Lessons in Farm Transition Policy

A Review of Public Support for Intergenerational Farm Transfer Work in the U.S.

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Executive Summary

The Challenge: Recent data points to the need to facilitate the entry of future generations of farmers. According to the 1997 Census of Agriculture, farm operators over 70 years of age made up 17 percent of the total, and their replacements, farmers under the age of 35, represent only 8 percent of all farm operators. In order to achieve a truly sustainable agricultural system we must address this challenge. The future of the nation’s agriculture depends on the ability of a new generation to enter farming.

The Farm Link Response: The Farm Link model is an innovative and practical method providing a range of services including technical assistance and information on programs and tools that facilitate the transfer of farms. A core component of this approach is helping retiring landowners who want their lands to continue in agricultural production connect with beginning farmers who can use those available lands.

Current public policy: Over the last 9 years local and state governments throughout the United States have begun to develop programs to address the family farm transition challenge. At least nine states, including, Iowa, Nebraska, Minnesota, New Jersey, New York, North Dakota, Oklahoma, Vermont and Wisconsin have implemented some form of public policy promoting family farm transitions. In addition, a few individual counties in Washington State and New York have developed similar programs. Specific state and local level public policy efforts have addressed the challenges described above through three types of programs:

• Farm transition centers – providing a range of services designed to facilitate intergenerational farm transfers
• Tax incentives and financing programs – market based programs to promote farm transfers
• Research regarding on-farm apprenticeship/mentorship programs

Recommendations: The following principles should guide the development of policies to promote family farm transitions:

• Public resources should be used to support efforts to facilitate successful farm transitions.
• Utilize Public-private partnerships to take advantage of the strengths of both non-governmental organizations and public institutions devoted to farm transition efforts.
• Programs should provide comprehensive services responding to various barriers to farm transfers.

Highlights of specific policy approaches USDA and/or other government institutions can pursue that would strengthen and expand programs at the state level:

• Provide funding of $100,000 -$200,000 to established programs serving as state-wide farm transition centers to provide technical assistance and comprehensive services to both retiring and aspiring farmers. Require matching funds of 10-20%.
• Provide funding for grants of up to $20,000 for compensation of retiring farmers serving as on farm mentors as part of farm transitions over a 1-2 year period.
• Special fund appropriations earmarked for farm transition programs.
**Political feasibility:** Legislation introduced at the state level has consistently received strong, bi-partisan support. The same should be true of future proposals, especially as farm transition efforts are recognized as crucial components in rural economic development efforts. A key factor in maintaining the appeal of policies promoting farm transitions will be designing programs sufficiently flexible to build on the existing diversity of farm link efforts in different states.
Beginning in the mid-1990’s programs began to emerge around the country addressing the duel challenges of the aging farmer population and the decline in the number of younger farmers. These programs reflect a recognition of the value of using public resources to promote farm transitions. Several state governments took the initiative to promote family farm transitions or “farmlinks” by developing and supporting programs designed to facilitate the transition of farms from one generation to another. Eight states are known to have implemented public programs promoting intergenerational farm transfers. Several others are considering such programs. The authors believe it is crucial that any policies developed to promote family farm transitions must build upon the existing efforts. In order to do this policy-makers must recognize that the structure of the various programs and organizations varies considerably from state to state.

The decision-makers that created the programs included state legislators, university administrators and directors of state departments of agriculture. The policies that have evolved reflect the diversity of backgrounds and approaches. The categories of farm transition policies include: farm transition centers designed to provide services facilitating farm transfers; tax incentives and financing strategies to promote farm transitions; and on-farm apprenticeship/mentorship programs.

The oldest of the publicly supported farm link programs were established in 1991. Due in part to the relatively recent nature of these efforts, there has been no known comprehensive effort to analyze the different programs, their funding sources and impacts. This report will be a first step in that effort. The discussion describes recent trends in family farm transitions, as well as current and recommended policy options, and includes the following sections:

I. Challenge of Family Farm Transition: Reviews trends and description of barriers related to family farm transitions in the United States

II. Farm Link Response: Describes the role of “Farm Link” programs in addressing the farm transition challenge. Innovative aspects of specific state programs are covered.

III. Review of Public Policy Approaches Addressing the Farm Transition Challenge: Describes the types of public policies that have been proposed or implemented with the objective of promoting family farm transitions at the local, state and federal levels. Analysis includes lessons learned related to various policies.

IV. Implications for Sustainable Agriculture: Discussion of the implications for the further development of policies to promote farmlinks with a particular emphasis on efforts to promote the advancement of sustainable agriculture.

V. Recommendations: Policy recommendations proposed for implementation at the federal level in many cases will also be applicable to state governments.

VI. Conclusion

VII. Appendix: This section provides further detail on specific state programs including names of authors and bill numbers for specific legislative initiatives.
VII. Bibliography
In addition case-studies of individual farm transitions will be highlighted in order to demonstrate the impact and importance of “farm link” efforts.

Note: The authors recognize that in several states independent non-profit organizations have made great progress in promoting family farm transitions with limited financial support from individuals, private foundations and competitive grant programs. It is not the purpose of this report to describe what they have accomplished with resources acquired through well designed and creative program development efforts. Instead, this document will emphasize current and potential options that the public sector can exercise to directly address the farm transition challenge through public policy.