

Transitioning farm always a challenge

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AP Photo/Charlie Neibergall

In this Nov. 21, 2013 photo, Earl Hafner talks about growing vegetables in his aquaponics greenhouse on his farm, near Panora, Iowa. Programs have been set up in many states to connect young farmers who want to get into agriculture with aging farmers to promote transition planning. Hafner is passing his 2,000-acre Early Morning Harvest farm to his 45-year-old son, Jeff.

DES MOINES, Iowa (AP) — Agriculture economists have long warned that farmers are getting old and staying on their land longer, delaying the turnover to a younger generation. But an Ohio State University professor argues that those fears are overstated and the United States likely will have little problem replacing aging farmers as long as business is good, as it has been for the past decade.

Others aren't so sure, saying while they agree with OSU agriculture economist Carl Zulauf's assessment that concerns about the unquestionably aging farmer population remain valid and create uncertainty about who will produce the nation's crops in the future. "I think what he said is absolutely right," Iowa State University economics professor Mike Duffy said. "I think the conclusion he's drawing though is not necessarily the correct one."

Zulauf contends that just like in the 1970s, farm prosperity will draw more young workers into farming. And prosperous the business is: This year, net income from U.S. farms is expected to reach a record \$131 billion. Farm wealth has also reached record levels, according to the U.S. Department of Agriculture, with farm asset values rising 7 percent this year to a record \$3 trillion.

On average, farmers are about 15 years older than the broader U.S. workforce, Zulauf said, but noted in his October report that this age difference hasn't changed since the 1980s and that the

average age of farmers is increasing at the same pace as U.S. workers generally. USDA statistics in 2007 showed that for each farmer under 25, there were five who were 75 or older. In Iowa alone, Duffy said, landowners who were older than 75 owned 28 percent of the state's farmland in 2007, compared with 24 percent in 2002 and just 12 percent in 1982.

Duffy believes it's essential to pay attention to the transition of farms from one generation to another, saying the catch is enabling those young farmers with programs and policies that help people with few assets and little access to land to get a chance to farm. Land prices throughout the Midwest have soared in the past decade, largely due to strong prices for corn and soybeans, with the average value in the U.S. this year rising 9.4 percent to \$2,900 per acre. Iowa's average farm real estate value increased 20 percent this year to \$8,400 an acre.

And farm implements, such as tractors, combines and grain bins, are often pricey, with a new combine costing upward of \$350,000. "It takes a while to acquire that capital usually by saving or through inheritance," Zulauf said in an interview. "That doesn't typically happen until people have passed a fair number of years as a working adult to get to that stage."

Lindsey Lusher Shute, 34, knows that difficulty first hand. She and her husband, Benjamin Shute, 35, farm 70 acres near Clermont, N.Y. She said the three biggest concerns for younger people looking to farm are access to land, ability to borrow money for land and equipment and health insurance costs. Land in the Hudson Valley, where she is, costs about \$8,000 to \$10,000 an acre. "It's incredibly difficult to farm as a newcomer in farming especially for young people coming to farming from a nonfarm background," said Shute, who grows vegetables and raise egg-laying hens.

A common occurrence is passing on the family farm to the next generation, much like Earl Hafner, 67, is doing with his 2,000-acre farm about 45 miles west of Des Moines. Unlike typical Iowa farms, he and his son, 45-year-old Jeff Hafner, raise a little bit of everything. There's corn, soybeans, alfalfa, winter wheat, buckwheat and rye. They also sell honey from their own bees, raise pigs under contract for international food company Cargill, pasture 250 cows, keep a flock of 150 chickens, grow tilapia fish in large tanks and have organic basil, lettuce, spinach, kale and other products in an adjacent greenhouse.

The goal is to transition ownership of the farm assets, which began in the early 1990s, to his son by the time Earl Hafner is 70. Already, Jeff Hafner owns the cows, buys all the new equipment and handles the financial books. "We talk about it and he makes all the decisions," he said of his son, a 20-year Army veteran who served two tours in Iraq.

Hafner knows farmers whose children work in other professions and have no interest in farming. "Those are the people that when they die the farm will probably be sold," he said.

For his part, Zulauf is aware of the difficulties in transitions, but is looking to keep the problem in perspective. "I'm not saying in any way, shape or form that this isn't an issue that we might want to talk about that's for us to decide, but I do think if you're going to have these discussion you need to have the data — and not just the data, but the data in context," he said.