

**MEETING MINUTES
ADVISORY COMMITTEE ON BEGINNING FARMERS
AND RANCHERS**

**SOFITEL HOTEL, 809 15TH STREET
WASHINGTON, DC
JULY 9 - 10, 2008**

**July 9
8:30 a.m.**

WELCOME

Trent McKnight, last year's Vice Chair for the Secretary's Advisory Committee on Beginning Farmers and Ranchers (Committee), called the meeting to order at 8:30 a.m., July 9, 2008. He agreed to chair the meeting until elections were held later in the day. Mr. McKnight welcomed all Committee members and visitors in attendance. Committee members in attendance included Marian Beethe (The Beginning Farmer Program and Farm Mediation Service, Nebraska), Amarjit Sohal (Sacramento Valley Farm Credit in California), Richard Cates, Jr. (University of Wisconsin), Traci Bruckner (Center for Rural Affairs, Nebraska), Mary Peabody (University of Vermont), Ray Mobley (Florida A&M University), Karen Kritz, (Agricultural Economic Development at the New Jersey Department of Agriculture), Maria Moreira (Flats Mentor Farm, Massachusetts), Ray Ellenberger (USDA, FSA, Wisconsin), Juan Carlos Hernandez (Farm Credit of South Florida), William Zachary Penn (farmer, New Mexico), Travis Jett (farmer, Oklahoma), Ryan Luter (farmer, Oklahoma), Lisa Koester (farmer, Indiana), Jeffrey Ward (Iowa Agricultural Development Authority), Katherine Minthorn Good Luck (The Intertribal Agriculture Council), and Janie Hipp (Department of Agriculture (USDA), Cooperative State Research, Education, and Extension Service).

USDA employees from Washington, D.C. in attendance and providing support to the Committee included Mark Falcone, Designated Federal Official (DFO) for the Committee (FSA, Deputy Director, Farm Loan Programs Loan Making Division (FLPLMD)), Sam Snyder (FSA, Chief Appraiser, FLP Program Development and Economic Enhancement Division), and Ken Hill (FSA, Assistant to the Director, FLPLMD).

OPENING REMARKS

Mr. McKnight introduced Carolyn B. Cooksie, Deputy Administrator for Farm Loan Programs, FSA.

Ms. Cooksie welcomed everyone to Washington. She commented that this is the 9th meeting of the Committee and expressed that this is the most important USDA

committee. Ms. Cooksie stressed the need to keep abreast of Beginning Farmer and Rancher issues and that beginning farmers are paramount to what FSA does. She thanked the Committee for providing over 100 recommendations to the Secretary since its inception, pointing out that nearly half of the recommendations have been acted on. Ms. Cooksie discussed the need for FSA to market its loan programs and that her staff is currently developing a marketing plan. She stated that beginning farmer initiatives will be a key part of the marketing effort. Ms. Cooksie briefly stated that this may be the last Committee meeting which FSA presides over due to changes in the 2008 Farm Bill. After providing appreciation of Mark Falcone for presiding over the Committee since its inception, she called for questions or comments, which there were none.

Mr. McKnight resumed the discussion and commented that last year's committee meeting was excellent and that he looks forward to this year's meeting. He challenged the Committee to form a bond with the group as it would have a positive effect on the meeting. He then turned the floor over to Mark Falcone.

Mr. Falcone provided a few administrative announcements regarding the meeting. He then provided comments regarding the absence of members Timothy Harlow (farmer, North Dakota), and Latrice Hill (USDA, FSA, Mississippi). Further, he informed the group that Charles Dodson, FSA Economics Policy and Analysis Staff, would not be present as he was recovering from an accident. Mr. Falcone briefly outlined the materials in the handout package provided to members and discussed the upcoming agenda for the meeting.

INTRODUCTIONS

Trent McKnight asked Committee members, the public and guest speakers to introduce themselves. In attendance from the public were the following:

Gary Matteson, Farm Credit Council, Larry Laverentz, Office of Refugee Resettlement, Lisa Griffiths, National Family Farm Coalition; Doris Newton, USDA, Economic Research Service (ERS), and on a detail with the Office of the Assistant Secretary for Civil Rights; Siva Sureshwaran, Cooperative State Research, Education, and Extension Service (CSREES); Ron Harris, Natural Resources Conservation Service (NRCS); Robert Molleur, National Small, Limited Resource, and Beginning Farmers and Ranchers Program Manager, NRCS; Mark Johansen, Farm Credit Administration; Dr. Gladys Gary Vaughn, USDA, Office of Outreach; Geraldine Herring, USDA, Office of Outreach; Sheila Bryant, USDA, Office of Outreach; Bill Buchanan, USDA, Risk Management Agency (RMA); David Wiggins, RMA; Jeremy Bennett, Office of the Administrator, FSA summer intern; and Kathy Ruhf (Land for Good, Inc; Massachusetts).

THE FARMLASTS PROJECT PRESENTATION

Trent McKnight introduced Kathy Ruhf. Ms. Ruhf provided a presentation regarding Farmland Access, Succession, Tenure and Stewardship (The FarmLASTS Project) and the pressing issues facing U.S. agriculture today (**Attachment 1**). She informed the

Committee of the purpose of the project, which is to discover and share new approaches, models, and strategies that foster farm entry, succession, and stewardship. She stated that the greatest obstacle for beginning farmers is access to land. Further, she explained that the project has been funded for approximately 2 ½ years through the University of Vermont (UVM) and USDA, and that the Coordinator is Robert Parsons at UVM. She quoted David Kohl, PhD, who had stated: “an estimated 70 percent of land will change hands within the next 20 years” and discussed the impact that it will have on farm succession. Her main points on farm succession were as follows:

- African Americans, Hispanic, and Women will have the most unique challenges as entrants and land owners.
- There is an increase in absentee landownership and that one half of the land is in the hands of people who do not farm it. The trend is shifting to rental and absentee landowners. Three fourths of the inheritors will be women and will be as non-farm managers.
- The cost of farmland is escalating and that the averages for farmland rental may be up to \$1,500/acre. Farmers are not going to be allowed access to land unless it is turned over.
- There are new farmers coming from non-farm backgrounds.
- Most farmers do not have succession plans and wills (less than 25 percent have them).
- The aging population is a challenge not only for the transfer of ownership but management as well. Farmers are reluctant to let go.
- The project has three research teams, two with UVM and one with Iowa State. The teams are looking at tenure, succession, and stewardship and the relationship of each.
- The teams are gathering case studies and have had 10 focus groups.
- There is a curriculum component to farms and non-farms in tenure choices.
- The project is conducting regional development programs on June 10-11, 2009, in Denver, Colorado, which will be open to professionals.
- The Amish have a unique way of transferring the farm. They start very early with transition planning with emphasis on mentoring.

Ms. Ruhf summarized her discussion and shared a list of FarmLASTS Project partners. She concluded her presentation and asked if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter’s paraphrased responses follows:

1. Ms. Good Luck (**question**): Do you develop strategies for farms to get longer-term leases?

Ms. Ruhf (**response**): The New England Small Farm Institute has developed long-term lease templates and models that are available.

2. Mr. Penn (**comment**): EQIP contracts through NRCS are helpful in obtaining long-term leases from landowners.

Ms. Ruhf (**response**): The landowner is motivated through the Environmental Quality Incentives Program (EQIP).

3. Mr. Cates (**question**): Regarding the Community Land Trust concept, the Schumacher Society has explored this. Have you seen the model elsewhere in the country?

Ms. Ruhf (**response**): There are several examples of community supported agriculture, typically on land trust where one entity holds title and one holds an easement setting aside the right to develop. A farmer owns improvements and has a long-term ground lease and the trust removes land from the speculative market.

4. Ms. Bruckner (**question**): What are your thoughts on absentee landowner grants and targeting it to beginning farmers to gain access to land?

Ms. Ruhf (**response**): You have to be able to work with landowners to make that attractive. Rulemaking has to allow for both sides of the equation.

5. Mr. Falcone (**question**): Regarding the additional barriers SDA groups face acquiring land, could you address the fractionated land issue with African-Americans?

Ms. Ruhf (**response**): We are working with partners on this, including the Land Loss Prevention Project and the Black Land Trust, to ensure the land is not broken into smaller and smaller pieces.

6. Mr. Ellenberger (**question**): A Committee recommendation from last year was for USDA to conduct farm succession outreach. How can we coordinate the education part of it and get the recommendation moving?

Ms. Ruhf (**response**): We have had a risk management workshop for service providers. There has to be a lot more of it and it's a real challenge because farmers and ranchers don't want to talk about death, taxes, etc. Succession planning is very complex because you have to bring in lawyers, social workers, etc. Professionals with agricultural experience just aren't there. As a result of the 2002 Farm Bill (RMA grants), states are encouraged to ask applicants to include succession planning in their Request for Applications.

7. Mr. Wiggins (**comment**): RMA has several projects with universities, etc., to do estate plans. Go to the RMA website to the Risk Management tab and see our partners (Estate planning and Farm transitions).

Ms. Ruhf (**response**): The RMA library has a lot of information on this.

8. Mr. Wiggins (**comment**): I would like to suggest you partner with Southern University, which is developing a curriculum on succession planning. Tom Dorr, Under Secretary for USDA's Rural Development (RD), issued a notice on land fractionation. The information could be used for anyone. Our office was asked to get the word out to respond to that notice. A letter was sent to black community leaders to forward to those in their communities. It was sent to the church to get the word out. There is also an issue with Native American communities.

Ms. Ruhf (**response**): I would like to.

9. Mr. Mobley (**question**): Would you consider partnering with 1890 universities and Indian communities on your steering committee?

Ms. Ruhf (**response**): Yes, that would be good.

In closing, Ms. Ruhf polled the committee as to who would be interested in continuing to work with this project. Five members responded affirmatively (Traci Bruckner, Mary Peabody, Maria Moreira, Ray Mobley, and Katherine Good Luck). Further, USDA, Office of Outreach representatives also expressed an interest.

WISCONSIN SCHOOL FOR BEGINNING DAIRY AND LIVESTOCK FARMERS PRESENTATION

Trent McKnight introduced Committee member Richard Cates, Jr. (University of Wisconsin). Mr. Cates provided a presentation on a program in Wisconsin regarding a Beginning Farmer initiative for Wisconsin Dairy and Livestock Farmers (**Attachment 2**).

Mr. Cates' presentation addressed the efforts of the Wisconsin School for Beginning Dairy and Livestock Farmers, which is dedicated to ensuring a next generation of farmers in Wisconsin, preserving and protecting working lands, and building rural communities. The program is part of the University of Wisconsin, Madison, and is unique in that it is the only of its kind in the nation. The program offers students hope and opportunity by investing in and empowering future farmers. The program partners closely with the business community in Wisconsin as well as FSA.

Some key points from the presentation include:

- Emphasis on producing bio-mass for bio-energy production.
- The program provides detailed business planning guidance.
- Students often come from non-farm backgrounds.
- Have found that many people are interested in a farming career but simply don't know how to get started.
- 75 percent of students are farming.
- 50 percent have their own business.
- Emphasized that there are many different ways to start a farming operation and the program taps into these.

- A high percentage of those not yet farming would like to be.
- Student internships play a big role in the program's success.
- The program is available to "non-traditional" students from the Amish and Mennonite communities.

NEW IMMIGRANT FARMING INITIATIVES PRESENTATION

Trent McKnight introduced Committee member Maria Moreira (farmer, Massachusetts). Ms. Moreira provided a presentation on new immigrant farming initiatives designed to allow them to continue farming and ranching (**Attachment 3**). She provided statistical information, demonstrating the sharp increase in immigration in the U.S. since the 1980s. She explained that the initiative she is involved with in Massachusetts is designed to ensure the success of those new immigrants interested in agriculture, helping them to produce and market their commodities. Her presentation focused on the success stories of participants.

Ms. Moreira concluded her presentation and asked if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follows:

1. Ms. Koester (**question**): Do you have language barriers at farmers markets?

Ms. Moreira (**response**): The children go with the farmers and if they have no English skills, we try to partner with someone who can speak the language. We need an English speaker at the farmer markets.

2. Mr. Johansen (**question**): Where do farmers get operating money to plant crops?

Ms. Moreira (**response**): These farmers are self-supporting. They don't need operating loans and receive no grants for seed.

3. Mr. Sohal (**question**): Will there be expansion?

Ms. Moreira (**response**): Yes, every year there are more acres planted and more markets.

4. Mr. Falcone (**question**): Is succession planning part of the effort?

Ms. Moreira (**response**): Yes, it is a family effort. Children are actively involved.

TERESA LASSETER, ADMINISTRATOR, FSA

Trent McKnight introduced Teresa Lasseter, (Administrator, FSA, Washington, DC). Ms. Lasseter began by expressing her deepest thanks to the Committee for its hard work and the drive and interest in keeping beginning farmers and ranchers viable in agriculture. She provided an overview of the Farm Bill implementation as it pertained to FSA's

mission. Ms. Lasseter commented that the agency is working on the necessary rules, forms, and software to deliver the provisions in the Bill. Finally, Ms. Lasseter briefly discussed the previous FSA related recommendations of the committee and addressed the Agency's action regarding those recommendations. She then asked if there were any questions:

1. Mr. Falcone (**question**): Would you please give the committee a little background about yourself?

Ms. Lasseter (**response**): I am from rural Georgia. My history includes that of a farmer, spouse, and John Deere dealer. I started with FSA (then the Agriculture Stabilization and Conservation Service in 1977 in a county office as a temporary employee. I have been a Program Technician, Chief Program Technician, County Office Reviewer, County Executive Director, State Executive Director, Assistant Administrator, and Administrator.

2. Mr. McKnight (**comment**): Thank you Teresa for taking the time to address the committee.

2008 FARM BILL PRESENTATION

Trent McKnight introduced Ferd Hoefner, (Sustainable Agriculture Coalition, Washington, DC). Mr. Hoefner provided comments regarding the provisions outlined in the 2008 Farm Bill regarding Beginning Farmers and Ranchers, from a Sustainable Agriculture Coalition perspective (**Attachment 4**). At the end of his presentation, Mr. Hoefner called for questions. Ms. Ruhf acknowledged Ferd's involvement in the Farm Bill success.

OPPORTUNITIES AND BARRIERS: SOLUTIONS TO HELP BEGINNING FARMERS AND RANCHERS SUCCEED PRESENTATION

Trent McKnight introduced Adam Warthesen (Land Stewardship Project, Minneapolis, Minnesota). Mr. Warthesen discussed land stewardship and the project he is involved with in Minnesota. He stressed the importance of the Farm Bill and the impact on Beginning Farmers and Ranchers. He stressed that the Beginning Farmer and Rancher Development (BFRDP) is designed to provide competitive grants to support collaborative networks or partnerships, which included community-based organizations, non-governmental organizations, and extension and educational institutions that provide beginning farmer and rancher education, training and mentoring (**Attachment 5**).

Mr. Warthesen asked if there were any questions, which there were none.

INNOVATIVE OPPORTUNITIES FOR BEGINNING FARMERS AND RANCHERS

Trent McKnight introduced Committee member Marion Beethe (The Beginning Farmer Program and Farm Mediation Service, Nebraska).

Ms. Beethe focused on some of the programs that Nebraska offers to Beginning Farmers and Ranchers. Her discussion included the 100-Cow Ownership Advantage Program, tax credit program and tax incentives, and estate planning workshops. (**Attachment 6**). Upon conclusion of her discussion, she charged the group with addressing how USDA can add to ways of networking as well as for them to make more things attractive to Beginning Farmers and Ranchers. There were no questions.

Mr. McKnight then briefly discussed an article in “The Economist” and its connection to Beginning Farmer and Ranchers.

PUBLIC COMMENTS PRESENTATION

Mark Falcone provided a handout with information on written comments received by members of the public (**Attachment 7**), and summarized them to the Committee. Public comments were submitted by:

- B. Sachau, Florham Park, New Jersey

Stated that USDA should not provide assistance to beginning ranchers because of concern over environmental impact of cattle ranching.

- E. Arnold, Willcox, Arizona

Expressed concern with USDA farm subsidies going to large farms, a lack of assistance to beginning farmers, and difficulty in obtaining federal assistance at the local level.

COUNTY COMMITTEE ELECTIONS PRESENTATION

Trent McKnight introduced Ken Nagel (FSA, Washington, DC).

Mr. Nagel discussed FSA’s County Committee Election process and the role of that committee within the mission of the agency (**Attachment 8**). He also provided a copy of Notice AO-1413, which was issued as notification to County Offices to emphasize including beginning farmers and ranchers in all County Committee election publicity. Representation of beginning farmers and ranchers on the County Committee was a concern and recommendation from last year’s meeting.

Mr. Nagel concluded his presentation and asked if there were any questions from the Committee and the floor was opened for comments and questions. The paraphrased questions/comments and the presenter's paraphrased responses follows:

1. Mr. Mobley (**question**): Can you tell us who are county committee advisors?

Mr. Nagel (**response**): Minority advisors consist of minorities and women. They are selected as appointment for a one-year term by the State Office. They do not have voting authority but provide communication to the groups they represent.

FSA sends out roughly 2 million ballots and have about 6 million voters available. There are 600 plus positions in County Offices. FSA is placing an emphasis on Beginning Farmers and Ranchers. There is a press release to go out this week.

2. Ms. Koester (**question**): How are State Committee Members selected?

Mr. Nagel (**response**): Depending on the party in control that are aligned with the candidates. Expressing interest to your congressional delegation is a good way to get nominated.

3. Mr. Ellenberger (**question**): How will that filter up through channels to get a Beginning Farmer or Rancher on the State Committee?

Mr. Nagel (**response**): A letter can come to the Secretary and Administrator expressing interest.

GOVERNMENT ACCOUNTABILITY OFFICE (GAO) AUDIT

Trent McKnight introduced Mark Falcone (DFO, Beginning Farmer and Rancher Advisory Committee, FSA, Washington, DC).

Mr. Falcone discussed the recent audit by GAO on Beginning Farmers and Ranchers (**Attachment 9**). The following comments are summarized:

- Earlier today Mr. Hoefner referenced the 2004 and 2005 committee recommendation that the Secretary develop and implement a mission focus and issue a departmental policy statement concerning beginning farmers and ranchers.
- Departmental Regulation (DR) 9700-001 "Small Farms Policy", was amended on August 3, 2006, to include USDA policies for beginning farmers and ranchers. The DR became a "Small Farms and Beginning Farmers and Ranchers Policy".
- In September 2006, GAO initiated an audit of USDA programs (at the request of Senator Tom Harkin) to see what support USDA has provided to beginning farmers and ranchers. They issued the report to Congress in September 2007. USDA provided a response in January 2008 that it

would create a strategic objective linked to a strategic goal that identifies the desired outcome of the beginning farmer and rancher activities of the agencies.

- The Secretary's Chief of Staff sent a memorandum to subcabinet offices and agency heads in June 2008 concerning the GAO Audit and the 2008 Farm Bill relating to the Department's need to assist beginning farmers and ranchers.

Mr. Falcone also discussed USDA's Farm Bill Working Group, which has been formed to monitor implementation of the Farm Bill, which is summarized below:

- Roughly 40-50 USDA employees are meeting weekly to discuss implementation.
- There should be a smooth transition between November and January.
- There currently is action being taken to implement the provisions.
- Delegations have already taken place.
- In approximately six months, the plan is to establish the Office of Advocacy and Outreach (which is where a "Small and Beginning Farmers and Ranchers Group" will be housed, according to the 2008 Farm Bill).

UPDATE ON 2007 RECOMMENDATIONS

Mr. Falcone handed out updates on the 2007 Recommendations of the Advisory Committee on Beginning Farmers and Ranchers (**Attachments 10 and 11**) and discussed Attachment 10.

Mr. Molleur, (NRCS, Washington, DC) then provided comments regarding updates on the 2007 NRCS related recommendations (**Attachment 11**). At the conclusion of his presentation, there was a general discussion on the Conservation Security Program (CSP) in California.

Mr. Falcone then discussed other items in the Secretary's response to the 2007 Recommendations (**Attachment 12**). Concerning the first recommendation (Succession Planning and Outreach), Ms. Hipp mentioned she is a national program leader at CSREES for Risk Management Education. She said USDA conducted a webinar on State Farm Succession Planning, which was a success. There were 80 participants. It occurred since the update. Regarding recommendation Number 3, she gave a brief summary on "Annie's Project":

- A multi-week classroom session for women.
- Started in Illinois and then to Iowa, now in 17 states.
- Facilitators have been trained for 8 more states.
- The training is open to anyone.
- It is an intensive Financial Business Planning initiative.
- Start-up funding is through RMA and CSREES.
- Farm Credit may sponsor Annie's Project nationally.
- Rollout is at the county or local level.

- The intent is to continue funding “Annie’s Project”.
- Mr. Falcone met with officials from Illinois and they are to provide a list of State Coordinators so he can provide those names to FSA State Officials.
- 80 percent of the operations are considered small operations.
- Program started with row crop producers but principles apply to any farm operation.

Mr. Ward commented on recommendation Number 11, the capital gains issue, and said it is dead on arrival due to cost.

ELECTIONS

Mr. McKnight commented that he had agreed to serve as Acting Chairperson during the elections, and that the Committee needed to elect a Chairperson and Vice Chairperson for 2008-2009. Once elected, the new Chairperson will take over the meeting. Mr. McKnight reviewed the nomination process. He stated that the process would be to open the floor to entertain nominations, close the floor for nominations, and the nominated parties would remove themselves from the Committee for the vote. He then entertained nominations.

1. Ms. Koester nominated Trent McKnight for Chairperson. Mr. Ellenberger seconded the motion. Ms. Good Luck nominated Janie Hipp for Chairperson. Ms. Moreira seconded the motion.
2. Mr. McKnight asked if there is a motion to cease nominations?

Mr. Luter moved to cease nominations. Ms. Kritz seconded the motion.

With no opposition, the motion carried, and the two candidates excused themselves from the meeting.

3. Mr. Falcone opened the floor for discussion.
4. Ms. Koester stated Mr. McKnight is on a 3rd term with the Committee and Ms. Hipp on a 2nd term. She mentioned he was efficient and thought perhaps Ms. Hipp would be a good Vice Chair.
5. Ms. Hipp came in the room and thanked the group for considering her but wished to withdraw her name. Mr. Falcone said if there are no more comments, he would call for the vote.

A vote was taken and 100 percent voted for Mr. McKnight as Chairperson.

The meeting reconvened with Mr. McKnight as Chairperson.

6. Chairperson McKnight asked for nominations for Vice Chairperson.

Mr. Ellenberger nominated Lisa Koester, who declined the nomination. Ms. Bruckner nominated Mary Peabody, who declined the nomination. Mr. Mobley nominated Ray Ellenberger, who declined the nomination. Mr. Ellenberger nominated Traci Bruckner, who accepted the nomination. Mr. Sohal nominated Zachary Penn, who accepted the nomination. Ms. Hipp nominated Katherine Good Luck, who declined the nomination. Chairperson McKnight asked if there was a motion to cease nominations, and Mr. Mobley moved to cease nominations. Mr. Sohal seconded the motion. With no opposition, the motion carried, and the two candidates excused themselves from the meeting.

7. Chairperson McKnight asked if there was any discussion.
8. Mr. Sohal said based on his conversation with Mr. Penn, he believed he has a wealth of experience, good agricultural background, and can relate to issues facing beginning farmers.
9. Chairperson McKnight said if there are no more comments, he will call for the vote.

A vote was taken with 3 votes for Ms. Bruckner and 11 votes for Mr. Penn.

10. Chairperson McKnight mentioned that 11 is a majority of a quorum of 18. Mr. Penn was elected as Vice Chairperson.

NEW RECOMMENDATIONS DISCUSSION

Chairperson McKnight commented on the history and purpose of the Advisory Committee and its authority. He reviewed the Committee Bylaws and function. He advised what the Committee has authority to do and what it does not have the authority to do.

Chairperson McKnight outlined expectations and rules for the meeting.

- Be punctual with assignments.
- Stay within time constraints.
- Will be provided appropriate amount of breaks and return on time.
- Be respectful of other committee member comments. Give others an opportunity to speak and exclude monopolies of time.
- Challenged the Committee to provide at least 15 solid new recommendations for the Secretary to consider.
- Encourage new members to fully participate.
- Identified 18 members present represented a quorum and to remain present during deliberations. A majority vote represented 10 members or 2/3 vote of 13 regardless of who was in the room at the time of a vote.

Ms. Bruckner mentioned that this is an outgoing administration and the Committee may want to make sure their recommendations get handed off to the transition team.

Chairperson McKnight agreed as he was thinking about that too. He recommended they take a break, and when reconvening, to divide into four sub-committees.

- a. Finance
- b. Outreach
- c. Conservation
- d. Quality of Life

Upon reconvening, Chairperson McKnight said sub-committees will meet for 30 minutes. Everyone will have a team sheet and come up with as many ideas within that category and should feel free to go to the other categories and present. A vote will be held to rank the recommendations. Each sub-committee will give a 10-minute presentation on their proposed recommendations.

After the groups met, they came back and started with Outreach.

OUTREACH

Ms. Hipp outlined items as follows:

- Challenge with marketing strategies.
- Communications tools (webinar, email, podcast, logs, MySpace).
- Accountability.
- Compile services, curriculum, training programs.
- Training and education.
- Full funding of the 2501 program.
- Effective targeted outreach.
- Resume listening sessions on Beginning Farmer and Rancher issues.
- Clarity around terms.
- Beginning Farmer and Rancher Development Program.
- Advisor slots to full voting on FSA Committees.

FINANCIAL

Mr. Jett outlined items as follows:

- Beginning Farmer programs to enter into a Memorandum of Understanding (MOU) with USDA for business development.
- Conservation program topics for financing (loan and guarantee program rules).
- Upgrading equipment to energy efficient equipment.
- Loosen eligibility requirements to Beginning Farmers and Ranchers for FSA lending.
- Financing custom operators for Limited Liability Companies.

- Tax rebates and tax law. Continue to highlight and re-examine the tax code.
- 2010 budget request for Individual Development Accounts.
- Eliminate term limits on FSA direct and guaranteed loan programs (Farm Bill suspended guaranteed term limits).

CONSERVATION

Vice Chairman Penn outlined items as follows:

- SDAs – if 5 percent targeted funds not used, shift funds to Beginning Farmers and Ranchers.
- EQIP - award one point for Beginning Farmers and Ranchers as a national rule (Mr. Ellenberger said States have that authority now).
- An extra point when there are uses of GPS tracking.
- Beginning Farmer and Ranchers and SDAs have the first option to lease federal land.
- A tax benefit or penalty forgiveness if Conservation Reserve Program (CRP) property is sold to Beginning Farmers and Ranchers.
- Use Co-Op agreements with Non-Government Organizations and others to provide technical assistance to Beginning Farmers and Ranchers.
- Carbon credit markets and how it will affect the land.

A brief discussion ensued on extra points, CRP issues, and increased technical assistance.

QUALITY OF LIFE

Mr. Jett outlined items as follows:

- Farm Succession Planning relationship.
- Rural Housing (Repair/Building) and rural water.
- Promote agri-tourism.
- Liability Insurance – RMA.
- Environmental Issues.

A general discussion ensued on energy efficiency, the availability of FSA loans for such purposes, Title IX of the 2008 Farm Bill (biomass crop assistance program and participation rate for beginning farmers and ranchers), and broadband internet access in conjunction with USDA's Rural Development programs.

Chairperson McKnight suggested everyone go up to the four team sheets on the wall and vote for three recommendations on each sheet, "rank" each, re-format and put on a flip chart in the morning. After everyone followed his request, Chairperson McKnight recessed the meeting until 8:00 a.m. the next day.

Thursday, July 10, 2008
8:00 a.m.

Chairperson McKnight called the meeting to order at 8:03 am. He requested the Committee begin with the sub-committee on “Outreach”, and stated that the group would need to move on to the next sub-committee by 9:20 a.m.

NEW RECOMMENDATION DISCUSSION (CONTINUED)

OUTREACH

A discussion was held on the items outlined the previous day concerning Outreach. Ms. Moreira emphasized that a marketing strategy is needed.

Ms. Koester made the motion to create a marketing platform to create federal resources and incorporate partners to promote federal resources in all programs (including SDAs, corporate partners, farm groups) and include 4 – 6 different methods to target audiences.

Mr. Ellenberger seconded the motion which was eventually modified after some discussion. The motion was moved by Mr. Ellenberger to be modified from the above motion, which was withdrawn, seconded by Ms. Peabody and carried unanimously as follows:

Urge the Secretary to create a comprehensive Beginning Farmer and Rancher compendium and a comprehensive marketing plan for that compendium:

- a. Using appropriate technology.
- b. Inclusive of Socially Disadvantaged/Beginning Farmers and Ranchers.
- c. Using marketing appropriate to the community including webinars, teleconferences, distant education, podcasts, MySpace, etc.
- d. Including audience specific information.
- e. Working with existing farm groups and corporate partners.

Ms. Hipp made the motion to conduct Farm Succession Planning Outreach Sessions and encourage existing farm succession organizations to participate. Support increased training and outreach to the farming and ranching community on estate and succession planning through USDA (NRCS, CSREES, RMA, RD and FSA) programs. Publicize the importance of succession planning by issuing publications. Mr. Ellenberger seconded the motion and it carried unanimously.

Mr. Mobley made the motion to encourage the Secretary to include a Beginning Farmer and Rancher Advisory position on the Farm Service Agency (FSA) County Committee, and that the position serve as a voting member if there is not an elected Beginning Farmer or Rancher. Ms. Moreira seconded the motion.

A general discussion ensued on minority advisors versus beginning farmer/rancher advisors and the fact that minority advisors cannot vote on selection of County Committee members. **Committee members then considered the above motion and it carried by a vote of 11-5.**

Mr. Sohal brought up the issue of full funding for the Outreach and Assistance (2501) program for SDAs. Mr. Mobley commented that the law has language for full appropriation of \$25 million but has been funded at a much lower level each year. He added that the 2008 Farm Bill increased funding to \$15 million annually and that the Committee needs to continue to address the issue (the 2008 Farm Bill allocates \$75 million over the life of the Farm Bill-through 2012).

Ms. Koester made the motion to encourage the Secretary to support full funding (\$25 million) for the Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers (Section 2501) Program, and that the appropriate agency conduct research on the impact of the 2501 program on Beginning Farmers and Ranchers. Mr. Ellenberger seconded the motion and it carried unanimously.

The next issue discussed was the establishment of the Office of Advocacy and Outreach within USDA. Ms. Bruckner mentioned she would like the Committee to recommend that the Office should be established at the Department level, as a separate office. There was some question by members as to what the law said, and what the office is responsible to do. Mr. Falcone explained that the law requires the Office to be established within the executive operations of the Department. He further stated that under the Office, the law requires a Beginning Farmers and Ranchers Group and a Socially Disadvantaged Farmers and Ranchers Group to be established. Some members questioned why the recommendation should be made since the law says it would be established within the executive operations of USDA. Ms. Bruckner stated that there had been discussions after the Farm Bill passed that USDA might establish the Office within an existing Office or Agency.

Ms. Bruckner made the motion to recommend the Secretary establish the Office of Advocacy and Outreach at the Department level (Section 14013 of the Food, Conservation and Energy Act of 2008) as a stand-alone office equal to other offices that report directly to the Secretary rather than through Under Secretaries or Assistant Secretaries. Ms. Moreira seconded the motion and it carried unanimously.

Chairperson McKnight informed members that they would discuss "Finance" until 10:45.

FINANCE

Mr. Sohal mentioned that conservation programs should include energy conservation grants for equipment and facilities. A general discussion concerning energy conservation and equipment modernization was held, including possible financial assistance from NRCS, FSA, and RD.

Mr. Jett made the motion to encourage the Secretary to coordinate existing and, if necessary, establish new grant/cost share/loan programs for equipment and facilities to help Beginning Farmers and Ranchers conserve energy. Ms. Hipp seconded the motion and it carried.

Mr. Ward made the motion to recommend the Secretary address the legal impediments of Section 5 of Public Law 102-554 (Federal-State Beginning Farmer Partnership) so FSA may enter into Memorandum of Understandings with states who want to coordinate business development assistance for Beginning Farmers and Ranchers.

Mr. Ellenberger said that he is working on this in Wisconsin, but has run into legal roadblocks. He said regarding joint financing, state programs can help by obtaining financing from other sources. He added that FSA in Wisconsin is proposing to contract with the State of Wisconsin for that, and that the law conflicts a little bit.

Mr. Falcone explained that the law requires FSA to sign an MOU with any “state beginning farmer program” that is interested in providing joint financing with FSA to beginning farmers and ranchers. USDA’s Office of General Counsel lawyers did not approve the proposed MOU in Wisconsin since OGC said the state program did not meet the requirements of the statute since they would not be providing the financing.

Mr. Ellenberger seconded the motion and it carried.

The next issue raised was concerning eligibility criteria for FSA loan programs. The discussion revolved around the test for credit issue and creditworthiness. Since no motion was made, the next issue addressed was recommendation Number 12 from last year, which was made into a motion below.

Mr. Ellenberger made the motion to recommend the Secretary allow FSA loan programs to have more flexibility to allow beginning farmer and rancher participants to buy into established operations, including purchasing a percentage of an operating entity such as a Limited Liability Corporation (LLC), Partnership, Limited Liability Partnership (LLP) etc., and to be eligible if they operate a custom operation business.

Example: As a dairy livestock dependent state, there are large capital requirements for beginning farmers in Wisconsin. Some operators overcome this barrier by sharing capital investment with other operators. Increasingly, Farm Service Agency is seeing loan demand from beginning farmers wishing to share livestock facilities. This is driven by the diminishing availability of efficient facilities in operable condition. The Wisconsin Shared Facility Policy allows a beginning farmer to build equity over the short term, specifically in livestock, enabling him/her to eventually bring that equity into an entity, such as an LLC, or relocate on his/her own.

Ms. Good Luck seconded the motion and it carried.

Chairperson McKnight brought up the next issue under “Finance”--tax rebates and incentives to Beginning Farmers and Ranchers. There was a general discussion on this, including tax incentives in certain states, and that tax issues are not under the purview of USDA. Mr. Falcone said he and others met with Treasury officials about 7 or 8 years ago on changing the law to allow FSA loan guarantees on loans made by lenders using tax-exempt bonds (these bonds are available through state beginning farmer programs). Treasury officials have made it clear that they would not change the laws to allow loan guarantees when financing was obtained with tax-exempt bonds.

Mr. Cates recommended that the Secretary establish a dialogue with Treasury to discuss 5 or 10 percent tax rebates when leasing land to Beginning Farmers or Ranchers. Mr. Ward stated that would need to be administered at the state level.

Ms. Hipp made the motion to encourage the Secretary to establish a dialogue on the impacts of tax code amendments to encourage tax incentives, rebates and exemption of capital gains that would provide additional assistance to Beginning Farmers and Ranchers. Ms. Beethe seconded the motion and it carried.

Ms. Bruckner made the motion to request the Secretary to include in Fiscal Year 2010, a budget request, including full funding for the Beginning Farmer and Rancher Individual Development Accounts Pilot Program. Mr. Cates seconded the motion.

Ms. Bruckner provided an explanation of the program and provided a case experience. She also explained that it was authorized in the 2008 Farm Bill but no funding was appropriated. **After a general discussion, the motion was defeated by a vote of 9 yes, 8 no, and 1 abstention.**

Chairperson McKnight informed members it was time to move on to “Conservation”.

CONSERVATION

Vice Chairperson Penn made the motion to recommend the Secretary require Beginning Farmers and Ranchers receive special ranking points for all conservation programs in all states. Mr. Sohal seconded the motion.

Vice Chairperson Penn stated that some states give extra points, but there is no national mandate. Members discussed leases on public land and regional differences. **A vote was taken on the motion and it was carried.**

Ms. Moreira commented that Beginning Farmers and Ranchers should receive first option on federal lands. It is a problem in our area because of long established farmers and new entry farmers do not have access to the lands. There was a brief discussion and no motion was made.

Vice Chairperson Penn brought up the issue of allowing retiring farmers to withdraw early from the CRP Program if they lease the property to beginning farmers and ranchers. A brief discussion ensued and no motion was made.

Vice Chairperson Penn made the motion that unused FSA targeted funds for SDAs go to beginning farmers and ranchers before going to the general pool. There was some discussion and concern and no motion was made.

Vice Chairperson Penn made the motion to recommend the Secretary to require all states to have a mandatory minimum of 10 percent (each) set-aside for Beginning Farmers and Ranchers on Environmental Quality Incentive Program (EQIP) and Conservation Security Program (CSP) contracts and publicize the same. Mr. Sohal seconded the motion and it carried.

Ms. Bruckner made the motion to encourage the Secretary to use Cooperative Agreements with Non-Governmental Organizations (NGOs) for conservation planning and technical assistance to Beginning Farmers and Ranchers. Mr. Cates seconded the motion and it carried.

Mr. Sohal made the motion to encourage the Secretary to require an extra ranking point to Beginning Farmers and Ranchers who use precise location system technology (i.e., GPS tracking and other innovative technologies as they become available or are developed), in conjunction with EQIP contracts. Ms. Kritz seconded the motion and it carried.

Ms. Hipp raised the issue of carbon credit markets and is very concerned how these things are impacting generational land transfer. Issues raised by members included how wind, water, and mineral rights affect farm succession.

Ms. Hipp made the motion to encourage the Secretary to examine the impact that emerging carbon credit markets, wind and water rights, and other environmental services markets will have on farm ownership, land surface value, farm succession and Beginning Farmers and Ranchers. Mr. Jett seconded the motion and it carried.

Ms. Bruckner made the motion to recommend the Secretary issue a proposed rule on the new CSP in a timely manner so that timely sign-up by Beginning Farmers and Ranchers may occur. Mr. Cates seconded the motion and it carried.

Ms. Bruckner made reference to the FSA Administrator's comments the previous day that USDA has implemented nearly 50 percent of the Committee's recommendations over the years. She asked Mr. Falcone if it is possible to obtain a report on those implemented. Mr. Falcone mentioned that information can be provided. Prior to discussing "Quality of Life" issues, Chairperson McKnight said some of the members have departed and we will review and have a roll call for a majority vote.

QUALITY OF LIFE

There was a brief discussion on the farm succession planning relationship component. While farm succession was covered earlier under the Finance section, Chairperson McKnight mentioned this had to do with the relationship aspect (that dynamic between buyers/sellers, parents/children, etc). After a brief discussion, members moved on to the next issue. Chairperson McKnight discussed promoting agri-tourism. He said that for quality of life, Agri-tourism is an aspect to encourage people to move back to the farm or ranch and that USDA needs to promote agri-tourism as a supplement to income.

Members discussed the issue, including the need for a cooperative effort between various Departments in order to coordinate this effort. Chairperson McKnight read an article on agri-tourism from a report done by USDA's Economic Research Service.

Ms. Beethe made the motion to encourage the Secretary to promote agri-tourism opportunities as a value added approach and research impediments or barriers and solutions for Beginning Farmers and Ranchers. Ms. Koester seconded the motion and it carried.

Chairperson McKnight went on to the next issue: needs-based rural farm internet grants, which would be beneficial to Beginning Farmers and Ranchers. There was a brief discussion on the issue.

Ms. Good Luck made the motion to recommend the Secretary provide a grant program to Beginning Farmers and Ranchers to establish an internet connection on farms and ranches for educational and operational purposes, in places where there currently is no internet infrastructure. Mr. Sohal seconded the motion and it carried.

Chairperson McKnight moved on to Rural Housing issues and asked if any discussion was needed. Ms. Kritz mentioned her involvement with building codes, and briefed the group on the international building code, which the nation adopted in 2003. She said her home state of New Jersey will be adopting a special code for agricultural structures, since residential codes are different. There was a general discussion on zoning codes for rural housing versus farms, and also on Indian reservations.

Mr. Luter made the motion to request that the Secretary investigate the impact of the implication of the International Building Code requirements on Beginning Farmers and Ranchers. Mr. Ellenberger seconded the motion and it carried.

Ms. Bruckner made the motion to encourage the Secretary to establish criteria to provide extra points for projects of Beginning Farmers and Ranchers for the Value-Added Agricultural Market Development Program Grants program. Ms. Kritz seconded the motion and it carried.

Chairperson McKnight asked Mr. Snyder to read all the recommendations to Committee members and then asked the group if there were any more issues they wanted to discuss.

Ms. Moreira suggested that a recommendation similar to last year's recommendation (Number 14) concerning the National Agricultural Statistics Service (NASS) be made. Chairperson McKnight read the Secretary's response to last year's recommendation (concerning census data on beginning farmers and ranchers). After a brief discussion, no motion was made.

Ms. Bruckner said since FSA's direct farm ownership and direct operating loan limits increased in the 2008 Farm Bill, she asked if members should recommend increases in appropriation to serve the same number of farmers and ranchers. She also asked about a comprehensive study on land values to help Beginning Farmers and Ranchers, along with a recommendation for the Secretary to investigate a cause and effect of land value escalation and the impact it has on Beginning Farmers and Ranchers. After a brief discussion, it was decided to discuss this at next year's meeting.

Mr. Luter mentioned he attended recent training on care given to livestock, and that the general public has a misunderstanding of how animals are cared for. He's been in touch with advocacy groups that are out there to stop production of any livestock. Mr. Mobley said animal welfare is an important issue, and recommended USDA's Animal and Plant Health Inspection Service be invited to speak to the Committee next year.

Mr. Ellenberger brought up land values and wondered if USDA's ERS is studying land value issues. Ms. Newton, an ERS employee, said ERS is doing this, and also will be compiling survey data regarding beginning farmers and ranchers. Chairperson McKnight suggested a presentation from ERS on land values and access to land next year as well. Ms. Bruckner said their focus should be on urban sprawl.

Chairperson McKnight asked if there was any other discussion and made a few closing remarks. He mentioned that the recommendations will be compiled, sent to everyone for review, and then he will compile a letter to the Secretary. He also said in considering a meeting location for next year, the group could think about Throckmorton, Texas. It's about 70 miles from Abilene.

Chairperson McKnight asked for a motion to adjourn.

Mr. Ellenberger made the motion to adjourn. Ms. Koester seconded the motion and it carried unanimously.

The meeting adjourned at 2:47 p.m.