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January 24, 2011

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines IA 50319

Charles Smithson
Chief Clerk of the House
State Capitol Building
Des Moines IA 50319

Re: Beginning Farmer Center—Annual Report FY 2010

Dear Members of the Iowa General Assembly:

Pursuant to Iowa Code Chapter 266.39E, enclosed is the annual report on the Beginning Farmer Center at Iowa State University.

If there are any questions concerning this report, please do not hesitate to contact us.

Sincerely,



Robert Donley

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Enclosure

cc: Dwayne Ferguson
Legislative Liaisons
Legislative Log

Beginning Farmer Center

Resources to help our next generation of farmers

Objectives

The Beginning Farmer Center (BFC) was established at Iowa State University (ISU) by the 1994 Iowa General Assembly. Objectives of the Center include:

- coordinating educational programs and services for beginning farmers,
- assessing needs of beginning and retiring farmers to identify opportunities for programs and services, and
- developing statewide programs to educate beginning and retiring farm families.

Organization

The Center is a joint effort of the ISU College of Agriculture and Life Sciences and ISU Extension, which delivers the Center's programs and activities.

The ISU Department of Economics provides a director for the Center, and the Center's administrator is the attorney for the Iowa Concern Hotline. A full-time farm transition specialist and 8 associates throughout the state provide services on an as-needed basis.

Major Activities

FarmOn

The Center provides basic funding and outreach for the FarmOn program, which is designed to facilitate the introduction of retiring farmers to young people who want to get started in agriculture. To provide opportunities for potential participants, BFC hosts one-day workshops about issues related to farm transitions throughout Iowa.

We currently have 400 active beginning farmer files and 24 retiring farmer files. During 2010 there were approximately 2000 calls regarding beginning farmer programs. In 2010 there were 4 matches facilitated.

The Center works closely with ISU Extension county and field staff to identify the needs of beginning and exiting farmers. The Center develops appropriate educational material and provides instructors for a series of seminars. We are continually trying to increase the number of retiring farmers. This is one of the major problems faced by the FarmOn program.

Ag Link

Ag Link is a four-day seminar for college juniors and seniors who plan to join their family farm operation after graduation. Family members and others in the operation also attend the seminar. Topics include conflict resolution, goal setting, determining values, business analysis, farm planning, and management.

The 2010 seminars were attended by 12 families totaling 40 individuals. Eight students registered to expand their work for AgLink and earned two ISU credit hours for independent study.

A young woman who attended the 2010 Ag Link seminar wrote, "Please let me know if there is ever anything (testimonial, etc.) I can provide for the Ag Link or BFC. I cannot tell you how much that conference changed my life for the better!"

The Center worked closely with Extension field staff and regional directors to present a series of AgLink type programs throughout the state.

Individual farm analysis

The Center provides individual analysis of existing farm situations. During the 2010 there were 107 farm visits reaching approximately 270 individuals. Two sisters wrote an unsolicited comment about the value of the analysis saying, "We are writing to express our gratitude for the help we received..."

Beginning Farmer Network

The Center Director provides a faculty advisor and support for an ISU student organization, the Beginning Farmer Network (BFN). Students in this organization are interested in entering farming.

Outreach activities

The Center's staff spoke at numerous conferences nationally and internationally. Presentations were made to commodity groups, attorneys, farmers, government officials and others interested in beginning and retiring farmer issues.

The Center developed and delivered farm business succession material at the multi-state I-29 Dairy conference in Sioux Falls, SD. Center staff made numerous presentations in Iowa, throughout the country and in Canada.

The Center helped cosponsor several conferences. These included directing the BFN conference on the Iowa State campus. The Center's staff made presentations about the BFC at midwestern, national

and international events including the Drake University Beginning Farmers Forum in Washington, DC, the Fresh Start Conference held at Stoneleigh, UK and at the National Farm Business Management Conference in Fargo, ND.

The Center has become a source of information for many different groups around the country. Materials are shared with many states through the International Farm Transition Network.

The Administrator serves as the Chairman of the International Farm Transition Network, a network of various state, university, and private organizations that helps beginning farmers. This network allows groups to share ideas and materials, and avoid duplication of efforts.

The Administrator is developing farm business succession education materials for producers eligible for assistance through the USDA Technical Adjustment Assistance.

The Center maintained and continued upgrading its website in 2010.

Research activities

The Center is a participant in a funded research project examining the potential to use abandoned farmsteads as an entry point for beginning farmers.

In 2010 the Center continued its work on developing alternative budgets for beginning farmers. This work is being supported by a grant from the Leopold Center.

The Center has been working with the ISU Economics Department to develop a series of case studies examining machinery sharing arrangements. Such arrangements are between existing farmers but increasingly they are being used to help pass machinery from one generation to the next.

Gifts

During 2010 the Center received a deferred gift of \$120,000 from Ron and Florine Swanson of Galt, Iowa. In addition, the Center received a \$5,000 donation from Derner's of Milford, Iowa. These gifts show the value the public places on the work being done by the Beginning Farmer Center.

Leveraging the Advantages

The FarmOn program and the Beginning Farmer Center are among the first in the nation to address the critical issue of future caretakers of farmland and successful ways to transfer operations to succeeding generations.

The BFC works closely with the Drake University Agricultural Law Center by providing speakers and materials. The Center also employs law students part-time as back-up for the Center's administrator and these activities serve as credit internships for the students. The Center works in conjunction with ISU Extension field staff to offer materials, speakers, and financial support for programs to help beginning and exiting farmers. The BFC also provides speakers and materials for the Iowa Bar Association and works closely on program efforts with several ISU academic departments and centers including the the Center for Agricultural Law and Taxation.

The Center was unsuccessful in a bid for national USDA funding. This would have been a joint project with the Practical Farmers of Iowa. Currently the Center is listed as participant in four grant applications.

Future Activities

The rapid increases in land values and rents have made access to the land resource especially difficult for beginning farmers. The situation is further exacerbated by the recession, capital shortages, and general economic conditions throughout the whole economy. This makes long-term planning especially critical. The Center continues to encourage farmers to realistically assess their viable options and alternatives. Value-added agriculture and local food systems are two of the potential revenue sources that need to be pursued by beginning farmers.

The Center will continue its efforts to attract retiring farmers to consider the FarmOn program.

The Center will continue funding and support for the FarmOn and Ag Link programs. It also will continue to support the individual farm financial analysis for beginning farmers through ISU Extension's Farm Financial Planning Program.

The Center will continue looking at how to understand and increase the motivation for farmers to pass on an operation to another person as a unit rather than in pieces. Research also is needed to develop and analyze alternative business strategies for both beginning and retiring farmers.

Recommendations

The Center recommends that all legislators, not just those at the federal level, consider the impact of legislation on beginning farmers and those contemplating retirement. The Center recommends a tax credit similar to that available to exiting farmers who lease farm business assets to a beginning farmer be extended to beginning farmers. The Center needs and recommends an increase in funding to expand and enhance its work. The Center budget has remained the same since its' creation in 1994.

For more information, contact Michael D. Duffy, BFC director, ISU Department of Economics, (515) 294-6160; or John Baker, BFC administrator or Dave Baker, farm transition specialist, at (toll-free) 1-877-BFC-1999. Find the Beginning Farmer Center website at <http://www.extension.iastate.edu/bfc/>.

... and justice for all

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Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Gerald Miller, interim director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.