association, based in Montgomery, Ala., counts 13,500 members in 35 states. Membership costs \$10 per year. For more information, call 334-288-0097.

✓ **Enthusiasm isn't money, but it helps pass the time.** Frank Howey, Jr., of Monroe, N.C., farms 5,000 acres today

near Charlotte. But enthusiasm for the profession began a long time ago.

Howey tells the story of his grandfather giving him a cow when he was nine years old. "Around Christmastime, 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."

This revealing story helps explain the intangible reasons that keep Howey and other young farmers like him on the farm.

"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.

Another key attribute young farmers need is persistence. Those who support them need it too. Without it, the decline of farming and its effect on rural areas could mean a drastic change for all of America, Baker says.

"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 who don't own much." — Nancy Dorman-Hickson



A Good Match — Retired veterinarian Louis Otto (left) leases his farm to the Ehrenberg family, but their relationship extends beyond that. PHOTO: MIKE BOYATT

"They tried to get a beginning farm loan, but they were denied because of lack of experience," he says. "So I decided to finance them."

The Ehrenbergs and Otto designed a business plan that allows the young family to build equity of their own: For instance, Otto purchased gilts and then leased them to the Ehrenbergs for their swine operation. After two years, the Ehrenbergs can buy back the sows for salvage price.

"Doc has helped us in so many ways, it's hard to say which has been most beneficial," David says.

The 132-acre farm has facilities to handle 200 sows, farrow to finish. It has been operating near capacity.

"We knew we weren't in a position to purchase land, but we felt the timing was right to make a change," Devonne says. — Janet Eckmann