



## FAMILY FARM FORUM

*A DISCUSSION OF ISSUES AND PROGRAMS AFFECTING FAMILY FARMS*

### Family Farms

account for ninety-eight percent of all farms in the U.S. and eighty-six percent of its total agricultural output.

Sustainability of family farms is aligned with several CSREES goals, in particular enhanced competitiveness and sustainability of rural and farm economies; and increased economic opportunities and quality of life in rural areas.

### Introduction to the Forum

The Family Farm Forum seeks to enhance discussion on important topics affecting small and medium-sized family farms. Secondary goals include: increasing the impact of CSREES programs by sharing information with a broader audience; generating more, good quality, submissions to competitively funded programs; and identifying research, education and extension opportunities for national program leadership, federal assistance, and networking and collaborative partnerships among CSREES stakeholders.

The Forum consists of a twice-yearly update of research and outreach on an important topic, followed by a web-conference to discuss selected CSREES programs, funded projects and stakeholder interests.

We welcome feedback and suggestions to help improve the forum and in turn, enhance the sustainability of small and medium-sized family farms.

[Siva Sureshwaran](#)

CSREES National Program Leader

[Patricia McAleer](#)

CSREES Program Specialist

### Farm Transition—Exit, Entry and Planning

The future of US agriculture depends on the ability of new generations to establish successful farms and ranches. One of the biggest challenges to entry is gaining access to affordable and secure agricultural land. At the same time, exiting farm families face unprecedented complexities regarding succession. An estimated 70% of U.S. farmland will change hands

in the next twenty years. If an exiting farm or ranch family has not adequately planned for succession, it is more likely to go out of business, be absorbed into ever-larger farming neighbors, or be converted to non-farm uses. In these scenarios, impacts of farm entry and exit on rural communities, the environment, and the national economy can be significant.

## Farm Transition—Exit, Entry and Planning continued

The problem is multifaceted and no one solution fits all circumstances. We need to know more about how different groups of farmers and ranchers face and solve these problems. Land Grants and community based organizations are exploring various outreach approaches such as website portals, train-the-trainer sessions, farmer workshops and intensive on-farm discussions. Various tools have been used, including mentoring between new entry and senior producers; helping those needing land contact those with land available; intensive estate planning advice, with low cost legal services; new conservation easement

techniques to reduce the costs of inter-generational transfer; coordination of regional resources.

We hope this update and the subsequent webinar will help identify what works, what doesn't, and the future needs of our stakeholders. Also, we hope this Family Farm Forum will disseminate more widely the available opportunities and enhance the impacts of projects on farm transition supported by CSREES either through federal funding or national leadership.

*We encourage your participation in the upcoming webinar on this topic at 2 pm eastern time on May 29<sup>th</sup> (logistics to follow)*

[Siva Sureshwaran](#) CSREES National Program Leader

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## Farm Transition, Succession & Estate Planning: Why So Important?



It is well known that the average age of our farmers, ranchers and rural landowners is well over 50 and may be over 60 years of age. While “80 is the new 40” in the popular media,

the need to plan the transition and future success of the farm/ranch business, the smooth transition of landownership and to ensure that estate planning is in place has never been greater.

Many critical knowledge areas and steps are needed to prepare clients for farm transition, succession and estate planning. It's not as simple as: “Have a will!” or “Sign the Deed”. Important issues include:

- ◇ Preparing the Family and the Business
- ◇ Confronting issues of transition and control
- ◇ Treatment of heirs and financial assistance to heirs
- ◇ Developing the transition/success/plan outline & gathering documents and information
- ◇ Choosing the proper estate planning tools & getting the tools in place

A wise estate and tax lawyer says that everyone has a plan, whether “default” or “intentional”. The default plan, designed by the state, is a matter of state law where the client lives and the property is located. State statutes often require total sale of a property to satisfy claims, taxing authorities, and to pay creditors. Or a default plan may transfer property to those who might not be included in the intentional plan. On the other hand, an intentional plan is one designed by clients to carry out their wishes.

Recent farmer surveys by Gary Hachfeld and others at the University of Minnesota show that nearly 60 percent did not have an up-to-date estate plan and nearly 89 percent did not have a farm transfer plan. Similar surveys around the country show similar results. If true for the entire country, the land grant and extension system has a world of work in front of it to encourage and educate clients to engage on these issues.

for more information, contact [Janie Hipp](#),  
CSREES National Program Leader

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## Fractionation and Other Estate Planning Challenges

Inheritance patterns often damage the economic health of family farms, and lead to land loss. In the south, lack of estate planning creates multi-generational ownership of farms among African Americans, with many family members hold equal shares. Such farms are often vulnerable to sudden financial crises leading to rapid, unplanned sales of family farms. Many Native American farmers and ranchers face even worse fractionation problems. Today some allotments have hundreds of co-owners, severely limiting productive management of the land. The 2004 American Indian Probate Reform Act promotes consolidation through purchase of highly fractionated parcels and compensation to other co-owners.

In both cases, estate planning is a key component in solving these problems. Cooperative Extension, Community Based Organizations and other small farm leaders and advisors are providing services to families and communities but the process is time consuming

and expensive; many owners must come to agreement, and expert legal advice is essential.

Tuskegee's [Center for Minority Land and Community Security](#) helps "minority rural communities by addressing land tenure issues." The [Federation of Southern Coops](#) and the [Arkansas Land and Farm Development Corporation](#) work with families to facilitate low-cost legal services. Marsha Goettings, Montana Cooperative Extension, provides outreach services on estate planning including valuable [fact sheets](#) and other [teaching aids](#) on AIPRA. Also in the Mountain West, the [Indian Land Tenure association](#) and the [Indian Land Working Group](#) provide legal education to communities to prevent land loss among tribal members.



for more information, contact [Denis Ebodaghe](#),  
CSREES National Program Leader

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## Farms and Forests

Nearly 400 million acres of U.S. forestland are privately owned and a recent woodland owner survey identifies nearly 11 million private family and individual forestland ownerships. While most owners are not farmers or ranchers, a number of data sources show that most farms have a forested area (woodlot.)

Aging of forestland owners and their future plans present a wide range of opportunities and challenges. Owners and decision-makers are typically 55 years or older, white, and male; 30 % have no plans for their forestland or intend to transfer all or part of it to heirs. With the aging of the population and men's life expectancies being shorter than women's, many future decision-makers are likely to be widows who have not been involved in the family's land management.

There is a need and opportunity, therefore, to engage forestland owners in thinking about and planning for the future of their forest resource. This succession planning should be part of the overall family succession planning, be it for the farm, range or forest.

Several very good sources of information are available on the internet. Families who want to preserve their forestland and pass it to succeeding generations should consider, as a start, these sources of additional information: "[Ties to the Land](#)" – Oregon State University Extension; "[Estate Planning Options for Family Forests](#)" – USDA Forest Service; "[Planning for Woodlands](#)" in *Your Estate* - Extension Forestry in Vermont

for more information, contact [Eric Norland](#)  
CSREES National Program Leader

## Iowa State University Beginning Farmer Center - Farm Transitions



The [Iowa State Beginning Farmer Center](#) (BFC) is designed to assist both beginning and retiring farmers. If retiring farmers do not plan properly, it makes it difficult for the

beginning farmers to get started. We work on the transition from three different perspectives. One of the cornerstone programs of the BFC is our matching program called FarmOn. FarmOn involves facilitating matches between retiring farmers and beginning farmers. This program also helps with transition by hosting or participating in one-day seminars to discuss transition issues. One-to-one consultations are also available.

The second major transition program for the BFC is a series of four day seminars called AgLink. These seminars are for young people and those with whom they will be farming. At a minimum this should include parents but we encourage siblings and others who will be involved with the farm. The seminars

focus on the usual estate planning aspects of transition but the central focus is on interpersonal skills necessary for a successful transfer. Goal setting, communication, conflict resolution, and identification of values are all a part of AgLink.

The BFC conducts research into farm transitions and successions. Most of this work has been part of an international effort to compare various aspects of succession planning across states and countries.

Finally, the BFC hosts the [National Farm Transition Network](#) of organizations throughout the U.S. that share the common goal of assisting with the farm transition process. The Network's website has contact information for all members across the U.S.

BFC programs have assisted many beginning and retiring farmers with their transition and in turn, helped to preserve farmland for agricultural use.

for more information, contact [Michael Duffy](#)  
Director, Beginning Farmer Center

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## The FarmLASTS Project: FarmLand Access, Succession Tenure and Stewardship Impacts on Small and Medium-sized Farms, Land Use and the Environment <sup>1</sup>

The purpose of the [FarmLASTS](#) project is to address the multiple challenges in farm entry, exit, tenure relationships, and transfer. The goal is to discover and share new approaches, models and strategies that foster farm entry, succession and stewardship. The project seeks to improve how farmland is acquired, stewarded and passed on.

This national, multi-disciplinary project is conducting research, education and outreach on: farmland access and tenure for farm entrants; succession challenges for exiting farm operators; and impacts of tenure and

succession arrangements on land use and the environment.

The findings from three research teams will inform the development of curriculum modules on land acquisition and on landlord-tenant relationships. Outreach will include: an Extension manual; other written materials; regional, professional training events; a national conference in June 2009; and articles in popular farm and rural media.



<sup>1</sup> FarmLASTS was funded in 2007 under the NRI [Agricultural Prosperity for Small and Medium-sized Farms](#) competitive Grants Program

## The FarmLASTS Project continued

Prior to receiving this grant, Kathryn Ruhf and her colleagues at the New England Small Farm Institute established the Growing New Farmers project (GNF). GNF launched a service provider consortium that supports new farmers in 12 Northeast states-from Maine to West Virginia. New farmers and service

providers can obtain information from the [project's Web site](#). CSREES funded this project through the Initiative for Future Agricultural and Food Systems program (2001-2004).

for more information, contact [Kathryn Ruhf](#)  
Principal with [Land for Good](#)

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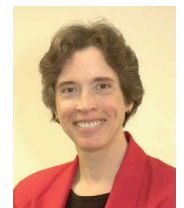
## Sustainable Agriculture Research and Education Program

The [Sustainable Agriculture Research and Education](#) (SARE) Program supports projects to enhance knowledge about - and help farmers and ranchers adopt - practices that are profitable, environmentally sound, and good to communities. Throughout its 20-year lifetime, SARE has periodically funded a variety of approaches to the problem of farm succession.

In 1997, SARE's North Central region awarded a grant to the [Land Stewardship Project](#). *Farm Beginnings* helped establish young dairy Farmers in Southeast Minnesota through networking, on-farm mentorship and retiring farmer education. The approach has served as the model for similar programs in Illinois, Nebraska and North Dakota. In 2001 [Heifer International](#) supplemented the program with revolving livestock loans.

In 2001, Western SARE awarded Professional Development funds to [California Farmlink](#), Montana's [Alternative Energy Resource Organization](#), and Washington Farm Assistance. *Promotion of Intergenerational Farm Transfers for Agricultural Sustainability and Farmland Production* offered Train-the-Trainer and farmer workshops on conservation easement tools, mediated through land trusts.

SARE also supported Farm-Link programs in 2006 in Florida and Massachusetts through small "community innovation" grants that Southern and Northeast SARE offer in partnership with the Regional Rural Development Centers.



In 2006, the North Central region funded graduate research: *Sustaining the Family Farm at the Rural Urban Interface*, an investigation of the strategies farmers employ to maintain farms subject to strong development pressures in Iowa. Research focused on working relationships between generations, and covered farms based on traditional commodity production as well as enterprises transitioning to higher value alternatives. Results showed that without an heir farms tended to dwindle or were protected by some form of land preservation tool. With an heir, commodity farms tried to expand the area under production; whereas farms with some degree of transition to alternative, higher value enterprises focused on some form of division of responsibilities within the extended family.

for more information, contact [Jill Auburn](#)  
CSREES National Program Leader.

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# CSREES Competitive Funding Opportunities Relevant to Small and Mid-sized Agricultural Operations <sup>1</sup>

CSREES manages several funding programs that focus on issues - such as farm transition - that are relevant to small and mid-sized farming and ranching operations:

The National Research Institute's [Agricultural Prosperity for Small and Medium-Sized Farms](#) investigates how economic and environmental interactions affect the competitiveness, efficiency, and long-term viability of small and medium-sized farms and ranches. Successful proposals include social, biological, and other disciplinary approaches, and combine at least two of the three components of the agricultural knowledge system (research, education, and extension) to transfer new technology and knowledge into practical applications for adoption.

**The 2008 program is accepting applications through June 5;** about \$5 million are available, with maximum grants of \$500,000

[Sustainable Agriculture Research and Education](#) promotes profitable farming systems that are environmentally sound and enhance the quality of life for farm families and their communities. The program, administered through four regions, provides competitive grants to researchers, agricultural educators, farmers, ranchers, and students.

[Agricultural Risk Management Education](#) offers competitive funding opportunities to develop agricultural risk management curricula and deliver these to producers and their families. The five general

risk categories associated with farm and ranch businesses are production, price or market, financial or income, legal, and human resource risks. Four regional centers administer the funding opportunities annually with input from producers and other stakeholders knowledgeable and interested in agricultural risk management.

[Small Business Innovation Research](#) offers grants to small businesses, including small and medium-sized farms, to support high quality, innovative research related to important scientific problems and opportunities in agriculture that could lead to significant public benefit if successfully commercialized. Three topic areas—Small and Mid-Sized Farms, Marketing and Trade, and Rural Development—are particularly relevant to small farms and ranching enterprises.

[Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers](#) provides outreach and technical assistance to socially disadvantaged farmers and ranchers, and encourages them to participate equitably in the full range of agricultural programs offered by USDA. Projects encourage use of outreach and assistance networks; development or modification of farm and ranch management and financial management curricula and materials; development of innovative delivery systems, or the creation of new or improved methods to provide assistance to the targeted audiences.

<sup>1</sup> The [CSREES website](#) provides complete information on these programs; discuss specific requirements with program directors

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