



Center For Rural Affairs

A newsletter surveying events affecting rural Nebraska

DULY NOTED

The *second national conference for beginning farmers* will be held in Columbia, Missouri on February 24-25. The conference is cosponsored by the Center for Rural Affairs and *Successful Farming Magazine*. To register for the conference call *Cathy Erickson* at (515)993-4889 or write her at 2510 River Bye Road, Adel, Iowa 50003. The cost is \$35/person, \$65/couple . . .

Marty Strange will speak to a joint conference of the National Association of Agricultural Journalists and the Investigative Reporters and Editors in Kansas City, Nov 12; and to the Fall Agricultural Policy Conference on Impacts of the 1995 Farm Bill in Mason City, IA on Dec. 7 (call *Judith Gildner* at 515-294-6257); and to the Nebraska Pork Industry Symposium sponsored by the Nebraska Pork Producers Association on December 15 at the Midtown Holiday Inn in Grand Island. . . The Center's annual donor drive begins this month. We only ask that each person give once during a year. You don't have to give to continue receiving this Newsletter. We do appreciate all donations.

PREMIUM STANDARD FARMS SUES TOWNSHIP

When the 150 residents of Lincoln Township in Putnam County, Missouri overwhelmingly to adopt a zoning ordinance restricting where *Premium Standard Farms* locates its hog confinement facilities and lagoons, the corporation filed an \$8 million lawsuit against them.

According to *Feedstuffs Magazine*,

the corporation claims it had bought land before the zoning ordinance was passed and that the ordinance is therefore an unlawful "taking" of the company's property. The ordinance requires each of the company's 12 planned lagoons to be one mile from any residence, and a bond would have to be purchased to insure the lagoons. NT

NOTES ON THE "BIG 30"

Successful Farming Magazine published a list of 30 corporate farms that, according to the magazine's estimate, will produce about one-fourth of the nation's pork next year. Several quick observations:

** At least half, including all the top five, are owned by or contracted to packers.

** The top five (Murphy, Carroll's Foods, Premium Standard Farms, Tyson Foods, and Cargill) together have 558,000 sows--half the total owned by these 30 operations.

** Most of the 30, including all top five, are exempt from corporate farming laws in most states (but not Nebraska) because they are considered either "family farm corporations" or "authorized farm corporations." MS.

JAN STANSBERRY LEAVES CENTER

Jan Stansberry, who for nine years did every job asked of her with enthusiasm and competence, has left the Center. Neither Jan nor the Center wanted her to go, but her health required her to move to a different climate.

Jan came to the Center as a receptionist and worked her way into numer-

ous jobs of greater responsibility. She managed news, information, and donor drives, arranged meetings, coordinated production of this Newsletter and our weekly *Radio Report*, led our School at the Center project, designed and produced most publications, managed inventory, and kept track of details as well as anyone around here ever has. We will miss her terribly, and wish her both good health and success.

FEDERAL APPROPRIATIONS NEWS

The Congressional appropriations process has come to an end, with some good news and some bad.

Significantly less money will be available from the *Farmers Home Administration (FmHA)* for both operating and real estate loans for beginning or other family farmers in 1995. In addition, there will be no loans available to buy inventory property from FmHA (property acquired by FmHA from broke farmers), despite the fact it will likely end up costing the government more to own the property. Tragically, this might renew the clamor to sell inventory farmland to the highest bidder, who will probably not be a beginning farmer.

Funding for conservation cost share programs and Soil Conservation Service staff was cut in half.

The good news was increased appropriations for the *Sustainable Agriculture Research and Education Program*, which went from \$10.4 million last year to \$12.8 million. The Wetland Reserve Program will grow from \$67 million to \$93 million. NT/CH

FMHA LOANS TO BEGINNING FARMERS

Only about 14 percent of FmHA's direct farm operating loans went to beginning farmers in the 1994 fiscal year ending September 30. That's twice though, the amount of private bank operating loans going to beginning farmers under FmHA guarantees. Likewise, only 12 percent of guaranteed farm real estate loans went to beginning farmers. The agency did better at lending directly to beginning farmers to purchase farmland--58 percent of its real estate loans went to beginning farmers, about a quarter of them for downpayment loans. NT

IOWA FARMERS SUPPORT TARGETING

Two-thirds of surveyed Iowa farmers support targeting farm program commodity payments to farms with gross sales less than \$200,000, according to the 1994 Iowa Farm and Rural Life Poll by Iowa State University.

The requirement that farmers who participate in commodity programs must develop and implement an approved conservation plan by January 1, 1995, is also supported by 59 percent of the 2,030 poll respondents.

Thirty-six percent support keeping only the most highly erodible land in the Conservation Reserve Program (CRP). But 37 percent advocate offering to extend all CRP contracts for 10 years at the current payment rates. KO

TWO NEW FARMS FOR LAND LINK REALTY & BEGINNING FARMERS

Land Link Realty and its realtors, Allen Prosch and Joy Johnson, have accepted contracts to manage two new farms. Jim and Cheryl Bose, a young farm couple working to build a Charolais cattle herd in Knox County, now operate a 360-acre farm. The couple had been on the *Land Link* clearinghouse a short time before contacting the owners about renting the farm. At about that same time, the owners decided to contact *Land Link Realty* for farm manage-

ment services. We are pleased to be able to work with the owners, and glad that a young family is able to have a place to get their farm operation started.

Land Link has not yet selected a tenant for the second farm (80 acres) but has had several inquiries.

Land Link Realty now has four farms under management and two farms listed for sale. JJ

REAP EXPANDS INTO SOUTHEAST NEBR./ WESTERN IOWA

Our *Rural Enterprise Assistance Project (REAP)*, which helps small communities organize to support home-grown business development, is expanding again, this time into southeast Nebraska and western Iowa. We've hired *Jeff Reynolds* as a Field Service Representative in southeast Nebraska. Jeff's hiring was made possible under a federal Community Development Block Grant secured with the cooperation of the *Southeast Nebraska Development District*, the *Five Rivers Resource Conservation and Development Council*, and the *Nebraska Department of Economic Development*.

We've already seen results with the formation of the *River Cities Business Assistance Team (RCBAT)* based in the towns of Peru and Brownsville. Other associations will be underway soon in Nebraska City, Auburn, and Bennet. In addition to these, strong interest has been expressed in Seward and Gage Counties. A new association is also developing in Western Iowa, through the *Shelby County Area Economic Development Council*.

REAP has also scheduled a facilitator training session for Alliance, NE on November 29-30, 1994, to launch a similar approach in the Panhandle of Nebraska. Responses to letters mailed in September to various community representatives and resource providers revealed a strong interest in beginning a microlending program in that part of Nebraska.

Those interested in joining an association or forming one in their own area should contact *REAP* at the Center's Walthill office. KS/RJ

NEW REAP EMPLOYEE HIRED

Jeff Reynolds, of Plymouth, NE, has been hired as REAP Field Service Representative for southeast Nebraska. Jeff will be working from his home office doing association organizing and maintenance work. Before joining REAP, Jeff owned and operated Reynolds General Store in Fairbury.

Jeff and his wife, Karen (a teacher at Tri County Jr.-Sr. High School), are the parents of a two-year old son, Curtis.

NEBRASKA RURAL ACTION...

School Finance Reform Campaign: We'll be mailing copies of our report on school finance reform to all Nebraska readers (others on request) in November and scheduling local seminars on the issue to educate Center supporters and prepare leaders. If you want to set up a seminar in your area, contact Nebraska Issues Organizer *George Piper* . . . We'll also be sending out copies of our task force reports on *Health Care Reform* and *Water Issues* . . . *Candidate Issues Survey:* Results of our survey of all candidates for the Nebraska Legislature was also mailed under separate cover to all Nebraska readers. The survey covered corporate farming, health care, school finance, and water issues. . . *Corporate Farming:* *The Nebraska Chamber of Commerce and Industry* is beating the drum for repeal of Initiative 300, our state constitutional ban on most forms of corporate farming. But when the Legislature's Agriculture Committee held hearings in O'Neill, in the midst of *National Farm's* huge corporate hog operation, the only local witness for corporate farming was company's own farm manager. He bragged about local economic development benefits, but was silent on the recent Nebraska Supreme Court decision finding his operation to be a nuisance to its neighbors -- for the third time. But family farm supporters aren't being lulled to sleep. *Friends of the Constitution* leaders met in late October to make plans for another battle in the Legislature over corporate farming. MS.

COMMUNITY IMPACTS OF SUSTAINABLE AGRICULTURE IN NORTHERN CEDAR COUNTY, NEBRASKA

Would the spread of sustainable agriculture help or hurt small rural communities that depend on agriculture for local business? This is a summary of a study undertaken by the University of Missouri at Columbia, the University of Minnesota, and the Center for Rural Affairs that asked that question. We looked at expenditure patterns, production methods, farming practices and future plans of 28 farmers in northeast Nebraska, some using sustainable farming practices, some conventional.

METHODOLOGY

Of approximately 460 farms within a ten-mile radius of Hartington and Wynot, 62 were asked to complete a detailed questionnaire. This was not a random sample. Farm families asked to participate included a variety of farmers in terms of age, size, and type of operation. Of the 62 farmers solicited, 28 agreed to participate. Because the sample is not "random," the conclusions presented are not statistically valid and should be interpreted with caution. But the study is an important indication of real differences among farmers in a small community.

We classified each farm as either "sustainable" or "conventional" based on the extent to which they reported using chemicals, fertilizers and crop rotations. Although this is a limited basis for classifying farms, these are leading characteristics differentiating sustainable from conventional agriculture, and they have significant impact on expenditures in the local community. Coincidentally, half the 28 participants were classified "conventional" farms, and half were "sustainable."

SURVEY RESULTS

The analysis below compares the sustainable and conventional farms and considers what would happen to the local economy if all farms in the area were of either one or the other type.

1. The Farming Operation

There were few differences between the two groups in age, number of years farming, or form of ownership. One striking difference, however, was the amount of land they own and rent. On average, the conventional farmer controlled approximately twice as many acres as the sustainable farmer (732 versus 383 acres). The average number of acres rented by conventional farmers exceeded the average number rented by sustainable farmers by 240 acres. In addition, the average number of acres owned by conventional farmers was 135 acres higher than for sustainable farmers.

2. Farm Financial Information

Although the conventional farmers averaged higher gross income than the sustainable farmers, they had a lower net income--\$5,705 for the conventional farms and \$12,472 for the sustainable farms.

Much of this difference can be attributed to lower input costs for the sustainable farms. The average cost of fertilizers

for conventional farms was four times that of the sustainable farms and seed costs were three times as high. Conventional farms also spent an average of \$6,139 on chemicals compared to \$55 for sustainable farms. Sustainable farms also spent less on fuel, interest, and hired labor.

Conventional farmers received nine times more from federal farm commodity program than did sustainable farmers. They also received significantly more income from custom hire work and sales of livestock bought for resale.

With the exception of livestock, all of the farmers purchased over 70 percent of their inputs locally. There was no significant distinction between the sustainable and conventional farmers in where their farm inputs were purchased. (Note: Although most of the profit from the sale of chemicals, fertilizers, and seed is realized by companies outside the community, we counted these expenditures as "local" if they were made at either a Hartington or Wynot dealer). Both types of farms had to go out of the area to purchase livestock because there is no public sale barn in either Hartington or Wynot.

3. Family Expenses

There was very little differences between the two types of farms relative to where they purchased other goods and services for the family.

4. Crops and Livestock - Past and Present

Conventional farmers devoted more land to corn and soybeans. The sustainable farmers had longer crop rotations and more diversity in the number of crops. A larger percentage of the land in sustainable farms was in pasture, alfalfa, and oats. Seven of the sustainable farmers raised sorghum versus only two of the conventional farmers, and 11 of the sustainable farmers sowed oats compared to only six of the conventional group. One sustainable farmer also produced barley.

All but one of the producers rotates crops. The sustainable farmers on average have a five-year rotation while the conventional farmers averaged a three-year rotation. While almost half of the sustainable farmers planned to add new crops to their operation, only one of the conventional farms planned to do so. Five of the sustainable farmers and three of the conventional farmers planned to decrease purchased inputs. Seventeen of the farmers (seven sustainable and ten conventional) had no plans to decrease inputs, while three were unsure.

The average application of fertilizer for the conventional farmers was 120 pounds per acre as compared to 78 pounds per acre for the sustainable farmers.

All 28 survey farmers had livestock. The conventional farmers averaged 168 head of cattle as compared to 63 for the sustainable farmers. Seven of the sustainable farmers had dairy herds compared to only three of the conventional farms. Four of the sustainable dairy farms had under 50 cows, while the other three were between 100-150 cows. Two of the conventional dairy farms were between 100-140 cows while one was

40 cows.

All but nine (six sustainable/three conventional) of the 28 participants had hogs. The sustainable farmers averaged 240 hogs as compared to 405 for the conventional farmers. The conventional farmers typically bought feeder pigs to feed out while the sustainable farmers were more likely to have a farrow-to-finish operation. The sustainable farmers had less invested in hog facilities, using more inexpensive huts, barns and yards rather than confinement barns.

5. Plans for the Future

None of the farmers planned to leave farming for another job, although two were unsure. Most of the farmers had not yet begun to plan for retirement but 12 (five sustainable/seven conventional) said they would move to either Hartington or Wynot when they did retire, eight (five sustainable/three conventional) said they would remain on the farm, seven (four sustainable/three conventional) had no idea what they would do, and one conventional farmer said he would move outside the area.

The farmers were asked what they thought would happen to the farmland when they did retire. Eighteen (half and half) responded that they hoped a child or other relative would continue to farm the land, five (three sustainable/two conventional) said they would rent or sell it to someone outside the family, and five (two sustainable/three conventional) had no idea what would happen with the farm.

PLANNING A SUSTAINABLE COMMUNITY

If a community could decide the nature of farming surrounding it, it would have strong reason to prefer "sustainable" farms like those we studied, because they support more people and generate more "local" economies.

We analyzed what would happen if all of the 15,606 acres represented by our survey were farmed by either all sustainable farmers or all conventional farmers.

If all of the farms in the survey had been of the size and nature of the 14 sustainable farms, 44 more people (26%) would be living on the same number of acres than the current

169 people. If all of the farms had been similar to the survey's conventional farms, there would have only been room for 147 people, 22 fewer (13%) than the present population.

If all of the farms were of the "sustainable" type, less land would be planted to corn and soybeans and more to alfalfa and other crops. More land would be owned and less rented. There would be slightly fewer beef cows, slightly more hogs, and many more sheep and milk cows. Total family income would be more than double the hypothetical conventional community and 80% higher than the current community. Family living expenditures would be 25% higher than the current community and 43% higher than the hypothetical conventional community. The property tax base would be higher (\$11.8 million compared to \$9.7 million for the current community and \$8.7 million for the hypothetical conventional community).

Some purchases of inputs would drop significantly under the hypothetical "sustainable" community. Less would be spent on chemicals, fertilizer, fuel, hired labor, livestock purchased for resale, seed, taxes, and interest. However, more would be spent on supplies, utilities, feed, veterinary expenses, charity, food, and medical and personal care.

CONCLUSION

Rural communities can promote or discourage farm types through business development and retention strategies. Based on our survey, communities that surround themselves with small, owner-operated, sustainable farms will be more prosperous, more dynamic, and more stable.

The report, titled *Evaluation of Relative Impacts of Conventional and Sustainable Systems on Rural Communities* was written by *Linda Kleinschmit, Don Ralston, and Nancy Thompson*. For a complete copy of the report, send \$3.00 to the Center for Rural Affairs, Box 406, Walthill, Nebraska, 68067.

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Center for Rural Affairs

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