



CERTIFIED Organic

INSIDE LOOK

Funding California's Next Generation of Organic

USDA: Working to Expand Economic
Opportunity for Farmers and Ranchers



Succession Planning for Farmers
Direct Marketing in California
Practices, Not Paperwork Initiative

\$4.95



ISSN 1940-8870

www.ccof.org

Spring 2013

first WORDS

By the time you read this, the federal government will have either gone over the fiscal cliff, or averted the plunge.

Meanwhile, take heart in knowing that in some places, like at the USDA California Farm Services Agency, good folks are showing that it is possible to come up with practical solutions to big challenges. In this issue, California Farm Services Agency Director Val Dolcini tells us how he and his agency are working to transform the agricultural "lender of last resort" into the "lender of first opportunity."

In California, where the average farmer's age nears 60, the Farm Service Agency is targeting nearly half of its lending capital to assist beginning farmers and ranchers, working through a network of 30 county offices and promoting its newest financial tool: Microloans of up to \$35,000 (at a current interest rate of 1.25%). These loans are designed to address the "capital crunch" for newcomers in a direct and citizen-friendly way, according to Dolcini, with minimum paperwork and red tape.

The decline in numbers of U.S. farmers is entering its third decade. Dolcini reports that the greatest challenges named by those who want to stay or get into farming are access to land and access to capital.

New farmers are key to California's continued success as one of the world's largest suppliers of food and agricultural commodities. The state's bounty of fruits, vegetables, nuts, and grains is also celebrated today by renewed interest in local food systems and the growing popularity of farmers' markets, farm stands, Community Supported Agriculture, and agritourism.

It was only a couple of years ago that USDA replaced the infamous food pyramid with "MyPlate," emphasizing the importance of eating fresh fruits and vegetables. It's good to see a strong, combined focus on supporting our farmers. Let's applaud the Farm Services Agency and its work at keeping farmers in the business of helping us to eat well while securing our food supply for generations to come.



Cathy Calfo
CCOF Executive Director

Organic Farmers Now & For The Future

SHARE & LEARN AMONG OUR GROWING NETWORK OF FARMERS & ORGANIZATIONS THAT ARE CO-DESIGNING SOLUTIONS FOR THE BENEFIT OF ALL.



- How can we decrease the steep learning curve to becoming a new, successful farmer?
- How can we help established farmers optimize processes to save time, money and natural resources?
- How can we transfer wisdom from the older generation to the next generation, and fast?

► COMMUNITY

Discussions, events, news, classifieds, webinars

► TOOLKITS

Business & financial planning, marketing & sales, seed, and more

► SERVICES

Financing, insurance, services directory

► INPUTS & SUPPLIES

Seed sourcing tool in development

Thank you to all who contributed!

**YOUR INSIGHTS, IDEAS & CREATIVITY
ARE IMPACTFUL!**

**WE ARE DRIVEN 100% BY OUR MEMBERS
AND PARTNERS.**

JOIN US TODAY - IT'S FREE!

farmsReach
WWW.FARMSREACH.COM



Funding California's Next Generation of Organic

USDA: Working to Expand Economic Opportunity for Farmers and Ranchers

By Val Dolcini, USDA Farm Service Agency State Executive Director
val.dolcini@ca.usda.gov

Recent studies indicate that the United States is losing both farms and farmers. According to a USDA National Agricultural Statistics Service (NASS) report, the number of U.S. farms declined by 11,630 in 2012, leaving the nation with approximately 2.2 million family farms with an average size of about 420 acres. Similarly, USDA's Economic Research Service (ERS) reports that as of January 2013, the national share of beginning farms and ranches – defined as having 10 or fewer years of experience – has been on the decline for at least two decades. Yet, in California, interest in local and regional food systems has never been higher. Here, the numbers of farmers' markets and Community Supported Agriculture (CSA) businesses have steadily increased, agritourism is increasingly popular, and other metrics of success are all on the rise (e.g. crop prices, export opportunities, job prospects). How do we reconcile these seemingly opposing data trends? Is California that different? Or will next year's Census of Agriculture indicate that beginning farmers and ranchers are losing their footing in the Golden State, too?

The answers probably lie somewhere in the middle. But in the meantime, we're building ladders of opportunity at the USDA to ensure that the unlimited potential represented by California agriculture in terms of jobs, local food production, renewable energy creation, rural economic development, and other areas of opportunity are accessible to those who are willing to work hard to chart their future and that of our rural towns and communities.

As the state executive director for the USDA Farm Service Agency (FSA) in California, I have met countless beginning farmers and ranchers, military veterans, farmers' market vendors, CSA growers, urban agriculturalists, and many others interested in making a living growing the food that we consume. For most of these men and women, two significant issues stand in the way of their dreams: access to land and access to capital. To address these challenges, USDA targets a portion of direct and guaranteed farm ownership and operation loan funds directly to beginning farmers and ranchers. Known by some as the lender of last resort, I believe that "Lender of First Opportunity" is a more accurate description of the agency these days for the role it plays in working with farmers just starting out. In California, well over half of our lending portfolio is focused on beginning farmers and ranchers, and we continue to support farmers and ranchers in every corner of the state through our network of 30 county offices. A great example of this is in our newest financial tool: the microloan.

Land is prohibitively expensive in California and the daily costs of running even a small farming operation can test the mettle of the most committed would-be farmer or rancher. Many have resorted to funding their daily operating expenses on high interest credit cards or personal loans. The debt burden quickly becomes overwhelming, the personal risks too high, and the result can be dashed hopes and deferred dreams, or even bankruptcy. In a state where the average farmer is approaching 60 years of age and planning for their exit from the working life, we need programs like the microloan that address this "capital crunch" for the newcomers in a direct and citizen-friendly way.

It is imperative that we provide access to credit to those just starting out or those on a smaller scale...

Moreover, to revitalize our rural communities and economies, we need programs that invest in our people and provide the next generation of farmers and ranchers with the financial tools they'll use to grow their own version of the American Dream. USDA understands these critical needs of smaller farmers and ranchers, and has created this new microloan program that will provide up to \$35,000 to help bolster these producers during their start-up years. Microloans are like other operating loans offered by the USDA. They can be used to purchase livestock, equipment, feed, seed, fertilizer, and related supplies. But here's a real benefit when compared to those who use credit cards and personal loans to fund their operations: the current interest rate for these smaller microloans is 1.25%. From the tiniest acorns grow the mightiest oaks.

Microloans differ from traditional FSA loans. Applying for them is a simpler, more flexible process. By reducing the application form to seven pages and modifying requirements for experience, it's far more convenient for both our customers and our employees. We've reduced the red tape and bureaucracy to make the whole process more citizen-friendly.

Of course, some farm production or apprenticeship experience is necessary, but there are many producers who may not meet the managerial requirements for traditional loans and still may be eligible for a microloan. FSA will consider an applicant's small business experience, experience with an apprenticeship, and specialized education to meet this prerequisite.

It is imperative that we use new tools like the USDA Microloan to provide access to credit to those just starting out or those producing on a smaller scale in order to grow American agriculture. It's important because agriculture can provide the food, fuel, and new jobs that will build our economy and ensure a safe and affordable food supply at home and abroad. It's important because loans like these keep people living in vibrant, economically successful rural communities, sending their children to our local schools, and doing business with local shops, banks, and other businesses. And it's important because a rising tide lifts all boats.

Here in California we've seen an increasing desire to "Know Your Farmer, Know Your Food." With the expansion of local and regional food sources, and as communities around the state join the growing "field-to-fork" movement, there are increasing numbers of people going back to the farm and selling their products directly to consumers through farmers' markets and Community Supported Agriculture (CSA) businesses. Microloans are perfect for these farmers and those who grow niche crops to sell directly to ethnic markets, restaurants, and specialty produce distributors.

Young farmers and ranchers will also benefit. Borrowers that previously used an FSA Youth Loan and successfully repaid

the debt are good candidates for a microloan. Young producers who graduate from the microloan program move to a new level and are preparing themselves and their businesses for larger operating loans or commercial loans through the FSA Guaranteed Loan Program. Successful participation in USDA loan programs also helps to build good credit and, in turn, builds important relationships between farmers and their local banks, credit unions, and farm credit associations, further strengthening rural economies.

By expanding access to credit, FSA continues to help grow the industry on which our country was built: agriculture. Throughout the United States, FSA made more than 32,000 loans totaling over \$4 billion last year. The number of loans to beginning farmers and ranchers has increased from 11,000 in 2008 to 16,000 in 2012. More than 50 percent of USDA's farm loans now go to beginning farmers, while lending to socially disadvantaged producers has increased nearly 50 percent since 2008.

At USDA, we help people achieve their dreams whether they are traditional production agriculture operations or smaller-scale farms and ranches. By supporting all of America's growers, we help all Americans. By providing access to capital in the form of a USDA microloan, we're expanding access to greater opportunity for all of our rural citizens.

From the wheat grower in Modoc County to the CSA in Solano County, from the peach grower in Fresno to the greenhouses of San Diego County, for all of California's diverse farmers and ranchers, USDA investments in these agricultural entrepreneurs and innovators will continue to ensure safe, secure, and affordable food for all Americans and many millions around the world.

Funding at a Glance

- Since January 15, FSA has made 18 microloans totaling nearly \$500,000
- In FY 2012, more than half of FSA's total lending in California went to "socially disadvantaged" farmers (e.g. farmers of color, women farmers)
- In FY 2012, over 200 loans were made to beginning farmers (less than 10 years of experience)
- In FY 2012, nearly 200 loans were made to young farmers (less than 21 years of age)



Shooting Star – Matt and Lily Start a Farm

Funds for New Farmers Paying Dividends

Matt McCue and Lily Schneider launched their new farming venture on 10 acres in verdant and fertile Suisun Valley, California, close to the urban market centers in the San Francisco Bay Area and Sacramento. They took the farm name Shooting Star from a bright flower growing on nearby hillsides. This young couple started their CCOF-certified organic operation with the help of two Farm Service Agency (FSA) Operating loans.

"There's a myth, lots of people say you can't make a living farming," Schneider says. "Everyone has just bought into this idea. But thankfully we've had mentors who have helped us along the way." At Shooting Star, Matt and Lily are hands-on partners running a Community Supported Agriculture (CSA) operation. Their farm's impressive list of seasonal vegetables includes potatoes, chard, lettuce, onions, carrots, cabbage, tomatoes, peppers, melons, squash, green beans, broccoli, cilantro, kale, leeks, beets, corn, eggplant, dill, and basil. Matt and Lily rotate through about 35 types of produce each year and are now farming 15 acres.

"The Farm Service Agency keeps this country running," states Matt. "The banks just wouldn't touch farmers like us, but FSA helped us get started." FSA funds grow jobs as well as food. Three employees work hard alongside Matt and Lily, earning a living wage during most of the year. Besides the growing,

Matt and Lily process, package, and deliver to over 200 CSA subscribers, most weeks on the same day it's picked. They also sell at six urban farmers markets in the area from May to November.

Matt and Lily are no strangers to hard work, here and elsewhere. Matt is a veteran who has served in Iraq and Korea with the U.S. Army. He is also a veteran of the Peace Corps, serving in Niger helping sesame and millet farmers improve their planning and field operations. Lily studied agriculture and did field work in South America with the Pontificia Universidad Católica de Chile working on kiwi, apple, and pear crops. The young couple met in Santa Cruz while working in the fields at the University of California at Santa Cruz's organic farm.

They select their crops varieties as well as cultivation and rotational practices to reduce impacts on the environment. All their irrigation is pipe and drip to avoid the evaporative water loss that occurs in flooded open furrows or pressurized sprinklers. It's not by accident that they started this farm; they are dedicated and passionate about their convictions that sustainable agriculture can help improve the world. They should know. They've seen the world.

Learn more about Shooting Star at www.shootingstarcsa.com.