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January 12, 2009

Mike Marshall
Secretary of the Senate
Capitol
Des Moines IA 50319

Mark Brandsgard
Chief Clerk of the House
Capitol
Des Moines IA 50319

Dear Mr. Marshall and Mr. Brandsgard:

Pursuant to Iowa Code 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 don't hesitate to contact this office.

Sincerely,

Robert Donley

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Enclosure

cc: Dwayne Ferguson, LSA
Dick Oshlo, DOM
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 12 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 229 active beginning farmer files and 33 retiring farmer files. During 2008 there were 288 calls from beginning farmers, 72 from retiring farmers, and 320 calls of a general nature. In 2008 there were 10 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. Funding continues to be a drawback for greater use and participation in 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 2008 seminars were attended by 29 people, including 11 families and their students. Six students have registered for two hours of independent study credit at ISU.

The Center, in conjunction with similar programs in Nebraska and Wisconsin, obtained funding to provide Ag Link seminars throughout the Midwest. In 2008, six Midwestern states produced Ag Link programs modeled after the seminar series developed by the Beginning Farmer Center.

In 2008 we worked with Practical Farmers of Iowa to provide technical assistance and consultive services to their members who are developing farm business succession plans.

Individual farm analysis

The Center provides individual analysis of existing farm situations. During 2008 there were 13 farm visits reaching 50 individuals.

Beginning Farmer Network

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

Conferences

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 administrator developed and delivered a farm business succession training program for Virginia Tech Extension. He also taught at seminars in North Dakota and Nebraska in addition to numerous presentations in Iowa.

The Center helped co-sponsor several conferences. These included directing the BFN conference on the Iowa State campus.

BFC on the World Wide Web

The Center maintained and continued upgrading its web site in 2008. From this site, potential clients have access to selected publications and application forms for the FarmOn program. The Center also maintains a site for the National Farm Transition Network.

Research activities

In 2008 the Center continued work comparing its earlier studies of farm succession planning in Iowa with those from other states and several other countries. This study is part of an international effort led by the Center and the University of Plymouth, England, to gain better understanding of the farm succession planning under a variety of cultural and legal systems.

During 2008 the Center participated in a national research project on farmland access, tenure, and succession. The administrator is participating in a Center for Financial Management project to develop a farm business succession web site. The administrator also serves as the chair of an eXtension Community of Practice hosted by the National Agricultural Law Center.

The Center developed an analytical tool to determine the contribution by a successor to the wealth of the business.

The Center continued work with campus units to evaluate alternative enterprises for beginning farmers. This includes work on how these enterprises would fit into a whole farm plan.

The Center completed its assessment of the farm succession surveys. This work is now being edited for publication as an ISU Extension publication. In addition, the work will serve as the basis for other publication outlets and for Center programming. The Center completed a series of fact sheets. These are being edited for distribution.

Regional and national activities

The Center's staff made presentations about the BFC at midwestern, national, and international events. The administrator also serves as chair of the National 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 Center has become a source of information for many different groups around the country. Center materials were provided to the U.S. Department of Agriculture for the Farm Futures Report. Materials also have been given to many different states through the National Farm Transition Network.

The Center hosted research groups from Mie University, Japan and Easton University in Norfolk, England.

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 Center also works with the ISU Center for Agricultural Law and Taxation.

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 backup 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 within several ISU academic departments.

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 has also greatly expanded its efforts to attract retiring farmers to consider the FarmOn program. These efforts will continue into 2009.

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, 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. The Beginning Farmer Center web site can be found at: www.extension.iastate.edu/bfc/.

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